AUTOMOTIVE PARTS ACQUISITION GUIDE

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Looking at you, I echo BG Frank J. Anderson, JR's words "I am really honored to be a part of this Air Force contracting team, the best contracting team in the Federal Government".

JOSE R. MEDINA, SMSgt, USAF
Project Manager

INTRODUCTION

The Contractor Operated Parts Store (COPARS) program has been in existence since the 1960s. It was introduced by the Department of Defense, at the time, as a method of supplementing base supply and for getting commercially available automotive parts fast and economically. Its purpose was to reduce research and item identification times, and costs for parts that are not stock listed or cataloged.

Although widely used throughout the Defense Services for years, COPARS has had its share of problems. Lack of policy and guidance for the contract, format, and Quality Assurance Evaluator's roles, have made the management of this program extremely difficult. Also, pre-award issues such as price reasonableness and unbalanced bidding, and post-award issues involving parts ordering and contract changes have become increasingly complex. These and other problems have generated many protests and congressional inquiries throughout the years. Add to all these, the Air Force Chief of Staff's major endorsement of the Government Purchase Card program and the card's striking popularity within the Air Force community, and you'll see why for the last five years, more than 70 percent of the Air Force major installations have moved away from COPARS and are transitioning to the Purchase Card as their means to obtain automotive parts.

On September 1994, the House Appropriations and Armed Services Committee tasked the General Accounting Office (GAO) to look at comparing COPARS and the Purchasing Card costs to acquire automotive parts, perform an economic analysis and submit a report. The resultant report was titled "Inventory Management: Purchasing Parts from Contractor Operated Parts Stores and Commercial Sources" (Sept 1995). The report found that the most cost-effective method for procuring parts could vary from base to base. It also stated that "an analysis at each base would determine which procurement method constitute the best approach for a particular installation. Installation commanders are in the best position to make that analysis."

Before that GAO investigation was actually completed, language in the National Defense Authorization Act for Fiscal Year 96 directed that, pending completion of the GAO investigation, "The Army and the other military services suspend any and all efforts directed toward the elimination of COPARS and undertake an economic analysis to determine whether the conversions were economically justified. The SEC DEF should establish a clear and concise policy concerning COPARS". Both the House and the Senate took similar positions and this language was reflected/established in four Congressional Reports, two conference committees, and two bills.

HQ USAF/IL responded to the GAO study and congressional language stating that "installation commanders are in the best position to determine which approach for acquiring parts best meets their needs". HQ USAF/IL directed that an economic analysis be performed to substantiate conversion from COPARS to the card.

Notwithstanding the wide use of the card to acquire automotive parts, there are still some bases which because of their geographical location, the nature of their mission, or other related factors, have concluded COPARS is the way to go.

This guide is a reference for transportation and operational contracting personnel responsible for the acquisition of commercially available automotive parts. The purpose of the guide is to give contracting and transportation personnel an overview of the COPARS program, point out some of its pros and cons, address problems and possible solutions, disseminate lessons learned, and suggest alternatives to the program. It includes a template of the first of its kind Performance Based Technical Requirements Document for COPARS. The guide also contains a segment on the Economic Analysis process, its purpose and composition elements, and a template of an economic analysis. Finally, the guide discusses the card as an alternative to COPARS. It reviews the process, indicates pros and cons, and cites some of the success stories from bases across the Air Force who have migrated from COPARS to the card. The guide consists of three main chapters:

CHAPTER I – COPARS
CHAPTER II – ECONOMIC ANALYSIS
CHAPTER III - THE GOVERNMENT PURCHASE CARD

DEFINITIONS/ACRONYMS

Aftermarket Parts – New parts that are obtainable from sources other then the original equipment manufacturer.

AVPP – Alternative Vehicle Parts Procurement. (Refers to the acquisition of vehicle parts through the use of the card.)

Fast Moving Parts – Price listed parts for which the inventory turnover rate is sufficient to warrant continuous "on the shelf" availability.

Parts – Components required to render a vehicle/equipment in complete and operational condition.

Price Listed Parts – Parts covered by price lists submitted by the contractor and incorporated into the contract as Technical Exhibit 2.

Price Lists – Those price lists incorporated into the contract. Price list for items identified in the contract must be published by either the manufacturer of the product, after market manufacturer or national distribution organizations who offers the products for sale to the general public under its own brand. These price lists should not be exclusively developed for use by the COPARS.

Quality Assurance – Actions taken by the Government to assure services meet the requirements of the Performance Based Technical Requirements Document (PBTRD).

Quality Assurance Evaluator (QAE) – An individual responsible for surveillance of the contractor's performance. Appointed by the functional area chief (FAC).

Quality Assurance Surveillance Plan (QASP) – An organized written document used for quality assurance surveillance. It contains specific methods to perform surveillance of the contractor.

Quality Control – Those actions taken by a contractor to control the production of outputs to ensure that they conform to the contract requirement.

Replacement Price List – Totally new price list published by the same company showing an effective date other than the date shown for the original list. They contain substantially the same parts as the original price list. Some of the original prices may have changed since the original price list was issued.

Updated Price List – Changes in price lists, including revisions and amendments, incorporated in the contract to update approved price lists.

Vehicle Deadlined for Parts (VDP) – Vehicles rendered inoperable due to lack of parts or accessories.

CHAPTER I

COPARS

As stated earlier, COPARS has been around since the 1960s. The program was designed to supplement base supply and to allow procuring commercially available automotive parts fast and economically. Although COPARS is essentially a commodities contract, the government is actually paying a contractor to provide a service; to run a parts store.

The three main procurement mechanisms available to the transportation squadron to obtain vehicle parts in order to maintain the vehicle fleet: Base Supply, COPARS, and the card (although the Internet is also becoming extremely useful these days). The Base Supply and the purchasing card processes will be explained in Chapter III of this guide.

THE COPARS PROCESS

Regardless of procurement method, documentation for all vehicle parts purchases flow to the Maintenance Control & Analysis (MC&A) Section. MC&A is responsible for opening and closing all workorders and inputting parts cost data into the On-line Vehicle Integrated Management System (OLVIMS), which tracks maintenance costs for each vehicle.

At some bases, COPARS is the normal source of supply for obtaining all parts for commercial general-purpose vehicles. Supervisors or designated personnel provide COPARS a part request with the type of vehicle, manufacturer, make, model, year, and line setting ticket where appropriate. Parts research is the responsibility of COPARS (unless otherwise stated in the Statement of Work). When a part number doesn't cross to a stock number, the duty section supervisor gives the parts request to COPARS, which researches the part and provides a price. The section supervisor or designated representative approves/disapproves the part.

If the part is purchased through COPARS, Supply or the card, the sales slip provided should contain the same information (the information required depend on the type of transaction):

- Request date
- Request time
- Workorder number
- Cost account code
- Warranty data
- Manufacturer part number
- Description
- Issue date
- Warranty period
- Unit of sale
- Interchange data
- USAF vehicle registration number
- Generator, or AGE serial number
- Status
- Premium authorizations
- Applicable discount
- Quantity
- Issue time
- Freight charges
- Total order cost
- Extended price
- Unit price

Upon receipt, the part is matched up with the workorder and the workorder is pulled from the file. A bin location number is assigned to the part if the item is Vehicle Down for Parts - MICAP (VDP) or deferred (lesser priority, item is needed, but not a critical part). A Workorder Status Sheet (see form below), which contains all the information about the workorder, is prepared and forwarded to MC&A. If the workorder is complete, it is attached to the Workorder Status Sheet. The Materiel Control technician brings the original workorder to MC&A, and the bin location for the parts is recorded on the workorder. MC&A personnel go to the bin location and pull the parts and label. The label is put in a log and the technician signs for the part(s). VDP items are tracked on the computer and MC&A is provided estimated delivery date status update on a daily basis.

WORKORDER STATUS SHEET					
TYPE TRANS Z( ) W( )	REGISTRATION NO.	WORKORDER NO.	DATE	BIN LOCATION	PARTS STATUS P( ) C( )
VDP STATUS					
ON VDP DATE/TIME		LABOR HOURS		OFF VDP DATE/TIME	
DELAYED CODE/LABOR HOURS/WORK CENTER ADJUSTMENTS					
CURRENT/ORIGINAL DATA			NEW DATA		
CODE	LABOR HOURS	WORK CENTER	CODE	LABOR HOURS	WORK CENTER
PARTS TRANSFER ACTION					
NSN/COPARS PART NO.		MATERIEL COST		NEW W/O NO.	

ORDERING PROCESS

Annex 1 illustrates the COPARS order/issue/receive/store parts process at a typical base from the Materiel Control perspective. This may not necessarily be the way other bases are set up, however, it gives us a good idea of how the entire process takes place. (Submitted by SMSgt Mark Ward, 99 TRNS/LGTM, Nellis AFB, NV 89191, DSN: 682-2286, FAX: 682-8054.)

COPARS CONTRACT

The COPARS operation is usually located within the transportation complex, and adjacent to both the vehicle maintenance shop area and the Materiel Control Section. Although COPARS is generally considered to be a commodities contract for vehicle parts, the performance based technical requirements document requires a substantial degree of contract services as well. The service elements of this contract are equally critical to the successful operation of vehicle maintenance, as are commodity elements. Furthermore, the services provided are an integral aspect of the parts procurement process. COPARS contracts usually contain unit cost ceilings and quantity of single item ceilings; parts required should not exceed these ceilings.

The following line items are commonly contained in most COPARS contracts:

a. Automobile, Truck and Bus Replacement Parts Obtainable Only From the Original Manufacturer
b. Special Purpose Vehicles and Equipment Replacement Parts Obtainable Only From Original Equipment Manufacturers (OEM)
c. Rebuilt Parts
d. After Market Parts
e. After Market Parts - Vehicle and Equipment Batteries
f. Non-Price Listed (NPL) Parts

Parts provided in items **a** through **e** are covered by prices reflected on price lists approved by the contracting officer, less a contractually negotiated discount. The higher the discounts, the lower the cost of the parts. The contractor maintains a number of price lists, which are updated on an "as needed" basis to maintain currency. The contractor also maintains a number of parts interchange manuals, which are updated either semi-annually or annually, at the discretion of the manufacturer. Although the majority of the manufacturers provide interchange manuals and price lists at no cost, dealer parts research books for lines such as General Motors, Ford, Chrysler, International, and Case (to name a few), must be purchased from the respective dealers. The size of the operation will determine the number of parts catalogs to be maintained by the COPARS contractor for use in parts research and for determining potential sources of supply.

Non-price listed parts covered by item **f** are parts that are not included in any of the price lists maintained by the contractor. These parts are often for special purpose vehicles and equipment that sometimes have specifications unique to the government (e.g. flightline vehicles/equipment). The COPARS contractor must procure all NPL parts from the manufacturer or from the highest level in the manufacturer's distribution system that provides responsive support at the lowest prices obtainable. The purchase may require contracting officer approval if the items or group of items being procured from a single source exceed contract prescribed amounts. Sources for NPL parts with estimated costs below these prescribed thresholds might require approval by the vehicle maintenance manager or the vehicle maintenance superintendent. (Purchase of NPL parts result in additional costs to he Government).

One of the most beneficial services provided by the COPARS contractor is the research to determine current part numbers, especially for hard to locate parts for special purpose vehicles. Parts research for special purpose vehicles and equipment is often further complicated because these types of specialized vehicles and equipment may contain components from two or more manufacturers. Equally critical is the ability to research and determine sources of supply for these parts. The COPARS store manager must possess sufficient knowledge of manufacturers and suppliers in the industry to research nationwide to find sources for required parts and must be experienced in the use of parts interchange manuals. A high degree of specialized knowledge and skill is required to successfully meet these service requirements.

The COPARS store manager orders parts from a wide variety of nationwide suppliers, considering factors such as price, availability, delivery date, and urgency of requirement to determine which supplier to use. He/she is also responsible for receiving and verifying orders that are delivered and picking up parts from suppliers in the local trade area who do not provide delivery service.

The contractor is required to procure and maintain an inventory of fast moving parts (e.g., items used three times per month or more based on most recent three months consumption data, or as specified in the SOW). The composition of this inventory must be periodically reviewed (at least quarterly) with items being added or deleted based on usage, seasonal factors, and changes in fleet composition. A fast moving parts consumption report must be provided quarterly. The contractor assumes all cost and risk associated with holding inventory, maintaining ownership of the parts until they are issued to and signed for by an authorized government representative. The government does not pay for any parts until they are requested by the user and provided by the contractor.

COPARS contracts generally include a schedule for parts delivery. This delivery schedule is based on the criticality of the part and location of the company providing the part.

The contractor is required to provide a separate sales slip for each workorder number and for price listed and non-price listed parts. In many cases sales slips are accomplished using a PC based automated parts and inventory management system. The system is also used for end of day processing, end of month processing, to generate consumption reports, and to track warranties.

The contractor must provide the government the same warranty it receives from the manufacturer, which is usually one year. When defective parts still under warranty are identified to the contractor, they must be replaced at no cost to the government if the defective item is returned, or a replacement part is sold to the government at regular price, with a credit sales slip to be issued upon return of the defective item.

The contractor may also be responsible for the procurement, storage and disposal of some hazardous material. This requires knowledge of and compliance with Air Force regulations for the storage, handling, and disposal of hazardous materials.

The contractor is responsible for physical security of the parts storage area, ensuring that only authorized personnel are allowed access to the parts storage area.

FUNDING

COPARS is a recurring contract, representing an obligation to the government each fiscal year. AF Forms 9 are accomplished quarterly for the estimated amount of COPARS requirements, creating a commitment in the accounting records. Contracting then issues a delivery order against the COPARS contract in the amount of the AF Form 9, and the quarterly amount flows from the commitment to the obligation stage in the accounting records. The Materiel Control section in vehicle maintenance tracks COPARS expenditures on a daily basis and notifies the squadron resource advisor if additional funds are needed.

THE QAE FUNCTION

Quality Assurance Evaluator (QAE) duties are performed in accordance with the Quality Assurance Plan (QAP) for the Contractor Operated Parts Store contract. This plan establishes surveillance stipulations on significant contract requirements. These requirements are scheduled on a monthly basis, and may call for daily, weekly, or monthly surveillance. Additionally the plan asks for the QAE to compile and complete several monthly reports going to contracting every end of month. Due to exercises, contingencies, etc., it is preferred that civilian personnel are assigned QAE duties.

1. Following are some of the tasks performed by the COPARS QAE:

    a. Compare daily sales slips to contractor provided statements of price listed (PL) and non-price listed (NPL) items. (The QAE ensures the billing on each invoice represents the correct discount from the approved price list.) Forward copy of the statements and freight invoice(s) to Contracting.

    b. Update COPARS fund ledger daily.

    c. Provide COPARS statement by organization code and responsibility center/cost center (RC/CC) to contracting commanders and Vehicle Maintenance Manager (VMM) monthly. (Statement shows PL and NPL items, service charges, totals, and the org code and RC/CC to be charged).

    d. Prepare journal voucher to allocate charges to organizations that use COPARS (other than Transportation).

    e. Reviews new price lists and coordinates with the contracting officer on which price lists are reasonable, not used, unreasonable, etc. (Only price lists published by the manufacturer or authorized distributor may be used). The QAE ensures the correct price list is used. The contracting officer signs the acceptable ones and modifies the contract as appropriate

2. The QAE is responsible for objective evaluation and documentation of contractor performance by performing inspection duties for assigned service contracts in accordance with appropriate Quality Assurance Plans (QAP). To ensure proper assessment of contractor performance and adaptations of prescribed guidelines, the QAE must possess technical working knowledge of acceptable trade practices, preferably an MC&A background. Also, it is imperative that QAEs are not assigned additional duties, nor be assigned mobility positions.

3. The responsibilities and duties of the COPARS QAE are governed by Department of Defense and Air Force Instructions, Performance Based Technical Requirements Document (PBTRD), and the QAP. Some of these responsibilities include:

(a) Develop a quality assurance inspection schedule for services. Plan inspection times to interface with the contractor's schedule of work to ensure systematic, consistent inspections. Prepare schedules for periodic inspections/checks for items to be inspected at specific times. Perform periodic inspections/checklist surveillance at prescheduled times to maintain randomness integrity. Ensure a complete audit trail of all inspections. Make changes to monthly schedule in advance, and document and fully explain those changes.

(b) Perform daily inspections using surveillance checklists, and validation of customer complaints to ensure a complete, fair, and objective surveillance of contractor performance. Use the Service Delivery Summary and Maximum Error Rate (MER) identified therein to determine acceptability of contractor performance. Summarize results of evaluation of contractor's performance, issue Contract Discrepancy Report (CDRs) and calculate recommended payment reductions, if required. Report results and recommendations to the Administrative Contracting Officer (ACO) and Functional Area Chief (FAC). When unacceptable performance is observed or customer complaints validated, annotate checklist and advise the contractor representative that corrective action is required. Review defective service to determine adequacy of corrective action.

(c) Provide the ACO a copy of the monthly surveillance schedule, complaint forms, and other checklists. Initiate and submit Contract Discrepancy Reports (CDRs), to the contracting officer when the contractor's performance is unacceptable.

(d) Act as liaison between base commander, FAC, ACO, contractor, contractor's representative, and customers receiving services. Participate in meetings with the contractor, ACO, and key Air Force functional representatives to resolve problem areas, discuss procedures, and review CDRs and contractor responses.

(e) Serve as technical member of Pre-award Survey Team.

(f) Make daily checklist inspections and accept or reject contractor performance based on quality assurance plan instructions and guidelines.

(g) Notify ACO and FAC of unsatisfactory contractor performance and prepare proper file documentation.

4. Some special requirements may be:

(a) Driver license requirements.
(b) The work includes walking, standing, stooping, bending, and exposure to inclement weather.
(c) Work during odd shifts, nights, weekends, or holidays.
(d) Work may be intermittent and incumbent may have on-call tours of duty.
(e) Work may be part-time, shift, evenings, nights, early mornings, or split shifts.
(f) Work may be irregular or unpredictable, such as night emergencies or in support of contingency exercises during other than normal duty hours.
(g) Work may be accomplished in the presence of dirt, dust, fumes, etc., or with potential contact with foreign matter.
(h) Work may be outdoors in all kinds of weather. The wear of appropriate safety gear is required when exposed to hazardous conditions.
(i) Work may include other quality assurance surveillance tasks as assigned by the FAC.

IMPORTANT!!!

The responsibility of the QAEs in documenting contractor's performance/non-performance cannot be overemphasized. Due to the nature of the COPARS contract, QAEs do not have the latitude to make deductions from payments made to the contractor. This reduces our ability to enforce satisfactory performance. Through proper documentation of contractor's performance, QAEs may build a record of poor or nonconforming performance. This may eventually justify the issuance of contract discrepancy reports, cure notices, and show cause notices to marginal contractors. These will ultimately influence the decision to exercise an option, or re-awarding the contract to the incumbent contractor.

The data collected above will dictate the past performance of individual contractors. To add significance to these actions, contracting officers must make every possible effort to issue best value Request for Proposals (RFPs) with Past Performance as an evaluation factor. The use of past performance as an evaluation factor will ensure contractors with a bad record do not get award of the contract.

LESSONS LEARNED/THINGS TO LOOK FOR

The following issues were brought up by several bases visited during our preliminary analysis. They are included here for information purposes. Some may apply to your specific contract and some may not. However, we invite you to explore them and learn from past experiences.

a. Some COPARS contractors explore only a limited number of sources and don't exploit all opportunities to find new vendors. Prices could be lower or discounts may be higher for both the COPARS contractor and the Government if contractor's source list was

more extensive (more competition). Using activities must constantly be on the lookout for new sources to incorporate in the contract. Some individuals suggested the COPARS contractor be required to have a credit card to buy from any source available to them. Other suggested a card be given to the contractor (government will authorize purchases), so he/she can procure parts from all sources available.

b. Contracting officers must ensure NPL items are incorporated in the contract after the specified demand level is established. Otherwise, the item will be NPL forever, thus costing the Government more to procure. In addition, QAEs and contracting officers must perform market research for new items before incorporating them into the contract.

c. New price lists replacing the old price lists with different effective dates are sometimes received from the COPARS contractor. Modifications are being done monthly or bimonthly for different price list changes. One base performed 15 modifications for updated price lists in just the basic year of the contract. (Consolidation of price lists should be beneficial).

d. On non-priced list parts over $2,500, the contractor submits price to Contracting Officer (C.O.), before approving the purchase, the QAE must do research on the part. The contracting officer must also do market research before approving the purchase.

e. Some bases have too many NPLs. The amount of NPLs could get out of hand if not tracked closely. NPL must be added to the contract on a periodic basis. Some bases are not doing this.

f. Contractor may try to slip some high discount parts under a lower discount line item. This way he/she obtains the higher percentage discount while we get the part at a lower discount.

g. Product substitution can be a problem. The contractor originally submits a price list for Michelin tires at a 40% discount, and sometime during the life of the contract starts substituting the tires with Goodyear tires (even if it's the same quality and price). If the contractor gets a higher discount on this substitute, say 60%, the higher discount should be passed on to the government.

h. COPARS contractors must physically produce original manufacturer's price lists; not copies or COPARS contractor produced price lists. This will ensure we receive a discount commensurate with the discount the manufacturer is giving the COPARS contractor.

i. QAEs need to make an extra effort to keep track of funds to ensure there is enough money in the account to pay for items that have been backordered, especially around end of fiscal year. (Some back ordered items have long lead times, unless QAEs keep good track of the money, it may be that by the time these items come in, there may not be enough money to pay for them).

CONTRACTING OFFICER ALERT

Following is a compendium of ongoing practices by some COPARS contractors geared towards obtaining award of a contract by not so fair practices:

1) A potential COPARS contractor knows manufacturer **A** and manufacturer **B** both provide certain category of parts the government uses. However manufacturer **A** only offers a small number of the parts used by the government, while contractor **B** provides the whole gamut of parts used by the government. The logical thing would be for the potential COPARS contractor to submit his/her discount bid based on manufacturer's **B** prices list. However, at bidding time the COPARS contractor submits a price list from manufacturer **A** showing higher than normal discounts, knowing that when the time comes for the government to order this category of parts, manufacturer **A** is not going to have them, consequently the requirement will have to be ordered NPL. In the meantime, other potential COPARS contractors submit lower discounts based on the price list offered by manufacturer **B**. Unfortunately, the contractor offering the highest discounts (even though they are based on "bogus" price lists), will most likely get the award of the contract. Eventually this will end up costing the government a lot of money paying for parts at NPL prices. (See "Suggested Remedies below).

2) The contractor submits changes to price lists and then argues that the high discount rates that were part of the original bid do not apply to the "new" price lists. The new price lists will have lower discount rates.

3) COPARS contractor submits a high discount (70-95%) price list for paint, which will be obtained from a state other than the state of performance. When the time comes for the contractor to procure the paint, the paint cannot be introduced in the state where the contract is being performed because the environmental laws for the state are different from the laws of the state where the paint was obtained. Bidding these high discounts, the contractor will most likely obtain award of the contract. In the meantime, the paint will have to be purchased NPL, thus increasing the cost to the government.

4) Contractor submits high percentage discount price lists on high value parts (95% discount on rebuilt engines). When the transportation squadron submits the requirement, the contractor claims he/she cannot meet the delivery date, since the part list was obtained from a source from the opposite coast (East Coast vs. West Coast). Being that the government cannot get the part from the price listed source, the contractor suggests we buy the part from the original equipment manufacturer (OEM), for which the contractor offer a mere 10% discount, or he/she may suggest we buy it as a non-price listed (NPL) part.

5) Contractor submits high percentage discount price list on tires. When an order is placed for such tires, we find out the only tires produced by the proposed supplier are tractor tires, so the price list submitted by the contractor with his bid was not accurate. Based on these higher than normal discounts, the contractor will most likely obtain award of the contract. Eventually the government will end up paying a lot more than expected for the tires.

UNBALANCED BIDDING

Throughout the years, these unfair practices have generated a lot of protests and congressional inquiries. However, the courts have ruled that these practices, as unfair as they seem, are not considered unbalanced bids in the sense that they do not meet the definition of being "materially unbalanced".

An unbalanced bid is one in which a bidder purposely bundles its costs so as to overstate the price for some bid items and to understate the price for others. It shows the bidder's desire to obtain a windfall, or a competitive advantage over bidders who do not submit unbalanced bids. As a rule, a contracting officer cannot reject a bid unless it is both mathematically and materially unbalanced. A bid is mathematically unbalanced if it is based on prices which are significantly overstated in relation to cost for others. A bid is materially unbalanced if it is mathematically unbalanced, and if (1) there is a reasonable doubt that the offer would result in the lowest overall cost to the government, and (2) the bid is so grossly unbalanced that its acceptance would be tantamount to allowing an advanced payment.

SUGGESTED REMEDIES

These protests and inquiries have cost taxpayers lots of money. In an effort to preclude the above situations from happening at your base, we suggest the following:

a. The use of best value Request for Proposals (RFP) rather than Invitations for Bids may prove to be our best weapon in terminating these practices. ***Past performance must be made an evaluation factor.*** Other evaluation factors that could help alleviate these problems are: (1) technical capabilities, (2) management capability, (3) personnel qualifications, (4) prior experience, (5) schedule compliance, and (6) environmental objectives.

b. Contracting must ensure the early and total involvement of transportation personnel in the evaluation of offers.

c. Contracting and transportation must ensure all price lists submitted by the potential contractor are current, complete, and appropriate to the part of the country where the base is located.

d. Both contracting and transportation should perform an exhaustive review and evaluation of the discounts and the delivery dates offered (line item by line item, including sub-line items). If necessary, operational instructions on how to verify discounts, price availability and expected estimated delivery dates may be implemented.

e. Contracting officers must thoroughly review the performance history and delivery records of all potential contractors. (A meticulous market research should include other DOD bases that might have past performance records of the potential contractor).

f. QAEs as well as contract administrators be fully trained in the COPARS environment.

QUESTIONS TO ASK/ISSUES TO LOOK AT:

1. Quality of the product/service provided by the contractor.
2. Did the contractor meet delivery schedules as required by the contract?
3. Cost Control
4. Business Relations
5. Management of key personnel
6. How does the contractor promote waste reduction, source reduction, energy efficiency, and maximum practicable recovered material content?
7. Provide names, qualifications, resumes and experience of personnel to be assigned to the performance of this contract.
8. You might want potential contractors to provide a written narrative response to each of the following questions and requests:

    a. What is your experience in providing automotive and heavy equipment parts and supplies to government entities or other fleet entities?

    b. Where will inventory come from including locations and/or numbers of parts stores, distribution centers, manufacturing centers, etc.?

    c. What kind of on-demand ratio can you provide for expected inventory purchases after the first thirty days? After ninety days?

    d. What is your response time for items not met on demand from stock?

    e. How do you propose to handle the facilities' existing stock? (If there is any.)

    f. How many part numbers are available from your inventory system and what general categories do they cover? What is your estimated on-demand ratio of vendor stock parts and supplies versus vendor non-stock parts and supplies for the government fleet?

    g. How do you propose to handle billing procedures?

    h. What kind of comprehensive reports on parts activities, and other stock items can you

provide? Along with what type of vehicle history tracking and repair information?

i. What is your proposal concerning the integration of the existing respective fleet management information systems?

j. What type of parts lists, repair, and maintenance software or hardcopy programs do you propose to use?

k. How do you propose to handle non-stock items and what procedures will you use for their procurement? This includes OEM, non-inventory parts, chemicals, etc? (Please note that the fleet equipment to be maintained under the resulting contract includes various types of equipment with somewhat unique or limited parts suppliers. Proposals should specifically address this component of the work and describe previous experience in this area and how the proposer intends to provide an equal or higher level of service than the government might enjoy with their in-house parts operations).

l. How do you propose to handle removal of waste products generated at the facility, including batteries, waste tires, etc? Include the process, pricing structure and vendors to be used for recycling anti-freeze, retreading tires, etc. Describe any notices of violation by environmental authorities regarding handling or disposal of such products.

m. Describe in detail the inventory system you use and its operational features.

n. Identify what specialized equipment, if any, you will provide.

o. Describe any specialized services (to include training) you will provide.

p. Describe how you propose to handle defective, inferior, non-fit items and any other general warranty/guarantee considerations.

q. List any problems with the conditions of this RFP and your proposed solution to those existing problems.

r. History and Organizational Structure of the Firm - Provide a cover letter introducing the company and including the corporate name, address and telephone number of the corporate headquarters and local office. The name and phone number of one individual who will be the company's primary contact with the government for contract negotiation and the name of the project manager. A brief history of the company and the present organizational structure of the firm describing the management organization and this project's coordination structure; if the firm is a partnership, indicate the name of all partners; if incorporated, indicate where and when.

s. Financial Status - Provide sufficient information what will demonstrate your company has the financial stability and capability to support the financial burden of operating the proposed system and successfully completing an associated contract.

t. References - List as references (names, address, contact persons and toll-free phone numbers) a minimum of three clients with contracts of similar size and nature to this requirement for which a project was completed within the last three years. A brief description of the services provided shall accompany each reference.

u. Subcontractors - Indicate the names and addresses, and degree of utilization of any and all subcontractors to be used in the performance of this contract.

v. Previous Defaults - Indicate if you ever defaulted on a contract or were denied a proposal due to non-responsibility to perform. If so, provide the facts and circumstances.

Provide other narrative description you deem necessary to outline your proposal in its entirety which shall include implementation plan, personnel plan, insurance coverage, description of existing systems in place, or any other information that impacts your firm's ability to provide the services in this RFP.

VIEWS FROM THE FIELD

a. COPARS does not limit your capability to do the job because it does not tie your personnel to buying.

b. COPARS' professional personnel performing the acquisition of parts will meet your needs better and more efficiently.

c. Transportation does not have to conduct research for COPARS acquired parts.

d. Contractor has corporate knowledge, knows where to find those specialized, hard to find parts.

e. Transportation does not have to tie vehicle and personnel on government pick up, the contractor delivers to the door.

f. Need smart, professional QAEs. Need to keep a close eye on COPARS contractor.

g. Stockage of parts is a problem with going with the card.

h. Timeliness is the luxury of having COPARS, however some customers would like the flexibility of not being tied up to buying strictly from COPARS.

i. Eliminate COPARS estimates. Don't guarantee COPARS contractor any amount of business. Just go downtown and buy the part if price or delivery is better than COPARS.

j. Some transportation activities are reluctant to go from COPARS to the card because they feel extra bodies may be needed to do all the ordering and administration. (QAE seems to be perceived as an additional duty, so the body will go back to turning wrenches).

k. COPARS when used to acquire nuts and bolts could become very expensive. Using activity must go through supply channels before using COPARS to acquire them.

COPARS STATEMENT OF WORK (SOW)

Annex 2 contains the COPARS Statement of Work and Quality Assurance Plan (QAP).

CHAPTER II

ECONOMIC ANALYSIS

BACKGROUND

As stated in the introduction, the idea of performing an economic analysis to find out the most cost-effective method for procuring parts came from a GAO study. Some of you may be wondering already, how did they get away with conducting and economic analysis without having to conduct a full blown A-76 Cost Study.

GAO did look at the applicability of OMB Circular A-76. The following comes from the GAO's findings. "OMB Circular A-76 does not apply to the Air Force's vehicle repair parts support decision. The establishment of a commercial-source procurement system is simply an alternative way of doing business. The Air Force is not replacing COPARS with an identical in-house service. As a result, no study is required." In the body of the report, the GAO expanded on this issue. It stated that, "According to an OMB official, an A-76 study is required when identical functions are transferred from the contractor to the government or vice versa. For example, if the Air Force planned to replace a COPARS with an identical in-house system, such as a Government Operated Parts Store (GOPARS), an A-76 study would be required." In the final analysis, the GAO took the position that purchasing parts from a commercial source rather than COPARS is not a transfer of identical functions and does not require an A-76 study. Thus, the decision to rely on an economic analysis to determine the most economic way of obtaining automotive parts.

We have included this section, the following guidance in AFI 65-501 and AFMAN 65-506, to give you a general view of the purpose, the elements, and the process involved in performing an Economic Analysis (EA).

PURPOSE

An economic analysis (EA) is a method of making rational decisions among competing alternatives. (Stay with COPARS or replace the automotive parts acquisition process with the card or other alternative sourcing). It does not replace the judgment of the decision-maker, but rather aids that judgment. When a commander or manager must make a choice between two or more options, an EA improves the decision-making process. The objective and all alternatives must be clearly defined; costs and benefits completely presented; and important assumptions, factors, and judgments highlighted.

Usually there are alternate ways of meeting a goal, and each alternative costs something (resources, factors or inputs) and produces some benefits (results, revenues or outputs). An EA should systematically examine and reveal costs, benefits, and risks of various alternatives.

EA ELEMENTS

An economic analysis must include at least the following:

1. ***Executive Summary.*** This is a summary of the analysis, including the recommendation. Also included is the name and location of the installation, project objective and scope, alternatives, discounted life cycle costs and cost-benefit ratios (if applicable) for each alternative, and a recommendation with a brief discussion of relative benefits. The executive summary should be limited to one page. Following is the executive summary format:

    - ❖ Installation: e.g., Maxwell AFB, AL (For Overseas: Country)
    - ❖ Project Title (including project number)
    - ❖ Scope of Project: (should be quantified to extent possible)
    - ❖ Alternatives Considered: (brief description; including unfeasible alternatives)
    - ❖ Discounted Life Cycle Costs of the Alternatives: (state discount rate used and whether constant or inflated dollars were used, for constant dollars, show year, e.g., constant 96$)
    - ❖ Cost-Benefit Ratios (CBR): (if benefits were quantified, show CBR for each alternative)
    - ❖ Discussion of Benefits and Recommendation: (discuss benefits and costs of each alternative and reasons for recommended alternative

2. ***Certificate of Satisfactory Economic Analysis.*** This page shows coordination of comptroller and functional offices.

    CERTIFICATE OF SATISFACTORY ECONOMIC ANALYSIS

    Installation/MAJCOM:_____

    Project Title:_____

    An economic analysis has been prepared for this project. The following alternatives have been considered:

    a.
    b.
    c.

    Summary of analysis results:

    Certification: This economic analysis follows the instructions in AFI 65-501, *Economic Analysis*, and the procedures in AFMAN 65-506. Significant changes to project scope, major assumptions, or estimated costs will invalidate this certificate and require revision of this analysis.

    Coordination at base/installation level:

Base Level Financial Analysis: (Signature)
(Name/Office
Symbol/DSN/Date)

Concurrence by Base Functional Office: (Signature)
(Name/Office
Symbol/DSN/Date)

Concurrence by other Base Level Office: (Signature)
(As Applicable) (Name/Office
Symbol/DSN/Date)

Certification by Base Level FM: (Signature)
(Name/Office
Symbol/DSN/Date)

Coordination at MAJCOM Level:

MAJCOM Financial Analysis Office: (Signature)
(Name/Office
Symbol/DSN/Date)

MAJCOM Functional Office: (Signature)
(Name/Office
Symbol/DSN/Date)

Other MAJCOM Office: (Signature)
(As Applicable) (Name/Office
Symbol/DSN/Date)

3. ***Objective.*** State the problem or objective (i.e., mission or mission support requirement) to be met by the alternatives under study.

4. ***Assumptions.*** State the assumptions, criteria, ground rules, constraints and variables which influence cost and effectiveness, such as required operational readiness dates, base year of the analysis, use of constant or current dollars, age of existing facilities, assumptions about future energy prices, etc. Since each EA will have unique assumptions, and assumptions drive cost estimating methodology; carefully consider the assumptions underlying your analysis.

5. ***Alternatives.*** List the alternatives considered to meet the objective. If alternatives to current programs are covered in the analysis, then include the status quo/baseline as a separate alternative. Often the baseline is some upgrade of the existing situation. Thoroughly describe each feasible alternative that could fulfill the program or project objective. Explain in the description of alternatives how each process or procedure would work; what personnel, equipment, or facilities would be required; and what other changes would be involved.

Identify any alternative judged infeasible and document the grounds for its rejection. It is not necessary to include the costs or benefits of infeasible alternatives--however, do not base unfeasibility on costs. Include in the EA's coordination process any functional offices which can attest to the unfeasibility of a particular alternative.

6. ***Life Cycle Cost Analysis.*** Include the total life cycle costs of each feasible alternative in the analysis. Include the costs of all resources required for each feasible alternative.

7. ***Life Cycle Benefits Analysis.*** Include the benefits of each feasible alternative in the analysis. If possible, quantify benefits. When benefits cannot be quantified, include a narrative description of benefits. When benefits can be quantified, calculate a cost-benefit ratio.

   *Monetary costs and benefits are those which take the form of specific financial outlays or receipts. The list of costs for each alternative should be exhaustive, but care must be exercised to ensure against double counting. Monetary benefits (such as the proceeds from the sale of assets, lease fees, etc.) should be thoroughly documented.

   *Nonmonetary costs and benefits cannot readily be stated in dollar terms. For example, a nonmonetary cost could be a reduction of capability or performance brought about by the selection of a particular alternative; similarly, a nonmonetary benefit could be an enhancement of capability or performance. Those nonmonetary costs and benefits, which lend themselves to direct quantitative measurement, should be compared on that basis. Degradations to or enhancements of other programs should be included as nonmonetary costs or benefits.

8. ***Sensitivity Analysis.*** Assess the risk to the recommendation resulting from possible changes of key variables. Sensitivity analysis identifies key assumptions and variables within an EA and determines how changes affect the ranking of alternatives. Its value lies in the additional information and understanding it brings to bear on the decision. For decision makers facing an investment decision, sensitivity analysis is a tool for determining how changes in costs or benefits (e.g., due to forecast errors) affect the EA's recommendation.

   Sensitivity refers to the relative magnitude of the change in the results of an EA based on changes of one or more of the input variables. A decision is *insensitive* to uncertainties regarding a variable if you can change that variable over a wide range without affecting the ranking of alternatives. A sensitivity analysis demonstrates the stability (or instability) of the recommendation.

9. ***Recommendation.*** Briefly summarize each alternative and recommend a course of action. Compare the relative strengths and weaknesses of each alternative and identify the most effective alternative accomplishing the mission objective. Briefly compare all monetary and nonmonetary costs and benefits. Since the recommended course of action may not always be the alternative with the lowest total cost, clearly state the recommended alternative and reasons for the recommendation.

THE ECONOMIC ANALYSIS PROCESS:

Step 1. *Define the Objective.* The first step in an economic analysis is to define the objective or state the problem. A problem will not be solved if it is not first clearly and accurately stated. The statement of the problem sets the framework for the whole analysis. While the statement of the problem should be as clear as possible, it should not slant the solution to the problem toward any one particular alternative or possible solution. Flexibility about the statement of the problem is a must, as the analysis progresses.

Step 2. *Examine Assumptions.* Assumptions are possible throughout the course of an economic analysis. Assumptions provide the groundwork for stating the problem and establishing alternatives. Since assumptions cannot be avoided, it will be necessary to include a complete list of assumptions along with their rationale. The important criterion here is that assumptions are reasonable in view of either historical data, economic forecasts, or planned changes in programs or operations.

Types of assumptions. There are two basic types of assumptions:

- *State-of-nature assumptions* permit screening which alternatives are feasible. Their inclusion in the analysis is crucial since they permit the decision-maker to understand and question both the limits and the construction of alternatives.
- *Mathematical assumptions* involve calculation procedures used to derive cost and benefit factors. When procedures involving assumptions are used, (for example, to apportion cost, determine manning factors, set inventory levels, or calculate inflation factors), the methodology behind these procedures must be fully defined. Assumptions must be based on sound rationale and justified as part of the analysis process.

Often assumptions include forecast values. Since no one has a crystal ball to see into the future, we must check to see whether changes in the values forecast for key variables would make significant changes in our final conclusions. Sensitivity analysis is the procedure for ascertaining the effects on the bottom line due to possible variations in forecast values.

Step 3. *Determine Alternatives.* The third step in economic analysis is to examine the various alternatives available to meet the objective. Aggressive pursuit of alternatives is critical since the final decision can be no better than the available choices. New alternatives are accepted and old ones are discarded.

- ❖ *Types of Alternatives.* Alternatives considered may include:
  - Status Quo (COPARS)
  - THE PURCHASE CARD
  - Joint Operation

- *Number of Alternatives.* An EA always addresses at least two alternatives. One is often the existing system (status quo) or an upgraded version (baseline case). The baseline alternative and its costs and benefits can serve as a common reference point in the analysis. The interpretation of costs and benefits of all other alternatives, and perhaps even their derivation, may depend on the base case used. It is usually crucial to construct a proper baseline alternative.

The traditional, conventional, or seemingly most plausible alternative is not the only way. Avoid the trap of excluding imaginative alternatives merely because they run contrary to past practice, organizational operating policies, or even administrative regulations and current law, since it may be possible to change these conditions. As more is learned, new alternatives can be more valuable than an exhaustive comparison of existing ones, none of which may be very satisfactory. Keep the number of alternatives under consideration at a manageable level. Eliminate possible alternatives, which fail to meet the objective, but include the fact that you considered such alternatives and the reason(s) you dismissed them. Develop into a full analysis of costs and benefits all feasible alternatives, which achieve the objective.

- *Private Sector Sources.* Base private sector alternatives to the extent possible on estimates provided from business sources or requests for information. Consult and coordinate with contracting offices to development such alternatives to ensure that private sector sources understand that the government is seeking information and not offering a contract. Analyses which do not include such estimates are often referred to as feasibility studies and are not, strictly speaking, economic analyses. In the absence of such specific information, the study is answering the question of how much a private sector alternative could cost to be competitive with alternatives using government resources, rather than answering the question of what the recommended course of action should be based on the best estimate of costs obtainable. Protect EAs containing contractor sensitive information through procedures required by contracting offices.

- *Government Sources.* Coordinate EAs containing alternatives based on government resources with the Air Force offices which provided any cost data or estimates, or have responsibility for the areas covered by the analysis

MONETARY AND NONMONETARY COSTS/BENEFITS:

Both monetary and nonmonetary costs and benefits should be addressed. Costs and benefits must be categorized for each alternative according to whether they are monetary or not.

(a) Monetary costs and benefits - those which take the form of specific financial, outlays or receipts. The list of costs for each alternative should be exhaustive, but care must be exercised to ensure against double counting. Monetary benefits (such as the proceeds from the sale of assets, lease fees, etc.) should be thoroughly documented.

Nonmonetary costs and benefits - cannot readily be stated in dollar terms. A nonmonetary cost could be a reduction of capability or performance brought about by the selection of a particular alternative; similarly, a nonmonetary benefit could be an enhancement of capability or performance. Those nonmonetary costs and benefits, which lend themselves to direct quantitative measurement, should be compared on that basis. Ordinarily include a benefits analysis in an EA; quantify benefits when practicable, and calculate a cost-benefit ratio. When you cannot quantify benefits, include a discussion of the benefits.

SAMPLE ECONOMIC ANALYSIS

Annex 3 contains a sample of an economic analysis.

CHAPTER III

THE GOVERNMENT PURCHASE CARD

GENERAL

An alternative vehicle part procurement (AVPP) mechanism available for the acquisition of vehicle parts is the Government Purchasing Card. The use of the card for relatively small local purchases of vehicle parts and other commodities provides benefits to users by eliminating much of the "red tape" associated with traditional procurement methods. The card program provides management with a useful tool for acquiring items needed within the organization, is particularly useful for purchasing readily available, and urgently needed items.

The program is not intended to avoid or bypass appropriate procedures. Instead, it actually complements existing purchasing and payment guidelines. Unlike personal charge cards, the Government card incorporates controls over certain expenditures. These controls ensure that the program can be used only with specific types of suppliers and within specific spending control.

The card has customarily been used for items that are not available through base supply or COPARS. However, the remarkable benefits experienced from its use throughout the last few years have drastically changed this approach. On 28 April 1997, the Chief of Staff of the Air Force signed a letter encouraging major commands to maximize the use of the purchase card and suggesting 90% of all eligible purchases be accomplished through the card. Also, HQ USAF/IL, based on a study performed by the General Accounting Office, directed the accomplishment of an "economic analysis" (EA) at the installation level to establish which procurement method (COPARS or CARD), constitute the best approach for a particular installation.

As of Jun of this year, 32 bases were still using COPARS as their main source of automotive parts, and 18 out of the 32 were conducting an EA. The remaining 14 were still undecided, or were on the planning stages of the EA. Most of the bases that have conducted the economic analysis Air Force wide have concluded that the card is the most economic way of doing business. However, at some bases the EA has demonstrated COPARS is the most convenient way of doing business.

AUTOMOTIVE PARTS PROCUREMENT PROCEDURES

With the purchase card alternative, transportation personnel are given the opportunity to select their own vendors. Authorized buyers are encouraged to shop around and find as many sources as possible. Sources are selected based on competitive low pricing, good discounts, ability of the vendor to provide parts which satisfy mission delivery requirements, extended warranties, low restocking charges if parts are returned to vendors, customer service, and quality of parts and equipment. The purchase card alternative method of procurement is a systematic procedure to save dollar expenditures.

Although internal procedures may vary from base to base, following, you will find a series of "general procedures" on how the transportation squadron at Offutt AFB (Nancy L. Milburn, DSN 271-4047) is managing its automotive parts ordering and receiving processes.

It must be emphasized that this is only one of the many possible ways to manage your processes. (Annex 1 depicts a flowchart on how another base manages these processes.) Adopt them if you see convenient or modify them to your satisfaction. The bottom line is, you must incorporate tools like these in order to maintain control over your processes.

NOTE: We've also included here "Ordering through Base Supply", to give you a perspective of how the whole process works.

General Information

To control all government owned vehicles, a Vehicle Registration Number is assigned to each vehicle. (E.g. 84B2528)

To control the type of maintenance performed on a vehicle, each vehicle that requires maintenance must have an assigned Workorder Number. (E.g. B2324)

Workorders for vehicles requiring maintenance are placed into one of three different statuses: OPEN, VDP or DEF:

a. **OPEN** – A vehicle for which a mechanic is working on, which may also be awaiting for parts. (Most vehicles that are considered OPEN are worked on and finished in the same day)

b. **VDP** – Vehicle down for parts. A VDP status prevents the vehicle from being used for its intended purpose. (i.e. safety items)

c. **DEFERRED** – Means a vehicle needs parts, but doesn't prevent the vehicle from being used for its intended purpose.

To order parts, mechanics must present a completely filled out Vehicle Maintenance Parts Request (VMPR or local equivalent). (Atch. 1)

Parts requests must have a workorder number and must be signed by authorized personnel before it is accepted.

Materiel Control Purchase Request (PR)

1. For all purchase card orders, a Purchase Request must be used. (Atch. 2)
2. A Purchase Order Number (PO #) will be assigned.

3. Purchase Order Numbers begin with the month assigned and are numerically numbered. For *Example: 06-001,06-002,06-003*

4. Every block on the Purchase Request must be filled.

The Control of VDP and DEF Parts

1. To control VDP and DEF parts on order, Maintenance Control and Analysis (MC&A) will supply Materiel Control with a Workorder. (Atch. 3)

2. A VMPR will need to be attached to the Workorder.

3. *ORDERED THROUGH SUPPLY*: Update the VMPR with the Document Number. Upon receipt of the estimated delivery date (EDD), update the VMPR.

4. *ORDERED THROUGH THE PURCHASE CARD*: After the part(s) are ordered for the vehicle, update the VMPR with the Purchase Order Number & EDD. (Atch. 4)
(Doing this will provide for a quick reference)

5. FOR *VDP* ONLY: Write information from the VMPR on the VDP Board, or annotate the automated equivalent.

6. File the Workorder in Registration Number sequence.
(E.g. File 28A: VDP, File 28B: DEF)

Issuance of VDP and DEF Parts

1. When an item is received, assign the item a warehouse location.

2. Put a sticker on the property for identification purposes. (Atch. 5)

3. *IF ORDERED THROUGH SUPPLY*: Update the VMPR with the location and mark received.

4. *IF ORDERED THROUGH THE PURCHASE CARD*: Print an Issue Ticket and attach to the Workorder and VMPR. (Atch. 6) Put the location on the Issue Ticket and then sign the document.

5. FOR *VDP* ONLY: Erase the information from the VDP Board.

6. VDP: Write the date and time received on the Workorder.

7. Deliver the Workorder to MC&A.

8. DEF: Deliver the Workorder to MC&A.

ORDERING TROUGH BASE SUPPLY

The first source for obtaining vehicle parts is the base supply function. When a vehicle requires repairs, a workorder is opened through MC&A. The technician determines if a part is needed and researches the technical order, part number, and prepares a parts request. Non-commercial designed parts requests are submitted to Materiel Control and part numbers are cross-referenced to a national stock number (NSN). If the part is available through Supply, the part is ordered. When the item is ordered through Supply, the workorder is filed by vehicle registration number until the part comes in. When the part comes in through Supply, the DOR or ISU will contain the vehicle registration number and the workorder number. If the part is not available through supply channels, then COPARS is used.

1. Materiel Control may have more than one supply account, e.g.:

   413XQ: Used to purchase item(s) that are in direct support of vehicles.
   475RK: Used to purchase Shop use, Bench Stock and Hazardous item(s).

2. Ensure VMPR is filled out completely before it is turned in. (Atch.1)

3. Verify with the mechanic that work order residue were checked.

4. If not given a National Stock Number (NSN), cross part number to national stock number (NSN) in FedLog (if applicable).

5. When you have an NSN, verify availability through base supply customer service.

6. Check supply account(s) for available funds.

7. If funds are available, fill in all the information in the Supply Control Log leaving the serial number open. You will receive the serial number from the Customer Service Representative.

8. Check the Standard Reporting Designator (SRD) List to see what SRD will be used for the applicable vehicle.

9. Upon placing the order, write the Document Number and the Delivery Priority on the VMPR.

Ordering MICAPs

1. The vehicle must be MICAP Reportable before you can order the parts as MICAP.

2. To verify if the vehicle is MICAP Reportable, check the SRD List. If the vehicle is highlighted, it is MICAP Reportable.

3. All VDP's should be ordered as MICAP.

4. Place the order through Supply MICAP.

5. Update the Supply Control Log.

6. Upon placing the order, write the Document Number and Delivery Priority on the VMPR.

Issue of Supply & MICAP Items

1. Upon receipt of a supply item, update the Supply Log with the date the item was received.

2. File Copy 2 of the 1348-1A in the Issue/Turn-in box.

3. OPEN ISSUES: Materiel Control need not sign for items received from supply, which are considered OPEN. Give the item to the mechanic.

4. VDP & DEF: When the item is VDP or DEF assign the item a warehouse location. Update the VMPR (attached to the VDP or DEF Workorder) with the location, and mark "Received". Put location sticker on property.

5. FOR *VDP* ONLY: Erase the information from the VDP Board.

6. *VDP*: Write the date and time received in the *OFF VDP* area on the Workorder, and deliver it to MC&A.

7. *DEF*: Deliver the Workorder to MC&A.

ORDERING PARTS THROUGH THE PURCHASE CARD

1. Before ordering part(s) with the card, each day check the available balance in the Purchase Card Account.

2. Each Cardholder is allowed to purchase up to a specified amount each month. If unsure

of the available balance in your individual account, contact the Purchase Card Bank.

3. Before accepting the VMPR ensure it is filled out completely. (Atch.1)

4. Verify with the mechanic that excess vehicles/parts were checked.

5. Insure item to be purchased is not available through Base Supply.

6. Determine which vendor you are going to use. Materiel Control offers a list of suggested vendors.

7. When contacting a vendor remember to mention who you are, and where you're calling from.

8. Ask vendor if they take VISA. (Materiel control should already know which vendors take VISA).

9. Supply vendor with applicable information on the part(s) to be ordered. Ask vendor for part number, price and availability.

    *If the price is over $50.00, check two more vendors. (Local procedures may vary)
    *Compare the prices and availability of each vendor selected.

10. Once you've selected a vendor, attach a PR to the VMPR.

11. Ask the vendor if the item(s) you're ordering has a warranty. If the item(s) has a warranty, write the length of the warranty next to the item(s) on the PR.

12. Ask the vendor for estimated deliver date (EDD).

13. Notify vendor that the purchase is ***tax-exempt***.

14. Supply vendor with your credit card number and expiration date.

15. Supply vendor with shipping instructions for parts delivery.

16. After order is placed, fill all the blocks on the PR.

17. If the item is *VDP or DEF*, insure the Purchase Request is annotated. (Atch. 2)

18. If you know, when ordering the item, that you will not be available to sign the Visa receipt upon delivery, request that the Visa receipt be marked as *PHONE ORDER*.

19. **NEVER** SIGN A VISA RECEIPT THAT IS NOT YOUR OWN!!!

20. A VMPR may have multiple items which may not all be available from one specific

contractor. In that case, make separate PRs for the different vendors.

21. Make a copy of the VMPR for each different vendor and attach to the PR.

Hazmart Items:

1. Before ordering paint, cleaner, adhesive, oil, exc., check the Hazmart Authorization Listing. This will determine whether Materiel Control is authorized to purchase the item(s) needed.

2. If authorized, select a vendor and apply the same rules listed above.

3. Once the item(s) are ordered, call Hazmart to obtain the Bar Code(s) for the item(s).

VDP & DEF Orders:

1. After *VDP or DEF* part(s) are ordered for the vehicle, make copy of VMPR and annotate it with a PO# and EDD. Attach VMPR to the Workorder. (Atch. 4)

2. File the Workorder in Registration Number sequence.

(Note: Both the PR and the Workorder will have a VMPR attached.)

3. FOR *VDP* ONLY: Update the VDP Board.

Issue of Items

1. Before accepting the part(s), verify the part(s) received match the invoice. It is imperative that you receive a VISA receipt with the vendor invoice. If you don't, call the vendor so one can be processed.

2. Ensure VISA receipt matches the total on the vendor invoice, and verify you weren't charged tax.

3. After receiving the appropriate receipts and part(s), find the PR that matches the part(s) received.

4. Attach vendor invoice and VISA receipt to the back of the PR. (Atch. 7)

5. Ensure the PR has all the blocks filled in.

6. Process an Issue Ticket (Atch. 8) (Locally made Microsoft Excel document).
(Ensure you save the file with a new name each day. Use the current date for the new

file name). *(Fill in the blanks of Issue Ticket with information provided on Purchase Request).*

7. Assign a Ticket Number to each Issue Ticket. The Ticket Number begins with the year and a four-digit sequenced number. (E.g.: *97-0001, 97-0002, 97-0003)*

8. To get the next Ticket Number, you'll need to check the Daily Report.

9. Print two copies of the Issue Ticket.

   (a) The mechanic signs one copy and files it in Materiel Control for control purposes.

   (b) The other copy is given to the mechanic.

10. The Daily Report is a report document that tracks the purchases received each day. (Atch. 9) (Locally made Microsoft Excel document).

11. Send copy of the Daily Report to MC&A at the end of the day to be filed with the Issue Ticket(s). (MC&A uses this report to track repair costs and warranty for each vehicle. Materiel Control uses the report as a quick reference list and for quality control purposes.)

VDP & DEF Parts Issue:

1. Assign a location to each item and put a sticker on the property.

2. Attach Issue Ticket to the Workorder & VMPR.

3. Put the warehouse location on Issue Ticket & sign.

4. FOR *VDP* ONLY: Erase the VDP Board.

   (a) VDP: Write date & time on the Workorder. Deliver Workorder to MC&A.

   (b) DEF: Deliver the Workorder to MC&A.

5. At the end of each day file the Issue Tickets with a Daily Report.

Updating the Monthly Log

Once the Daily Report has been updated, update the daily purchases in the Monthly Log. (Atch.10)

a. The Monthly Log is a locally made Microsoft Excel document. It includes

documentation of all card purchases for the monthly billing cycle. Each month's purchases are kept on separate worksheets in this file.

b. The Log is listed in Purchase Order (PO) # sequence. When entering a VISA charge, if freight was included, ensure the freight amount is also entered in the same row.

c. If the Purchase Order has more then one charge slips, you need to insert a line for each charge. **DO NOT** use one total when there is more than one charge.

d. The *Bought By* column is used for the initials of the person who made the charge. All the applicable columns will need to be filled on the Monthly Log.

Filing the Purchase Requests

1. Once the Monthly Log is updated, the PR will be filed in the appropriate binder. Normally, you will need two binders for each month. The purchase orders are kept in PO number sequence in the binders.

2. Each PR will be put in a separate document protector, marked with a PO number.

VERIFYING THE MONTHLY VISA STATEMENTS

1. The bank processes VISA statements on the 25th of each month.

2. Upon receipt of the VISA statement, take a copy of the Monthly Expense Log and match the charges on the statement to the log.

3. After finding a matching charge, write the PO # on the statement and write "charged" in *column H* of the Expense Log.

4. If you have any problems with totals not matching or missing charges call the company to find out where the error exists. You may also complete a cardholder statement of questioned item (CSQI). The original is mailed to customer service and a copy is attached with the cardholder statement of account and other supporting documents and forwarded to the squadron-approving official.

5. When all charges have been verified print a copy of the Monthly Log.

6. File the Monthly Log and VISA statements.

THE CARD PROCESS (Flowchart)

Annex 1 illustrates a generic flowchart on how the CARD (AVPP) process works at a typical base from the Materiel Control perspective. (The process may vary from base to base.)

OVER THE COUNTER PURCHASE PROCESS

a. The cardholder presents merchandise and the card to the supplier and informs them of tax exempt status

b. After totaling the merchandise, the supplier processes the card information through an electronic terminal to obtain authorization.

c. The supplier requests authorization for the purchase.

d. The authorization request is transmitted electronically to the Purchase Card Services through VISA's telecommunications network. The Purchase Card Services verifies the cardholder account and determines if the purchase is within spending control limits. In approximately 10 seconds, an approval, decline or referral is transmitted back to the supplier's bank or processor and on to the supplier.

e. When an approval code is received, the cardholder verifies the sales total and signs the sales draft. The cardholder then receives the merchandise, the card and one copy of the completed sales draft.

f. At the end of a business day, the supplier batches and sends the billing problems and transactions to the processing bank.

g. The supplier's bank electronically transmits the sales draft information to the Purchase Card Services, who apply the charges to the appropriate cardholder accounts.

CARD FUNDING

AF Form 4009 (see next page) will be used to control funds for card purchases. Personnel authorized to incur obligations must read and understand the funding control provisions of DFAS-DE 7200.1, and may be held liable for obligations incurred in excess of the amount certified as available on the AF Form 4009. Cardholders must not expend funds after the expiration date of the AF Form 4009 even if an available balance remains. Also, cardholders are required to maintain a transaction log with a running balance of available funds. The available balance must be adjusted accordingly when previously recorded obligations are canceled or decreased. AF Form 4009 document must be forwarded to the Financial Services Office upon expiration. Follow-up must be accomplished on obligations more than 30 days old for which obligation documents have not been received.

GOVERNMENT PURCHASE CARD
FUND CITE AUTHORIZATION

DOCUMENT NUMBER:	DATE ISSUED	CHANGE NO.	EXPIRATION DATE	MASTER ACCOUNT CODE

INSTRUCTIONS TO APPROVING OFFICIAL

This form is to be used by the Approving Official (AO) to request authority to expend funds for Government Purchase Card transactions.

This funding document is issued to establish a Master Account Code assigned to the accounting classification cited below. This document also supports the reservation of funds when applicable.

An amount equal to 1/3, 1/2, or the remaining balance of the quarterly amount will be obligated during the month that this document remains in effect. The accounting classification below will be charged for all authorized purchases made by approved cardholders.

Cardholders are required to maintain a transaction log with a running balance of available funds.

Cardholders must not expend funds after the expiration date shown below even if an available balance remains.

If cummulative expenditures exceed the commitment amount shown below, the cardholder and Approving Official can cause a violation of DFAS-DE7200.1R and may be held pecuniarily liable and be subject to disciplinary action.

A separate funding document and Purchase Card account must be established for purchases to be charged to a different appropriation.

Failure to certify and promptly submit the Approving Official's Monthly Summary Statement will result in the withdrawal of funding.

Return this document to the Financial Services Office (FSO) upon expiration.

REMARKS

REQUESTING OFFICIAL	OFFICE SYMBOL	RESOURCE ADVISOR	OFFICE SYMBOL
PHONE NO.		PHONE NO.	

PRIOR QUARTERLY AMOUNT	INCREASE (+)	DECREASE (-)	NEW QUARTERLY AMOUNT

ACCOUNTING CLASSIFICATION

FUND CERTIFYING OFFICIAL'S STATEMENT I CERTIFY THAT THE NEW QUARTERLY AMOUNT ABOVE WILL BE AVAILABLE ON THE FIRST DAY OF EACH QUARTER UNLESS OTHERWISE ADVISED BEFORE THAT DATE.	**APPROVING OFFICIAL'S STATEMENT** I CERTIFY THAT I WILL NOT APPROVE AN IMPAC PURCHASE THAT WILL CAUSE THE TOTAL IMPAC PURCHASES TO EXCEED THE FUNDING DOCUMENT.
SIGNATURE	SIGNATURE
TYPE NAME OF FINANCIAL SERVICES OFFICER OR OFFICIAL DESIGNEE	TYPE NAME OF APPROVING OFFICIAL
ADDRESS	ADDRESS
TELEPHONE NUMBER	TELEPHONE NUMBER

AF FORM 4009, SEP 97 ***(EF-V1)***

PURCHASING CARD BENEFITS

Benefits to the Cardholder

a. The card empowers cardholders to make decisions
You deal directly with the recommended supplier to get exactly what you need when you want it.

b. The card saves time
No waiting for signatures on requisitions, check requests
No waiting for a purchase order to be issued.
Place your order at your convenience.
Receive your order faster.

c. The card reduces paperwork
No requisitions or purchase orders for card purchases.
No check requests or invoice approvals for card purchases.
No need to use expense reimbursement process.

d. The card is widely accepted
More than 13 million supplier locations
If a supplier doesn't accept Visa, the Card Merchant Services can assist them in becoming Visa capable.

Benefits to the Agency

a. No reimbursement procedure to remember
Unlike some methods, you do not pay a bill and wait for reimbursement. The agency pays the bills directly each month. For this reason it is important that no personal charges be made with the purchasing card.

b. Saves Money and Increases Efficiency
1. By reducing the number of requisitions purchase orders, invoices, check requests, checks and data entry in various departments.
2. By cutting down on paper pushing, approving, reconciling and paying for small-dollar purchases.
3. By freeing up time for purchasing professionals to focus on high dollar purchases and key supplier relationships.
4. By using improved reporting to negotiate volume discounts with supplier.
5. By sending more small-dollar purchases to the VISA system, which handles millions of these purchases each day.

Benefits to the Suppliers (Vendors)

a. ***Improved Cashflow***
Purchases are paid in three days rather than 30-60 days.

b. ***Simplified process***
The supplier no longer needs to generate and mail invoices managing collect receivables or post and process checks for each customer payment.

c. ***Increased Sales***
Establishing a Visa card processing account allows their company the flexibility of accepting credit card purchases from any VISA cardholder.

d. ***Reduced Processing Costs***
Reduces supplier overhead costs by receiving payments electronically and eliminating invoices and collection follow-up.

e. ***Customer Retention***
Agencies want to do business with card-accepting suppliers and are creating the demand for the card. Accepting purchasing cards helps them retain customers.

Perceived Disadvantages

Transportation – The card will take manpower away from the mission, people could be working on vehicles vs. being downtown buying parts.

Transportation – Manpower issue. Transportation functions feel they need an extra body to perform card acquisitions and administration.

OUTCOMES

The bases below have conducted economic analysis and have transitioned from COPARS to the Card as a means to acquire automotive parts. These are the results of a comparison of the two vehicle replacement parts procurement methods at some installations:

Fairchild AFB, WA

a. Saved over $52,000 just in filters during FY97
b. Experienced quicker delivery times when vendor drop shipped

Keesler AFB, MS

a. Saved three to four thousand dollars per month using the card
b. Vendors provided computers to materiel control for parts research

Lackland AFB, TX

a. Government Purchase Card was implemented in October 96. Parts delivery has improved from an average of 15 hours (COPARS) to less than four hours. Ninety five percent of the vendors deliver.
b. Average monthly savings from Oct 96 through Mar 97 was $9,430.51.
c. Average VDP rate for FY 96 using COPARS was .6%, using the card average VDP rate for FY 97 (Oct -Mar 97) was .5%.
d. Average delivery time for deferred parts is 1-3 days (the card), 14-30 days with COPARS. Requirements to defer parts have decreased significantly.
e. Receiving vendor's warranty of 1 year vs. COPARS warranty of 90 days.

Luke AFB, AZ:

a. Parts delivery time has gone from 24 hours (COPARS) to less than 3 hours (commercial vendors).
b. Average monthly savings, approximately $1,500.00.
c. Average delivery time for deferred parts is 1-3 days (the card) compared to 20-30 days (COPARS). Deferred parts hours declined considerably because the vehicle is typically still in maintenance when the parts arrive.
d. Now receiving vendors' warranties versus COPARS warranty, i.e., one year versus 90 days.

Offutt AFB, NE

a. Savings over $45,000 for fiscal year 97 under the card.
b. VDP rate averaged 1.3% under COPARS, .8% under the card.
c. Mechanics feel much more involved in their work because they feel responsible for entire repair tasks from start to finish.
d. Mechanics job satisfaction and parts knowledge have increased.

Randolph AFB, TX

a. The Purchase Card was established in Oct 96. Parts delivery time improved 25%.
b. Average monthly savings (Oct 96 - Mar 97) was approximately $2,500.
c. VDP rate improved by .2%.
d. Deferred parts hours for FY 96 averaged 175 with COPARS, with the card it went down to 93.5.
e. Receiving vendor's warranty of 1 year vs. COPARS warranty of 90 days.

Seymour-Johnson AFB, NC

a. Saved over $120,000 over COPARS in FY97.
b. Organization has been able to obtain "sales" prices in numerous parts.

Whiteman AFB, MO

a. Average monthly savings (Oct 96-Feb 97), approximately $18,500.00.
b. VDP rate has been 1.03%.
c. Procurement methods are a combination of blanket purchase agreements (BPAs) (75%) augmented with the card (25%). BPAs afford the best buys, while the card affords great flexibility for purchases out of the local area and at odd times.
d. Service has been incredible, with vendors going out of their way to capture the business. All vendors deliver, in fact, they cooperate amongst themselves to consolidate parts delivery trips to the base.

ATTACHMENTS

REQUESTER:		SHOP:		MISCELLANEOUS INFORMATION		
REG NBR:		W/O NBR:	DATE:	P.O NBR:	EDD:	
MAKE:		ENG TYPE/MFG/SIZE	A/C YES NO	RESIDUE CHECKED:	YES	NO
MODEL		ENG SPEC/SERIAL	POWER STEERING YES NO	AREA 21 CHECKED:	YES	NO
VIN/SERIAL NBR		TRANS TYPE/MFG	POWER BRAKES YES NO		PRICE AVAIL	WARR
VEHICLE TYPE		TRANS NBR:	AXLE CODE	QUOTE #1	$ Y/N	
APPL T/O		LINE SETTING TICKET	WHEEL BASE	QUOTE #2	$ Y/N	
				QUOTE #3	$ Y/N	

A. PART NBR/NSN	B. QTY/UI	C. NOMENCLATURE	D. TECH ORDER FIG\INDEX	A-VDP B-DEF O-OPEN	E. EST/ ACTUAL COST	F.ISU DOC NUMBER

REMARKS:	TOTAL COST: $	RECEIVED BY:	
	ORDERED BY:		
	PRIORITY:		
	AUTHORIZED BY: *(Shop Chief/Assistant)*		

Vehicle Maintenance Parts Request (VMPR) **Attachment 1**

55 TRNS/LGTMN
MATERIEL CONTROL
PURCHASE REQUEST

Requester:	Purchaser:	Supplier:	P.O.#:
Shop:		Street Address:	
Vehicle Reg/Workorder:		City:	St: Zip:
		Phone:	FAX:
		P.O.C.:	Date Ordered:
	OPEN DEF VDP	Estimated Cost:	E.D.D.:
Mfr. Part Number:	Description:	Qty:	Price Quote:

Purchase Request **Attachment 2**

VEHICLE AND EQUIPMENT WORKORDER

ADD-ON 0	DEL PRT S S W/O STA W Z	ON VDP HRS OFF VDP / /	WRK ORD TYPE
SCHEDULE CATEGORY DATE SCH/LOF ANNUAL SP1 SP2 SP3 CONCURRENT INSPECTIONS 1- 2- 3- 4- 5-		USE ORG MHK-CD CRIT IND TECH ORDER NUMBERS	QUALITY ASSURANCE PASS: FAIL: CERTIFIED BY:

REG NMBER MGT CD M/H/K MAKE/TP MFR MODEL R/D FAD NUC WRM

WRK ORD PRI WRK CNTR DATE/OPENED / DATE/CLOSED / ENG MOD/SIZE USR DATA

RPR LMT/RP CD MAT COST LAB COST TOTAL COST VEHICLE IDENT NO BSE USE

LMT EXCEED BY EST LAB HRS IND COST EST ACC CST

JOB NO.	CODES SYS	CODES MAINT	ACTION TAKEN	JOB DESCRIPTION	EST HRS	EMPLOYEE INFORMATION EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT
01						/ /		/ /		/ / / / / /	
02						/ /		/ /		/ / / / / /	
03						/ /		/ /		/ / / / / /	
04						/ /		/ /		/ / / / / /	
05						/ /		/ /		/ / / / / /	
06						/ /		/ /		/ / / / / /	
07						/ /		/ /		/ / / / / /	
08						/ /		/ /		/ / / / / /	
09						/ /		/ /		/ / / / / /	
10						/ /		/ /		/	

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Vehicle and Equipment Work Order

Attachment 3

VEHICLE AND EQUIPMENT WORKORDER

ADD-ON 0	DEL PRT S S W/O STA W Z	ON VDP HRS OFF VDP / /	WRK ORD TYPE
SCHEDULE CATEGORY DATE SCH/LOF ANNUAL SP1 SP2 SP3 CONCURRENT INSPECTIONS 1- 2- 3- 4- 5-		USE ORG MHK-CD CRIT IND TECH ORDER NUMBERS	QUALITY ASSURANCE PASS: FAIL: CERTIFIED BY:

REG NMBER MGT CD M/H/K MAKE/TP MFR MODEL R/D FAD NUC WRM

WRK ORD PRI WRK CNTR DATE/OPENED / DATE/CLOSED / ENG MOD/SIZE USR DATA

RPR LMT/RP CD MAT COST LAB COST TOTAL COST VEHICLE IDENT NO BSE USE

LMT EXCEED BY EST LAB HRS IND COST EST ACC CST

JOB NO.	CODES SYS	CODES MAINT	ACTION TAKEN	JOB DESCRIPTION	EST HRS	EMPLOYEE INFORMATION EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT
01						/ /		/ /		/ / / / / /	
02						/ /		/ /		/ / / / / /	
03						/ /		/ /		/ / / / / /	
04						/ /		/ /		/ / / / / /	
05						/ /		/ /		/ / / / / /	
06						/ /		/ /		/ / / / / /	
07						/ /		/ /		/ / / / / /	
08						/ /		/ /		/ / / / / /	
09						/ /		/ /		/ / / / / /	
10						/ /		/ /		/	

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Vehicle and Equipment Workorder **Attachment 4**

VEHICLE REG: VEHICLE W/O: LOCATION:	DEF/VDP: DATE: INITIALS:

FILL IN INFORMATION AND ATTACH TO PROPERTY

Location Sticker for Parts **Attachment 5**

VEHICLE AND EQUIPMENT WORKORDER

ADD-ON 0	DEL PRT S S W/O STA W Z	ON VDP HRS OFF VDP / /	WRK ORD TYPE
SCHEDULE CATEGORY DATE		USE ORG MHK-CD CRIT IND	QUALITY ASSURANCE
SCH/LOF ANNUAL SP1 SP2 SP3		TECH ORDER NUMBERS	PASS: FAIL: CERTIFIED BY:
CONCURRENT INSPECTIONS 1- 2- 3- 4- 5-			

REG NMBER	MGT CD	M/H/K	MAKE/TP	MFR	MODEL	R/D	FAD	NUC	WRM

WRK ORD	PRI	WRK CNTR	DATE/OPENED /	DATE/CLOSED /	ENG MOD/SIZE	USR DATA

RPR LMT/RP CD	MAT COST	LAB COST	TOTAL COST	VEHICLE IDENT NO	BSE USE

LMT EXCEED BY	EST LAB HRS	IND COST	EST ACC CST

JOB NO.	CODES SYS	CODES MAINT	ACTION TAKEN	JOB DESCRIPTION	EST HRS	EMPLOYEE INFORMATION EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT	EMPLOYEE/HRS	OT
01						/ /		/ /		/ / / / / /	
02						/ /		/ /		/ / / / / /	
03						/ /		/ /		/ / / / / /	
04						/ /		/ /		/ / / / / /	
05						/ /		/ /		/ / / / / /	
06						/ /		/ /		/ / / / / /	
07						/ /		/ /		/ / / / / /	
08						/ /		/ /		/ / / / / /	
09						/ /		/ /		/ / / / / /	
10						/ /		/ /		/	

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Vehicle and Equipment Workorder **Attachment 6**

55 TRNS/LGTMN
MATERIEL CONTROL
PURCHASE REQUEST

Requester:	Purchaser:	Supplier:	P.O.#:
Shop:		Street Address:	
Vehicle Reg/Workorder:		City:	St: Zip:
		Phone:	FAX:
		P.O.C.:	Date Ordered:
	OPEN DEF VDP	Estimated Cost:	E.D.D.:
Mfr. Part Number:	Description:	Qty:	Price Quote:

Purchase Request **Attachment 7**

Reg Number: 84L00195 Workorder: B5027 P. O. # 01-102	55th Transportation Vehicle Maintenance Auto Parts Issue Ticket	Date: 6/18/97 Time: 8:51 AM Ticket Nbr: 98-0959

Part #	Nomenclature	Manufacturer	NEW RBLT	Warranty (In Days)	Status DEF/VDP OPEN	Qty ISU	PRICE
K080550	V-BELT	GATES		LIFE	OPEN	1	$16.67
					TICKET TOTAL		$16.67

Bin Location_____

Signature_____
(Customer's Signature)

Issue Ticket **Attachment 8**

Work Num	Reg Num	Status D/V/O	Purchase Price	Qty	Ticket Nbr	Part Num	Nomen	Parts Status	Warr Length
B4998	87B01798	O	$4.65	1	0945	1264	CLEARANCE LIGHT	ISSUED	
F5024	84L01267	O	$1.26	1	0946	42995	AIR FILTER	ISSUED	
B4907	88B10074	O	$107.99	1	0947	FS3678	GASKET KIT	ISSUED	LIFE
F3372	96B0404	D	$3.64	1	0948	S882PD5	ADJUSTER COVER	1C1C	
B5000	87W00284	V	$79.92	1	0949	31162121	RING GEAR	1A6P	
B5000	87W00284	V	$7.80	10	0949	33115121	WASHER	1A6P	
B5000	87W00284	V	$45.00		0949		FREIGHT CHARGE		
B5005	91E00697	V	$63.66	1	0950	1316126	FUEL GAUGE	1C5C	
B5005	91E00697	V	$14.00		0950		FREIGHT CHARGE		
B4998	95D00127	O	$11.04	8	0951	359-5990	HUB SEAL	ISSUED	
L9999	B/S	O	$9.66	7	0952	359-5990	HUB SEAL	STOCK	
B4917	89L00870	D	$7.71	1	0953	KN20901	KNOB	1A8C	
B4972	86L00920	D	$7.75	1	0954	1121-0012	TOGGLE SWITCH	1C3C	
L9999	B/S	O	$31.00	4	0955	1121-0012	TOGGLE SWITCH	STOCK	

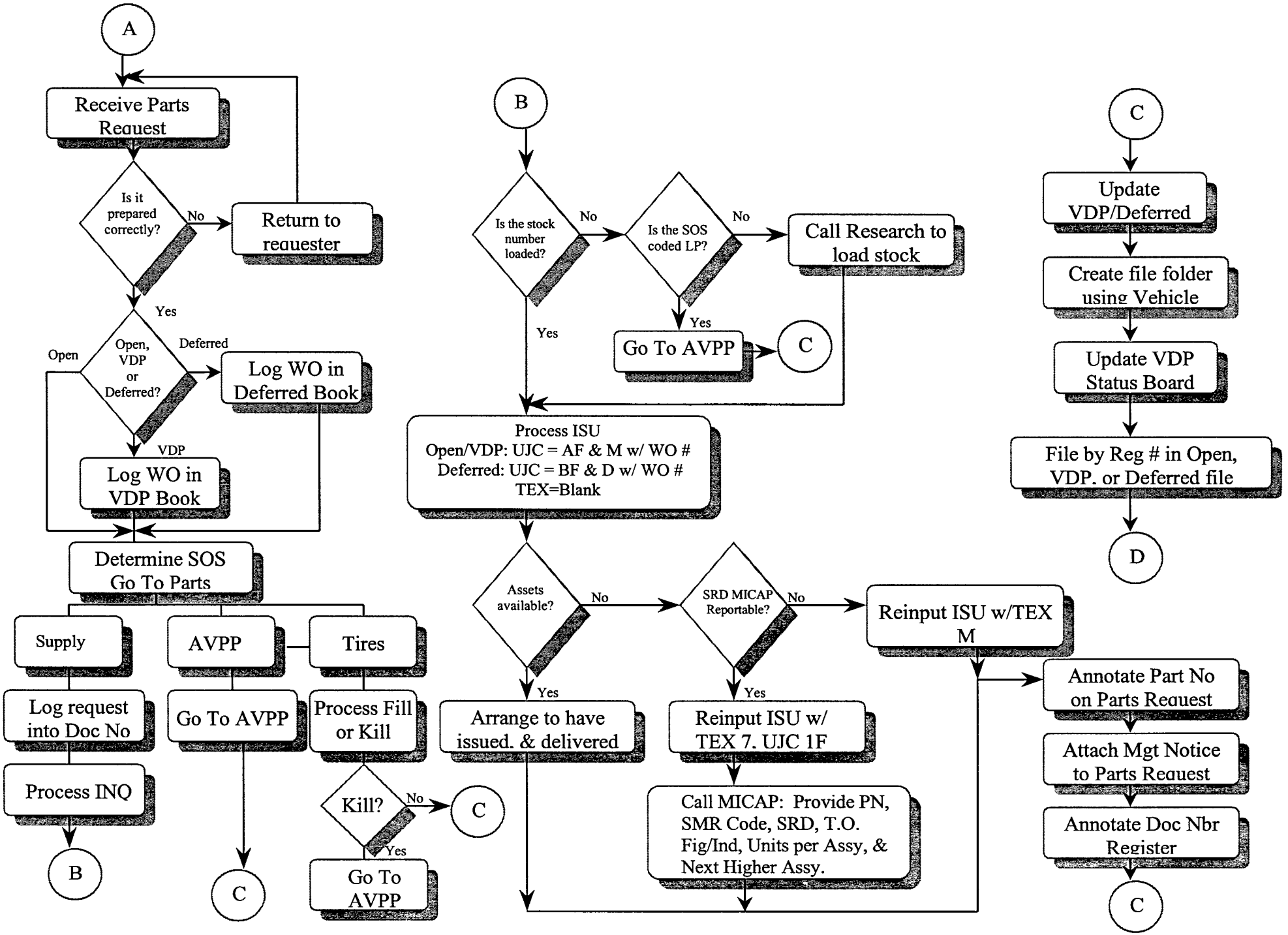
Daily Report **Attachment 9**

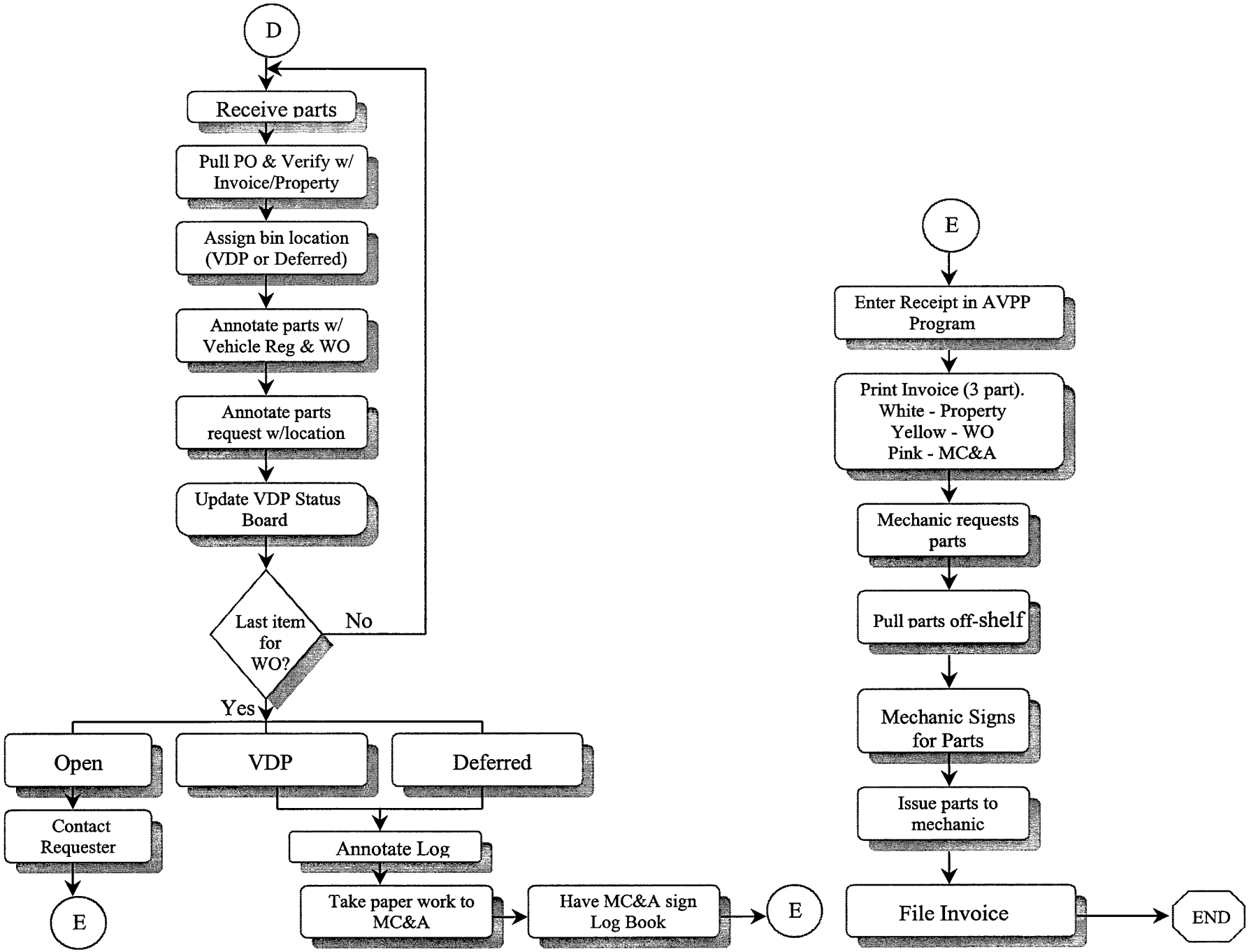
(A)	(B)	(C)	(D)	(E)	(F)	(G)
	P/O			Running	COMPANY NAME/	Bought
DATE	NBR	FREIGHT	CHARGE	Balance	Invoice Number	BY
				$30,000	Balance Forward	
1-Oct-97	10-014		$142.00	$29,858	Oshkosh Truck	
2-Oct-97	10-028		$5.89	$29,852.11	Napa	DDS
2-Oct-97	10-029		$2.99	29,849.12	O'Reilly Auto Parts	DDS
8-Oct-97	10-061		$24.14	$29,894.28	Carquest	DDS
8-Oct-97	10-067		$4.78	$29889.5	Napa (943031)	NLM
10-Oct-97	10-091	$18.00	$250.08	$29621.42	Fehr's Nebraska Tractor	DDS
10-Oct-97	10-092		$95.00	$29,526.42	Omaha Truck Center	DAG
14-Oct-97	10-094		$29.43	$29,496.99	Napa (943772)	NLM
15-Oct-97	10-098		$0.00	$29,496.99	Omaha Truck Center	
17-Oct-97	10-112		$72.71	$29,424.28	O'Reilly Auto Parts	EMC
17-Oct-97	10-113		$11.98	$29,412.30	O'Reilly Auto Parts	LMP
20-Oct-97	10-114		($10.00)	$29,422.30	O'Reilly Auto Parts (core)	DAG
17-Oct-97	10-115		($75.00)	$29,497.30	Carquest (core return)	DAG
17-Oct-97	10-115		($170.57)	$29,667.87	Carquest	EMC
17-Oct-97	10-115		($184.51)	$29,852.38	Carquest	EMC
17-Oct-97	10-118		$141.32	$29,711.06	Sapp Bros	EMC
20-Oct-97	10-121		$4.88	$29,706.18	Cornhusker Trux	DDS
21-Oct-97	10-132		($15.49)	$29,721.67	Napa (939695)	EMC
27-Oct-97	10-180		$5.27	$29,716.40	O'Reilly Auto Parts	DAG
27-Oct-97	10-180		($5.27)	$29,721.67 $29,652.40	O'Reilly Auto Parts	DAG
1-Dec-97	10-194	$3.26	$66.01	$29,583.13	Kentmore	LMP
30-Oct-97	10-230		$154.00	$29,429.13	Alford Tire	

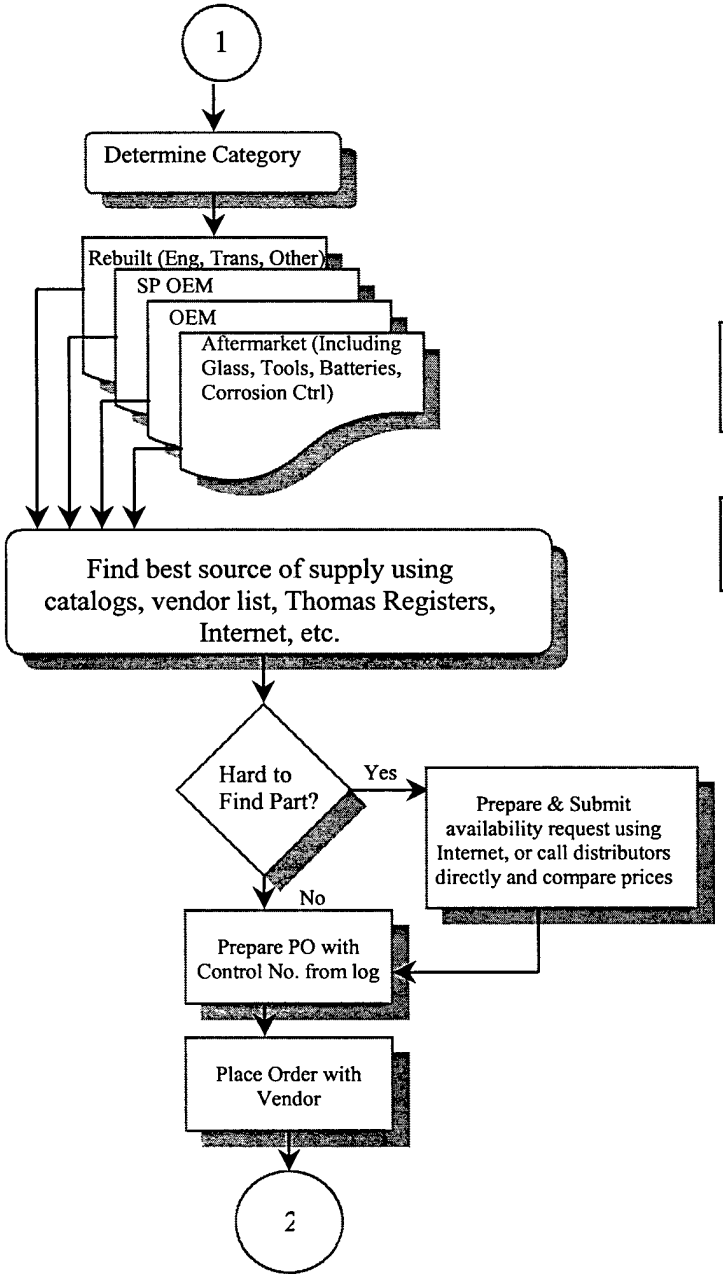
Purchase Card Monthly Log **Attachment 10**

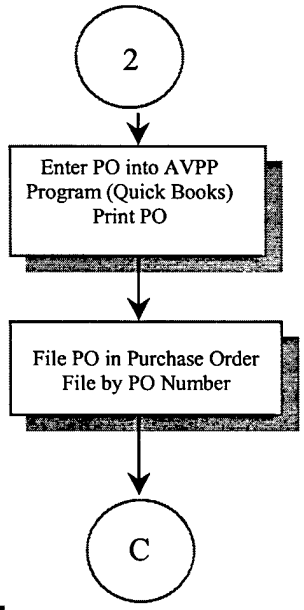
ANNEX 1

COPARS/SUPPLY/AVPP AUTOMOTIVE PARTS ACQUISITION PROCESS (FLOWCHART)


A
Receive Parts Request
Is it prepared correctly?
No
Return to requester
Yes
Open, VDP or Deferred?
Open
Deferred
Log WO in Deferred Book
VDP
Log WO in VDP Book
Determine SOS Go To Parts
Supply
AVPP
Tires
Log request into Doc No
Process INQ
B
Go To AVPP
C
Process Fill or Kill
Kill?
No
Yes
C
Go To AVPP
B
Is the stock number loaded?
No
Is the SOS coded LP?
No
Call Research to load stock
Yes
Yes
Go To AVPP
C
Process ISU
Open/VDP: UJC = AF & M w/ WO #
Deferred: UJC = BF & D w/ WO #
TEX=Blank
Assets available?
No
SRD MICAP Reportable?
No
Reinput ISU w/TEX M
Yes
Arrange to have issued. & delivered
Yes
Reinput ISU w/ TEX 7. UJC 1F
Call MICAP: Provide PN, SMR Code, SRD, T.O. Fig/Ind, Units per Assy, & Next Higher Assy.
C
Update VDP/Deferred
Create file folder using Vehicle
Update VDP Status Board
File by Reg # in Open, VDP. or Deferred file
D
Annotate Part No on Parts Request
Attach Mgt Notice to Parts Request
Annotate Doc Nbr Register
C

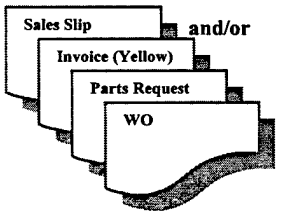

D
Receive parts
Pull PO & Verify w/ Invoice/Property
Assign bin location (VDP or Deferred)
Annotate parts w/ Vehicle Reg & WO
Annotate parts request w/location
Update VDP Status Board
Last item for WO?
No
Yes
Open
VDP
Deferred
Contact Requester
E
Annotate Log
Take paper work to MC&A
Have MC&A sign Log Book
E
E
Enter Receipt in AVPP Program
Print Invoice (3 part).
White - Property
Yellow - WO
Pink - MC&A
Mechanic requests parts
Pull parts off-shelf
Mechanic Signs for Parts
Issue parts to mechanic
File Invoice
END



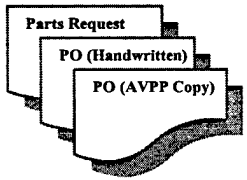


Documentation Files

MC&A File Copies from AVPP Program
VDP & Deferred (after data entry)

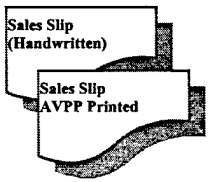


Materiel Control IMPAC Holder File Copies

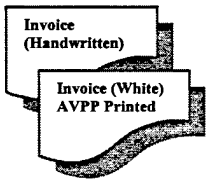


Filed by Date & PO No.

Sales Slip File



Invoice File



ANNEX 2

PERFORMANCE BASED TECHNICAL REQUIREMENTS DOCUMENT FOR CONTRACTOR OPERATED PARTS STORE (COPARS)

PERFORMANCE WORK STATEMENT

TABLE OF CONTENTS

A. DESCRIPTION OF SERVICES

The contractor shall provide all personnel, equipment, tools, materials, supervision, and other items and services necessary to perform Contractor Operated Parts Store (COPARS) services as defined in this Performance Technical Requirements Document except as specified in Section C, Government Furnished Property and Services at _____ AFB, ___. The Contractor shall perform to the standards in this contract.

B. SERVICE DELIVERY SUMMARY

(Time frames provided here are for informational purposes only. If an italicize, underlined number is included, it is offered only as a suggestion. At times, XX, is included instead of a number, so you can adjust time frames according to your needs.)

B1. STOCK LEVEL AND CONSUMPTION DATA

The contractor shall establish stock levels based on the vehicle fleet and equipment in Appendix 1 and the contractor's experience in the parts business. Only parts common to the Government fleet will be stocked in the on-base store. The quantity and type of parts stocked in COPARS will be adjusted based on sales (government consumption) for the previous 3-month period. The contractor is required to maintain a consumption data record. The contractor will provide to the Government, within ten (10) work days after the end of each contract quarter, two (2) copies of a consumption list consolidating all sales from the previous 3-month period. The quarterly list furnished to the Government will contain noun, part number, manufacturer, and number of issues per month during the reporting period. The consumption data list will be listed alphabetically by nomenclature and further broken out by manufacturer/numerical part number sequence. Interchangeability/substitute parts are to be linked and identified as the same part, but still indicating the appropriate part number and manufacturer of each such part. The contractor will identify those parts on the quarterly consumption data report that he/she recommends stocking in COPARS. After review by the Government, to remove seasonal and sporadic purchases, one copy of the list shall be returned to the contractor at the on-base store. The last six-month period consumption data report of the outgoing COPARS contractor will be used to determine the quantity/type parts to be stocked by the new COPARS contractor during the first quarter of the new contract.

B2. DELIVERY SCHEDULE

All parts required under this contract shall be supplied in accordance with the following paragraphs: (The government reserves the right to cancel individual requests for items at no cost to the government and purchase items from other sources if the contractor fails to meet delivery requirements.)

B2.1. Fast Moving Parts. The Contractor shall stock all fast moving parts in the vehicle parts store for immediate issue. A maximum _____ percent (*XX*%) out of stock condition is acceptable. Fast moving parts not in stock shall be made available in accordance with the following schedule:

B2.1.1. Parts requested in the morning shall be available for issue at least ***XX*** hours after parts are ordered.

B2.1.2. Parts ordered during the afternoon between ***1200*** and ***1630*** hours shall be made available for issue in the morning between ***0730*** and ***1100*** hours of the following work day.

B2.2. Parts Required for Completion of In-Shop Work Orders. . Parts required to complete repairs on vehicles/equipment with open work orders will be furnished within ***XXX*** store operating hours if available from any supplier within the local trade area (within a 25 mile radius from the main gate of the installation), and ***XX*** store operating hours if available in the regional trade area (within a 150 mile radius from the main gate of the installation). Parts not available within the local or regional trade area shall be furnished under the provision of paragraphs B2.3, B2.4 and B2.5 below.

B2.3. Vehicle Deadlined for Parts (VDP). Parts required to remove vehicles/equipment from VDP status shall be furnished as follows:

(1) If available in the local trade area:

(a) Parts requested in the morning between ***0730*** and ***1100*** hours shall be made available for issue at least ***thirty (30) minutes*** prior to close of business the same work day
(b) Parts ordered during the afternoon between ***1200*** and ***1630*** hours shall be made available for issue in the morning between ***0730*** and ***1100*** hours of the following work day.

(2) Parts not available within the local area shall be furnished at the earliest time possible, and ten (10) store operating hours after requested, if available from any source within the regional trade area.

Contractor actions to expedite delivery shall include search of alternate sources of supply, consideration of interchangeable items and insuring that the VDP status is transmitted to the COPARS suppliers and through their distribution system as applicable. If paragraphs B2.3.1 and B2.3.2. below are not exercised by the government, the contractor shall comply with paragraph B2.5, Back Ordered Parts.

B2.3.1. NPL Parts to Satisfy VDP Requirements. The COPARS contractor may furnish NPL parts to satisfy a VDP requirement when price listed part deliveries cannot satisfy mission requirements. If EDD or costs are not acceptable, the Government reserves the right to procure the part(s) from other sources. The contractor will be responsible for any cost above the cost specified in the contract in such cases.

B2.3.2. *Premium Services For VDP Requirements.* The VMM/VMS may authorize the Contractor to use premium communications/transportation/handling to obtain VDP parts. The authorization must be in writing prior to exercising the option.

B2.4. Deferred Parts. Deferred parts shall be available within ***XX*** calendar days after request, unless the Quality Assurance Evaluator (QAE) and the contracting officer agree upon a later date.

B2.5. Back Ordered Parts. All parts authorized for purchase under this contract, which cannot be delivered immediately off-the-shelf or are not available from local trade/regional trade areas for issue

within the specified time limits, are considered back ordered. The contractor shall provide the QAE with price and estimated delivery dates (EDD) for the part(s) in each of the categories in which they are commercially marketed within ***three (3) hours*** of receipt of request. Ordering and shipping of backorder parts will not be delayed because of consolidation with stock orders unless approved by the QAE. The QAE will determine if the EDD and cost are acceptable. If acceptable, the EDD becomes the firm delivery date (FDD). This reservation is not exclusive and is in addition to any other rights and remedies afforded the Government by law or under this contract including the provision entitled "Default". Firm delivery dates (FDD) that become overdue will be justified and documented by the COPARS manager on the document used to order the parts or a separate document prior to approval/disapproval of the extension action by the QAE. Documentation required for justifying the extension of a FDD will consist of, as a minimum: source of supply, reason for delay, and a new FDD. The Contractor will maintain a register of all back ordered items. The register will be made available to the QAE on a continual basis. A copy of the back order register will be given to the Vehicle Maintenance Control Section for review and file on a weekly basis. Use of computerized products, notebooks, etc. are acceptable. The register format must contain as a minimum, the following information:

(1) Work Order/Vehicle Registration Number
(2) Part Number (when known)
(3) Part Nomenclature
(4) Purchase Order Number
(5) Date and Time Ordered
(6) Cost or Estimated Cost
(7) Firm Delivery Date (FDD)
(8) Source of Supply
(9) Category (Fast and Slow Moving)
(10)QAE initials (certifies approval of FDD)

B2.6. Working Stock Replenishment (WSR). WSR parts shall be provided within ***XX*** working days after customer request unless otherwise agreed upon by the QAE and the contractor.

B3. DEFINITIONS

Backordered Parts – Parts not immediately available from the supplier or manufacturer.

Fast Moving Parts – Price listed parts for which the inventory turnover rate is sufficient to warrant continuous "on-the-shelf availability. Parts averaging ***XX*** or more demands (orders) by interchangeable part number during a three month period shall be considered fast moving parts. Interchangeable/substitute parts are to be linked and identified as one line item. (See B-1)

VDP Part – Vehicle Deadlined for Parts. A part or accessory not provided on demand by the contractor which, the lack of would render the vehicle inoperative.

Working Stock Replenishment Part (WSR) – A stock of fast-moving, expendable items purchased from COPARS and located in the work centers as approved by the VMM.

SERVICE DELIVERY SUMMARY			
Performance Objective (Service Required)	**Performance Measure** (Specific Standard)	**Performance Threshold** (Error Rate)	**Method of Surveillance**
Delivery of Fast Moving Parts Not In Stock B2.1.1 & B2.1.2	Parts requested shall be available within _____ hours/days after parts are ordered. Parts ordered in the afternoon shall be available within _____hours/days after parts are ordered.	Lot is the number of fast moving parts not in stock, ordered during the month. *Maximum Error Rate (MER) ____%.	Checklist
Delivery of Parts Required for Completion of In-Shop Work Orders (Slow Moving Parts) B2.2	Slow moving parts required to complete repairs on vehicles/equipment with open work orders shall be available within_____hours if available from local trade area; ____hours if not available from local trade area	Lot is the number of slow moving parts required to complete repairs on vehicles/equipment during the month. Maximum Error Rate (MER) ____%.	Checklist
Delivery of VDP Parts B2.3	VDP parts required to remove vehicles/equipment from VDP status shall be furnished within ____ hours from the date of request if available from local trade area; _____ hours/days if not available within the local area.	Lot is the number of VDP Parts ordered during the month. Maximum Error Rate (MER) ____%.	Checklist
Delivery of Deferred Parts B2.4	Deferred parts shall be available within ___ calendar days after request.	Lot is the number of deferred parts ordered during the month. Maximum Error Rate (MER) ____%.	Checklist
Delivery of Backordered Parts B2.5	Contractor shall provide QAE with price and estimated delivery date (EDD) within _____ hours/days.	Lot is the number of parts backordered during the month. Maximum Error Rate (MER) ____%.	Checklist
Delivery of Working Stock Replenishment (WSR) Parts B2.6	WSR parts shall be provided within _____ days after customer request.	Lot is the number of WSR parts ordered during the month. Maximum Error Rate (MER) ____%.	Checklist

MER** – ***Percentage of the total lot that may be defective and still represent acceptable performance for the lot.

C. GOVERNMENT FURNISHED PROPERTY AND SERVICES

The Government shall provide, without cost to the contractor, the facilities, equipment, materials, and/or service listed below. The contractor at his/her expense shall furnish any other equipment (i.e., communications and administrative supplies) necessary for operation of the parts store. The government-furnished items listed below shall not be used for any purpose other than fulfilling the requirements of this contract.

C. 1. GOVERNMENT FURNISHED FACILITIES

The government shall furnish or make available the facilities described in Appendix 3a. Government facilities have been inspected for compliance with the Occupational Safety and Health Act (OSHA). No hazards have been identified for which work-arounds have been established. Should a hazard be subsequently identified, the government corrects OSHA hazards according to base-wide government developed and approved plans of abatement taking into account safety and health priorities. A higher priority for correction will not be assigned to the facilities provided hereunder merely because of this contracting initiative. The fact that no such conditions have been identified does not warrant or guarantee that no possible hazard exists, or that work-around procedures will not be necessary or that the facilities as furnished will be adequate to meet the responsibilities of the contractor. Compliance with the OSHA and other applicable laws and regulations for the protection of employees is exclusively the obligation of the contractor. Further, the government will assume no liability or responsibility for the contractor's compliance or noncompliance with such requirements, with the exception of the aforementioned requirement to make corrections according to approved plans of abatement subject to base-wide priorities. Before any modification of the facilities performed by the contractor at his or her expense, the contractor must furnish the contracting officer documentation describing, in detail, the modification requested. No alterations to the facilities shall be made without specific written permission from the contracting officer. In the case of alterations necessary for compliance with the OSHA, such permission shall not be unreasonably withheld. The contractor shall return the facilities to the government in the same condition as received, fair wear and tear and approved modifications excepted. These facilities shall only be used in performance of this contract.

C2. GOVERNMENT FURNISHED EQUIPMENT

The government will provide the contractor with the equipment listed in Appendix 3b. The contractor shall submit requests for replacement/addition/deletion of government-furnished equipment to the QAE for processing. Requests shall be submitted within 10 workdays prior to implementation of item, to allow for approval process. Such requests shall specify the reason for the request.

C2.1. Equipment Inventory. An inventory of government-furnished equipment must be done not later than 5 calendar days before start of the contract, within 10 calendar days of the start of any option periods, and not later than 10 calendar days before completion of the contract period (including any option periods). The contractor and a government representative (identified by the contracting officer) shall conduct a joint inventory of all government-furnished equipment and the contractor shall sign a receipt for all equipment provided by the government. (If the contractor does not participate in the inventory, the contractor must accept as accurate the listing and stated condition

of equipment provided by the Government). Items of equipment missing or not in working order shall be recorded and the contracting officer notified in writing. The contractor and the government representative shall jointly determine the working order and condition of all equipment and document their findings on the inventory. In the event of disagreement between the contractor and the government representative on the working order and condition of equipment, the disagreement shall be treated as a dispute under the contract clause entitled "Disputes."

C2.2. Replacement of Government-Furnished Equipment. Should any item of government-furnished equipment require replacement, the contractor shall be responsible for such replacement at no cost to the government.

C3. GOVERNMENT FURNISHED MATERIALS

(Use only if expendable materials are to be provided to the contractor). The government will provide the contractor with the materials listed in Appendix 3c.

C4. GOVERNMENT-FURNISHED RECORDS

(Use only if records are to be provided to the contractor).

NOTE: These records may include pending requisitions for equipment to be furnished to the contractor, pending project case files required for contract performance or control logs or registers on which the serially sequenced entries must be continued by the contractor. SF 135, Records Transmittal and Receipt will be prepared for all records transferred, unless the government keeps a duplicate record copy. Records transferred to the contractor will be returned to the government only if specifically required to be returned by this Performance Based Technical Requirements Document (PBTRD).

C5. GOVERNMENT FURNISHED UTILITIES/ SERVICES

The Government will furnish utilities related services that are required for the operation of the facilities provided. These utilities include heating, fuels, gas, electricity, water, and sewerage.

C5.1. Telephone Services. The Government will furnish one Class "C" on-base phone line for contractor use. The contractor will be required to arrange for and pay for all other telephone services required.

C5.2. Postal/Installation Distribution. Official Government/Contractor mail that is addressed to or from a Government agency and generated as a result of performance under this Performance Based Technical Requirements Document (PBTRD) will be handled via the Base Information Transfer System (BITS) at Government expense. Non-Government mail to or from the contractor must be handled through a non-DoD post office, at the contractor's expense.

C5.3. Refuse Collection. The Government will provide garbage, trash, and refuse pickup and disposal service for non-hazardous materials.

C5.4. Insect and Rodent Control. The contractor shall notify the QAE of any insect and rodent problem in the contractor's area. The QAE will contact the building custodian to correct the deficiency.

C5.5. Grounds Maintenance. ***(May or may not be covered by the base grounds maintenance contract).***

C5.6. Security Police and Fire Protection. The Government will provide security police and fire protection.

C5.7. Emergency Medical Services. The Government will make available emergency medical treatment and emergency patient transportation for emergency services for contractor personnel. The contractor shall reimburse the Government for the cost of medical treatment and patient transportation service at the current inpatient/outpatient treatment rate as appropriate.

The emergency numbers are:

Security Police _____

Fire Department _____

Ambulance _____

Crime Stop _____

D. GENERAL INFORMATION

D1. HOURS OF OPERATION

D1.1. Normal Hours of Operation. The contractor shall operate the COPARS store with non-stop, over-the-counter service Monday-Friday ***0XXX-1XXX***hours as observed by the Vehicle Maintenance activity. The store is required to remain open for business even though parts of the base may be shut down due to inclement weather.

D1.2. Holidays. Except for the emergency operation stated in D1.3 below, the contractor shall not be required to operate the store on the days that Federal holidays are observed:

(1) New Year's Day - 1 January
(2) Martin Luther King Jr's Birthday - Third Monday in January
(3) President's Day - Last Monday in February
(4) Memorial Day - Last Monday in May
(5) American Independence Day - 4 July
(6) Labor Day - First Monday in September
(7) Columbus Day - Second Monday in October
(8) Veteran's Day - 11 November
(9) Thanksgiving Day - Fourth Thursday in November
(10) Christmas Day - 25 December

D1.3. Emergency Services. In the event of unforeseen circumstances requiring operation of the store during other than normal duty hours, the contractor will be given at least two hours advanced notice. Notice shall be given by the contracting officer. A specific line item will be included in Section B-2 of the solicitation in order to set an hourly rate for the contractor's operation of the store during other than normal duty hours.

D2. CONTRACTOR PERSONNEL

D2.1. Contract Manager. The contractor shall provide a contract manager who shall be responsible for the performance of the work. The name of this person and an alternate who shall act for the contractor when the manager is absent shall be designated in writing to the contracting officer. The contract manager or alternate shall be available during normal duty hours. The contract manager or alternate(s) shall have full authority to act for the contractor on all contract matters relating to daily operation of this contract. The contract manager or alternate(s) shall be available during normal duty hours within ***30 minutes*** to meet on the installation with government personnel (designated by the contracting officer) to discuss problem areas. After normal duty hours, the manager or alternate shall be available within ***2 hours.*** The contract manager or alternate(s) must be able to read, write, speak, and understand English.

D2.2. Contractor Employees. The contractor shall provide experienced, sufficiently trained, knowledgeable, and service oriented personnel to efficiently and effectively operate the parts store in accordance with the contract. The contractor shall insure that sufficient personnel are available at all times during store hours, whether normal or emergency operation, to provide uninterrupted across the

counter sales regardless of other normal daily work requirements. In the absence of the store manager an alternate must be available with authority to make any necessary management decisions (e.g. long distance follow up, warranties, etc.) The government reserves the right to restrict the employment under the contract of any contractor employee, or prospective contractor employee, who is identified as a potential threat to the health, safety, security, general well being or operational mission of the installation and its population.

Contractor personnel shall present a neat appearance and be easily recognized as contractor employees. This may be accomplished by wearing distinctive clothing bearing the name of the company or by wearing appropriate badges that contain the company and employee names. They will also be required to obtain and display such identification as prescribed by applicable Air Force regulations.

The contractor shall not employ any person who is an employee of the United States Government if the employment of that person would create a conflict of interest nor shall the contractor employ any person who is an employee of the Department of the Air Force, either military or civilian, unless such person seeks and receives approval in accordance with DODD 5500.7r. In addition, the contractor shall not employ any person who is an employee of the Department of the Air Force if such employment would be contrary to the policies contained in AFI 64-106.

The contractor is cautioned that off-duty active military personnel hired under this contract may be subject to permanent change of station (PCS), change in duty hours or deployment. Military Reservists and National Guard members may be subject to recall to active duty. The abrupt absence of these personnel could adversely affect the contractor's ability to perform. Their absence at any time shall not constitute an excuse for nonperformance under this contract.

D3. PART RESEARCH AND IDENTIFICATION

Except for parts for which the only parts catalog is a military technical order, Government personnel will be required to furnish the contractor the year, make, model, and manufacturer's serial number or vehicle identification number (VIN) and other identifying information (e.g. engine size), if requested. Part numbers should be furnished when the military technical order is the only parts catalog. Part numbers, when furnished by the Government, are to assist the contractor in item identification and shall not relive the Contractor from the requirements of paragraph D10, *Parts Pricing Criteria.* All other research required for part identification shall be accomplished by contractor personnel. The Contractor shall furnish and maintain in the on-base store, a nationally recognized interchange manual or comparable publication for automobiles and trucks for the duration of the contract. When available to the Government, a copy of line setting tickets for vehicles will be provided to the Contractor. The Contractor must sell parts and materials in the smallest quantity identified in an approved price list/research catalog.

D4. QUALITY OF PARTS TO BE FURNISHED

Parts furnished by the contractor shall meet or exceed the quality of the parts furnished on the original piece of equipment. However, if the original manufacturer has updated the quality of the parts for current production, parts supplied under this contract shall equal or exceed the updated

quality. Failure to provide items of such quality shall be cause for rejection and/or return of said item. The burden of proof and cost of analysis rests with the contractor. Where parts from one manufacturer have consistently or frequently been determined to be of poor quality, the government reserves the right to reject all such parts from the manufacturer as not meeting its quality requirements.

D4.1. Condition. Rebuilt/remanufactured parts shall have been dismantled and reconstructed as necessary; all internal and external parts cleaned and made free from rust and corrosion; all impaired, defective or substantially worn parts restored to a sound condition or replaced with new, rebuilt, or unimpaired used parts; all mission parts replaced with new, rebuilt, or unimpaired used; and such other operations performed as are necessary to put the product in sound working condition. Rebuilt or used parts must conform to the original manufacturer's reconditioning tolerances.

D4.2. Identification. Brand recognition, price comparison, and reliability form the basis for the government's evaluation of quality in rebuilt and independent aftermarket parts lines. Generally, the part and its package will provide identical manufacturer and part number identification. Where repackaging has occurred, and the part cannot be identified to a specific price list item, the government may require proof of quality and value. The government reserves the right to reject parts whose source cannot be determined from markings on either the part or its package.

D4.3. Used Parts. Used parts can be obtained for use on government vehicles only after approval by the Vehicle Maintenance Superintendent (VMS)/Vehicle Maintenance Manager (VMM), and Contracting Officer (CO), and when one or more the following conditions exist:

(1) Original equipment manufacturer has stopped production of new, rebuilt, remanufactured parts and an alternate manufacturer cannot be located,
(2) Original manufacturer or alternate manufacturer's EDD exceeds 90 days
(3) The vehicle is classified as Vehicle Down for Parts (VDP) and is mission essential.

The contractor shall pass to the Government the same return policy given by the vendor. Salvaged parts will be billed as NPL unless a price list is provided by the contractor and incorporated into the contract.

D4.4. Warranty. All parts shall include full manufacturer's warranties and guarantees. The contractor shall maintain warranty records of parts sold to the Government and issue any credits, including labor and parts, due to the government under these warranties. The COPARS sales slips will identify specific warranties for all items sold to the government.

D5. RECEIPT/STORAGE

The Contractor shall ensure that all incoming shipments of material are delivered to the contractor's store in building xxxx. The Government assumes no responsibility for the delivery, receipt, transportation material handling or storage of contractor material. The contractor retains ownership of all supplies until unloaded and sold. The Government shall accept ownership/responsibility only when items are receipted for by an authorized Government representative.

D6. SALES SLIPS

The contractor shall provide and use a preprinted, consecutively pre-numbered, sales slip for sale of all material. All six copies of the sales slips must be legible.

D6.1. Sales Slip Entries. When requesting parts, the government representative shall furnish the cost code to be used. Upon completion of the sales slip, the recipient shall sign the sales slip. Signatures not authorized in accordance with D3, "Authorized Issues by the Contractor" may result in non-payment. Unused portions of sales slips shall be lined out with a "Z" prior to signature, unless the contracting officer approves another method. Separate sales slips shall be prepared for each work order number and for price listed and non-price listed parts. Contractor's employees are responsible for completion of sales slips to include all items listed below:

(1) Date/Time and delivery order #
(2) USAF vehicle registration number, generator, or AGE serial number (not required for bulk bench stock purchases for mobile maintenance, minor maintenance, or other shops; work center code shall be entered instead of registration number).
(3) Work order number (not required for bulk bench stock purchases for mobile maintenance, or other maintenance shops; however, the work center code will be entered in Block 2 instead of vehicle registration number and description.)
(4) Cost account code
(5) Part number, descriptive noun and manufacturer
(6) Unit of sale and quantity
(7) Unit price, discount and total price for each item
(8) Total price for all items listed
(9) Period of warranty
(10) Category of part (aftermarket, new or rebuilt)
(11) Page Number (for price listed parts)
(12) Priority of Part

NOTE: Exchange items furnished by the contractor shall be billed at the exchange price. The contract discount shall apply only to the exchange price. When the government does not immediately provide the core, a separate core charge is permissible. When the core is provided a credit slip shall be issued cross-referencing the original sales slip number and vehicle work order number the replacement part was billed against. .

D6.2. Distribution. The contractor shall complete all sales slips, recheck for accuracy, and make daily distribution as required by the contracting officer. Distribution shall include any sales slips that may have been voided. The contractor shall retain the original copies of sales slips to support his summary invoice. The first, second, and third copies of these slips shall be provided to the Air Force. No item shall be entered on a sales slip until it is available for delivery, but if this occurs inadvertently, the item shall be lined out and initialed by the contractor and QAE.

D6.3. Credits. In the event warranted parts, wrong parts, or rebuildable cores which were previously charged, are returned for credit, the contractor will prepare and process a sales slip in the same manner, for the full amount, as originally charged. Canceled/voided and credit sales slips must be given the same distribution and retained in the same sequence as regular sales slips.

D6.3.1. *Credit for Return of Excess Materials.* The Government will receive credit for excess materials purchased from the current Contractor under the following conditions, provided they have not been used or altered.

(1) Fast Moving Parts or Stocked Parts. The Contractor will credit the full purchase price of the item regardless of time lapse since purchase.

(2) Non-Stocked Parts. The Contractor will give the Government the same credit as granted the Contractor by his/her supplier. An interim credit sales slip will be issued to the Government pending a final resolution.

D6.3.2. *Credit for Wrong Parts Received.* All parts erroneously researched by the Contractor or his/her supplier will be returned to the Contractor for full credit for a period of up to and including six months after the date of the sales invoice. The Contractor will give full credit to the Government for wrong parts that were received due to the Government providing an incorrect part number if the items are fast moving parts or the parts are normally stocked in COPARS. For those parts where the only source for research and identification is Government technical data, the Government will be provided full credit if the right part was ordered and the wrong part was received. Conversely, if the Government requested the wrong part (by part number) credit will be the same as the Contractor receives from his/her vendor.

D6.4. Non-Price Listed Parts. Non-Price listed parts received without a supplier's or carrier's invoice and the parts are needed immediately, the Contractor will issue the parts by entering an estimated price and annotating the sales slip "Estimated Billing". When the supplier or carrier's invoice is received, a second sales slip, cross-referenced to the original, will be required of the Contractor prior to payment. Payment will not be made on estimated billings.

D6.5. Open Sales Slips. Sales slips may be left open when the shop expects additional requirements for the same work order during the same day. In such cases, the authorized recipient will initial each line item as it is received. Open sales slips must be closed out the same day they are initiated. It is desirable to have the same person sign the sales slip that initialed each line. However, if this is not possible, the contractor will verify the initials of the individual who initialed each line item showing receipt for the parts to ensure the person is authorized, and have the QAE sign the sales slip. (This may not apply if computerized generated sales slips are being used.)

D6.6. Corrections and Adjustments. Price extensions and additions shall be corrected and adjusted on the original sales slip and all copies prior to submission of the original to the Government. Both the contractor and the QAE shall initial corrections. Corrections after distribution to the user are to be adjusted on a later sales slip cross-referenced to the original. Both the COPARS contractor and an authorized government representative will initial corrections.

D7. RECONCILIATION OF BACK ORDERS

The contractor shall provide a list of all open backordered items daily. This may be in any format, provided it contains the information required in paragraph B2.5. Copies of the backordered register are acceptable.

D8. OBTAINING NON-PRICE LISTED (NPL) PARTS

Except as provided in paragraph B2.3.1, the Contractor will procure all NPL parts from the manufacturer, or from the highest level in the manufacturer's distribution system which he/she has access to which shall provide responsive support at the lowest price that is obtainable by the Contractor in the normal course of business. When determined necessary by the Contracting Officer, the Contractor is required to provide evidence that the supplier of NPL parts is, in fact, an authorized member of the manufacturer's distribution system. The Contractor's proposed source of supply must be approved by the Contracting Officer prior to obtaining parts when the estimated price of any one item exceeds ***$2,500*** or a group of items to a single source is estimated to exceed ***$10,000***, or by the VMM/VMS for those items or groups of items that cost less than ***$2,500*** and ***$10,000*** respectively. If the item cannot be obtained from the manufacturer or an authorized dealer, then the contractor must provide, with the NPL approval request, a copy of a competitive abstract reflecting the sources, to include name/address/telephone numbers, and prices quoted.

D8.1. NPL Totals. Anytime the total NPL dollar value exceeds **25%** percent of the cumulative total sales, the Contracting Officer may require the addition of other existing price lists. The contract discount for each price list shall be negotiated between the Contracting Officer and the Contractor.

D8.2. Sweetheart Companies. Sales or transfer of parts between a parent company and/or subsidiaries or affiliates in which the Contractor (or principals of the company) has a financial interest, which increases the price to the Government beyond the price which the Contractor would normally expect to pay if the item were purchased at the best price obtainable elsewhere in the marketplace, is prohibited.

D9. PRICE LISTS

A schedule of price lists is required to be submitted with the contractor's bid/offer. This schedule is to be submitted in the format outlined in Appendix 4. The price lists shall be the most current lists that are available to the Contractor as of the date of the bid opening. A copy of each price list will be made a part of this contract. Supporting catalogs required to identify use and applicability of each aftermarket part number, shall be maintained up-to-date and shall be filed in the parts store for ready reference in the arrangement most suitable and efficient for the contractor's daily use. Copies of correspondence to the manufacturer requesting a price list and the manufacturer's refusal to furnish the list will be provided to the contracting officer. Price lists shall be available for review by authorized government representative. Prior to use, all changes, including revisions and amendments of price lists (also replacement and substitute price lists), shall be submitted to the contracting officer for approval and incorporation in the contract. (Should there be a decrease in the price of a product from the manufacturer, it shall be the responsibility of the contractor to pass that price decrease on to the government.)

D9.1. Filing Revised/Changed Price List Pages. All superseded or revised pages, sections, parts, etc., of price lists will be filed alphabetically by the Contractor and retained in the vehicle parts store throughout the period of this contract, including any extensions resulting from the exercise of options, if any. Upon expiration or termination of this contract, the Government reserves the right to acquire all price lists at no additional cost.

D9.1.1. The government's objective is that all parts requirements be covered by price lists to the maximum practical extent. When recurring orders are placed with a particular "NPL" source, consideration should be given to adding new price lists to the contract IAW Appendix 4. Additionally, anytime the total NPL dollar value exceeds _____ percent of the cumulative total of sales, the contracting officer may require the addition of new price lists. The contract discount for each price list shall be negotiated between the contracting officer and the contractor. The contractor may propose additional price list coverage. With the approval of the contracting officer, the contractor may substitute a price list with the same discount as the category in which the substitution is made if such action is in the interest of the government. If it is determined at any time during the life of this contract that additional price list coverage is required, the contractor shall be notified, in writing, by the contracting officer of the additional coverage required in accordance with the terms of this contract. If the additional required price lists are not furnished within ***15 calendar days***, the government shall have the option to secure such price lists and incorporate them in the contract as a basis of pricing replacement parts. Further, the Government reserves the right to purchase price listed items from sources other than this contract if availability will meet the required delivery date and will cost at least ***15 percent*** less the price quoted by the Contractor.

D9.2. Aftermarket Parts Price Lists: Price Lists/Schedule of price lists shall cover all the automotive product lines listed in Section B, Item ***0001AD*** for those other parts required to support the vehicles and equipment listed in Appendix 1. If more than one price list is furnished for the same line or part, the part shall be invoiced by brand name and the corresponding price list price less discount. Any price list offered must apply only to the product line for which it is specifically identified as being offered for. If the offeror wishes to furnish more than one product line from single price list, then that price list shall be listed for each such product line. A maximum of three price lists may be provided for each product line listed. Failure to provide price list coverage for any product line shall be cause for rejection of the bid/offer as non-responsive.

D9.3. Availability of Price Lists. A copy of all price lists submitted under this paragraph shall be filed in the on-base store at the beginning of the contract and will be made available for review by authorized Government representatives. Price lists, other than OEM price lists shall include descriptive data identifying part number, nomenclature, applicability, and level of quality.
(*Note*: All parts must meet or exceed OEM specs, no matter the source.) When this information is contained in separate catalogs or brochures, the catalog or brochure shall be maintained in the COPARS store. A copy of each price list made part of this contract, and supporting catalogs required to identify use and applicability of each aftermarket part number, shall be maintained up-to-date and shall be filed in the parts store for ready reference in the arrangement most suitable and efficient for the Contractor's daily use and that is acceptable to the Government. Revisions and amendments to price lists already incorporated into the contract shall be submitted to the Contracting Officer for approval prior to their use. Replacement and substitute price lists, of those price lists already contained in the contract, shall be submitted to the contracting officer for incorporation by contract modification.

D10. PARTS PRICING CRITERIA

All parts required under this contract shall be supplied in accordance with the following procedures and categories of parts. Except as provided in subparagraphs D10.1 and D10.2 below, the Contractor

shall sell all parts in the highest preferred category, listed below, in which the part is commercially marketed unless otherwise requested:

(1) Rebuilt
(2) Aftermarket
(3) Original Equipment Manufacturer (OEM)
(4) Used Parts

D10.1. Lowest Net Price. When a part is price listed in more than one category, the part shall be furnished from and billed in that category which results in the lowest net price to the Government regardless of preferred category (i.e., there may be cases where aftermarket is less expensive than rebuilt, etc.) If this provision requires the contractor to bill and sell a part in other than the preferred category, the contractor shall not do so without prior approval of the Government.

D10.2. OEM Price Listed Parts. If an OEM price list is offered for any product line, then all parts for that product line purchased under the OEM price list shall be at the discount offered in Section B Item ***0001AD***, even if some parts may qualify as OEM under Section B Items ***0001AA*** and ***0001AB*** (i.e., the contractor proposes Ford price list coverage for shock absorbers then all Ford shock absorbers shall be provided at discounts for Items ***0001AD***, even if a particular shock absorber would qualify as an OEM part under ***0001AA***).

D11. RECORD OF PURCHASE ORDERS

The Contractor shall maintain a copy of all sales slips issued in support of the COPARS at the on-base store.

D11.1. NPL Purchase Orders. For NPL orders, a legible copy of the supplier's original invoice shall be maintained at the on-base store until audited and released for payment by the Contracting Officer or his/her authorized representative. A copy of this audited invoice shall remain in the store throughout the term of the contract. The Contractor will maintain a cross-reference index of government work orders to the Contractor's purchase order number on all NPL purchases. This index will be maintained at the on-base store during the term of the contract.

D12. INVOICING

On the last workday of each month (or such other day of the month that the Contracting Officer may direct), the Contractor shall submit an invoice, prepared in an original and three copies for each delivery order to the contracting officer, through the QAE. Invoices shall include the information contained in Appendix 5, "Sample Invoice Format". For non-price listed parts, the contractor shall attach to each sales slip a copy of the seller's invoice plus documents in support of charges for which reimbursement is being claimed. If the invoice from the contractor's supplier includes separate charges for transportation, further documentation of such charges shall be required if the contracting officer questions the amount. Supplier's invoices pertaining to non-price listed parts shall be retained and subject to review by the contracting officer.

D13. PAYMENT

D13.1. Price Listed Parts. All Price Listed Parts shall be invoiced for and payment shall be made on the basis of an approved price list for the brand of material furnished less the contract discount. Price listed parts furnished under this contract shall be from an authorized price list incorporated into Appendix 1. Parts priced in accordance with a manufacturer's price list shall be that manufacturer's product. For purpose of this contract, the "List Price", less the applicable discount shall be considered as the item price. The item price shall be considered to include all applicable taxes and duties.

D13.2. Non-Price Listed (NPL) Parts. NPL parts shall be invoiced and paid for on the basis of the net invoice price after trade discount, less that portion of prompt payment discount offered to the COPARS Contractor by the supplier that exceeds 2 percent, exclusive of any markup, overhead and profit not provided for in this contract. For example, an item with a prompt payment discount of 5% shall result in the government receiving a 3% discount. Transportation costs will only be paid on NPL parts delivered from outside the local trade area to the contractor or to his supplier within the local trade area. These costs shall be verified by suppliers or common carriers invoice. Premium costs for handling, transportation, and communication on NPL parts will be paid only when authorized and verified.

D13.3. Service Charge. The amount of service charge to be paid to the contractor for supplying NPL parts shall be determined as follows:

Line item means an item of supply or service, specified in a Request for Proposals, for which the offeror must bid a separate price in accordance with FAR 3.302. A "Service Charge" line item will be provided in the offer schedule, for which the contractor must insert a charge between $.0 and $2.50, not to exceed $2.50. The service charge inserted by the contractor will constitute the fee the government will pay every time the contractor acquires an NPL line item. (The service charge will be paid per line item notwithstanding the number of parts acquired for the particular line item.)

D14. VALIDATION OF CONTRACTUAL ACTIONS

The Contractor agrees that the Government shall have the right to examine on a scheduled or random basis, the Contractor's records, books, documents, and other evidence and practices in order to substantiate the validity of all transactions involving items under this contract IAW FAR 4.705. Such examination will be performed by the Contracting Officer or duly authorized representative.

D15. QUALITY CONTROL

D15.1. Quality Control Plan. In compliance with the contract FAR clause 52.246-4, entitled "Inspection of Services--Fixed Price" (Aug 1996), the contractor shall provide a Quality Control Plan that contains, as a minimum, the items listed below, to the contracting officer not later than the preperformance conference. The contracting officer will notify the contractor of acceptance or required modifications to the plan before the contract start date. The contractor shall make appropriate modifications and obtain acceptance of the plan by the contracting officer before the contract start date.

The plan shall include:

- A description of the inspection system to cover all services listed on the Service Delivery Summary (SDS). Description shall include specifics as to the areas to be inspected on both a scheduled and unscheduled basis, and frequency of inspections. Additionally, control procedures for any government provided keys or lock combinations shall be included.

- A description of the methods to be used for identifying and preventing defects in the quality of service performed.

- A description of the records to be kept to document inspections and corrective or preventive actions taken.

D15.2. Records of Inspection. The records of inspections shall be kept and made available to the government throughout the contract performance period and for the period after contract completion until final settlement of any claims under this contract.

D16. ACCESS TO COPARS

The Contracting Officer, Functional Area Chief (FAC), the QAE, and any other personnel authorized in writing by the Contracting Officer shall have access to the store to perform surveillance inspections, periodically check stock for its applicability to the assigned vehicle fleet, inspect the facilities and perform the necessary liaison between the Government and the Contractor. The Government reserves the right to provide other base/facility inspections as deemed necessary, such as Fire Department and Base Safety.

D17. AUTHORIZED ISSUES BY THE CONTRACTOR

A list of Government personnel, including their sample signatures and initials, who are authorized to request and receive parts, will be furnished to the contractor by the Contracting Officer. The Contractor shall verify the authorization prior to issuing any part from the store and shall refer any individual without authority to the QAE. A command standard or locally developed vehicle parts request may be used to order parts against a specific vehicle in lieu of the vehicle and equipment work order

D18. QUALITY ASSURANCE

According to contract FAR clause 52.246-4, entitled "Inspection of Services--Fixed Price" (Aug 1996), the government will evaluate the contractor's performance under this contract. For those tasks listed on the Service Delivery Summary (SDS), the quality assurance evaluator (QAE) or evaluators will follow the methods of surveillance specified in this contract. Government personnel will record all surveillance observations. When an observation indicates defective performance, the QAE will require the contract manager or representative at the site to initial the observation. The initialing of the observation does not necessarily constitute concurrence with the observation, only

acknowledgment that he or she has been made aware of the defective performance. Government surveillance of tasks not listed in the SDS or by methods other than those listed in the SDS (such as provided for by the Inspection of Services clause) may occur during the performance period of this contract. Such surveillance will be done according to standard inspection procedures or other contract provisions. Any action taken by the contracting officer as a result of surveillance will be according to the terms of this contract.

D18.1. Performance Evaluation Meetings. The contracting officer may require the contract manager to meet with the contracting officer, contract administrator, QAE, and other government personnel as deemed necessary. The contractor may request a meeting with the contracting officer when he or she believes such a meeting is necessary. Written minutes of any such meetings shall be recorded in the contract and signed by the contract manager and the contracting officer or contract administrator. If the contractor does not concur with any portion of the minutes, such nonconcurrence shall be provided in writing to the contracting officer within 10 calendar days following receipt of the minutes.

D18.2. Quality Assurance Evaluators (QAEs). The Vehicle Maintenance Officer or an approved representative is designated by the contracting officer to schedule deliveries against this contract and perform technical surveillance over the operation of the store. This paragraph does not authorize anyone to make changes in the scope, price, terms, or conditions of this contract without the written concurrence of the contracting officer.

D18.3. Responsibility for Inspection and Acceptance. The responsibility for inspection and acceptance of the supplies furnished under this contract rests with the VMM/VMS, or his/her authorized representatives (QAEs). Inspection and acceptance shall be accomplished at the time an item is received by the Government. Acceptance shall be performed at Building _____.

D19. INSTALLATION RULES AND REGULATIONS

The rules and regulations of _____AFB shall apply to the Contractor and his employees while on the premises. These regulations include but are not limited to: presenting valid identification for installation entrance, obtaining and using vehicle passes for all Contractor owned and/or privately owned vehicles, obeying all posted directives, and providing strict adherence to security police direction in instances where security police have been dispatched to a particular location. These regulations will be made available for review upon written request to the Contracting Officer. Requests for base passes will be submitted in writing to the contracting officer when necessary. The contractor and its employees shall comply with base traffic regulations.

D20. NON-APPROPRIATED FUND INSTRUMENTALITIES (NAFI) PURCHASES.

D20.1 Authorizations. The NAFIs designated herein are authorized to use this contract to obtain supplies listed in the schedule. In the event the instrumentalities named herein place delivery orders hereunder, the Contractor agrees to furnish items to those instrumentalities at the prices set forth in the basic schedule and in accordance with the terms and conditions of this contract.

D20.2. Obligations. The use of this contract in obtaining the parts listed herein is not mandatory on the NAFI and the Government estimated dollar amounts, listed in Section B, do not include any allowances for possible purchases by the NAFIs.

D20.3. Delivery Order. The NAFI authorized to issue delivery orders at the prices set forth in this contract shall issue orders for their NAFI only. The following clause shall appear on each order executed by the NAFIs: "Name of NAFI" is a Non-Appropriated Fund Instrumentality of the U.S. Government. No appropriated funds of the U.S. Government shall become due or paid to the Contractor by reason of this delivery order. Invoices shall be submitted directly to the NAFI issuing this order and payment shall be paid directly by that instrumentality."

D20.4. List Of Authorized NAFIs. The NAFIs will provide a list of personnel authorized to issue delivery orders under this contract to the contracting officer.

D20.5. Rights. NAFI contracting agents will exercise rights under this contract only to the extent of administration of delivery orders issued by those; however, nothing contained in this paragraph shall be interpreted as relieving the Contractor from all other rights and obligations arising under this contract.

D20.6. Special Conditions.

(1) No more than two NAFI employees from each NAFI shall be allowed to purchase parts from the store.

(2) Only parts common to the government fleet shall be stocked in the store. Parts shall not be stocked specifically for the NAFI.

(3) Parts shall not be sold to the NAFI to the detriment of making these parts available for the government fleet.

(4) The store shall not be operated on the overtime basis for the benefit of the NAFIs.

(5) Premium transportation and communications is not authorized for NAFI purchases.

(6) Vehicle Maintenance will not perform quality assurance duties for the NAFI.

NOTE: ***In some cases NAFI submits their requirements through transportation to contracting for issuance of the delivery orders.***

D21. ITEMS EXCLUDED FROM THIS CONTRACT

Notwithstanding, the contract clause entitled REQUIREMENTS; the following items are excluded from this contract:

D21.1. Government-Owned Parts. The Government reserves the right to purchase stock-listed parts, materials, and supplies through the base supply system in lieu of purchasing like items under this contract.

D21.2. Parts Under Maintenance and Repair Contracts. Parts and material to be incorporated in vehicles or equipment under separate contracts for maintenance or repair (SF Form 1449, Standard Form 44, or International Merchant Purchase Authorization Card (IMPAC)) are not required to be purchased under this contract. Vehicle maintenance may use contract maintenance to repair or replace a vehicle component when it is cost effective, when management determines the shop work load is excessive, the replacement part cannot be furnished by the Contractor within the required delivery date, or to preclude unnecessary vehicle down time (giving consideration to labor costs, delivery and pickup times, warranty coverage, etc.) Examples include, but are not limited to: Automotive glass and windshield replacement, exhaust system repair/replacement, repair/rebuild of electrical, hydraulic and pneumatic systems or components, injector pump repair, engine/transmission rebuild, body repair work etc.

D21.3. Centrally Managed/Procured Items. These parts will not be furnished under this contract except as authorized below:

D21.3.1. Parts Commonality. Parts required for military designed vehicles that are common to commercially designed vehicles (i.e., an R-9 aircraft refueling truck mounted on a Mack truck chassis) may be purchased through COPARS, except:

- War Readiness spares Kit/Wars Reserve Material
- DLA/GSA Local Purchase Items. Defense Logistics Agency (DLA) and General Services Administration (GSA) items coded for local purchase, including Federal Supply schedule items and DLA items purchased from a direct order contract.
- DLA/GSA Centrally Managed Items. DLA and GSA centrally procured parts with a unit price greater than ***$500.00*** may only be purchased under this contract when approved in writing by the Contracting Officer.
- DLA/GSA Centrally Managed Items where the unit price is less than ***$50.00***
- DLA/GSA Centrally Managed Items for which the estimated delivery date is inconsistent with the work schedule

D21.3.2 Tires. Tires (including recaps), of all types and sizes are excluded from the contract except: tires can be procured directly through COPARS upon a receipt of a kill action from base supply indicating nonavailability regardless of unit price. A copy of AF Form 1348-1 must be attached to the AF Form 1823 as the authority for purchase and will serve as an audit trail. (The government now uses GSA and IMPAC for tire purchase. However, tires of all sizes and types should be included in the schedule for prices for optional purchase under this contract.)

D21.3.3. Batteries. Automotive batteries (including batteries for electric forklifts) shall be purchased through COPARS. Sealed, maintenance free type batteries shall be purchased when they are commercially available. They will be purchased on an exchange basis, with the COPARS

contractor being responsible for disposal of the exchanged batteries. Battery electrolyte may be considered toxic waste in accordance with Environmental Protection Agency (EPA) Code of Federal Regulation (CFR), Title 40, Part 261.24, and disposal of this type of waste is the responsibility of the COPARS contractor. Batteries will be marked to track warranty.

D21.3.4. Operator Care and Preservation Supplies. The contractor shall not furnish operator's care and preservation supplies, i.e., car wax, upholstery cleaners, etc.

D21.3.5. Manufacturer's Vehicle Warranty. Parts covered by a vehicle manufacturer's warranty are not the COPARS contractor's responsibility.

D21.3.6. Special Tools. Special tools costing $100.00 each or less may be obtained from COPARS when a work stoppage exists on a vehicle or piece of equipment and the tool is not on the shelf in base supply.

D21.4. Urgent or Emergency. The government reserves the right to purchase parts that are considered to be emergency or urgent, for whatever cause, when the contractor is unable to supply in the time required.

D22. PHYSICAL SECURITY

The contractor shall be responsible for safeguarding and inventory of all government property provided for contractor's use. At the close of each work period, government facilities, equipment and materials shall be secured.

D22.1. Key Control. The contractor shall establish and implement methods of ensuring that all keys issued to the contractor by the Government are not lost or misplaced and are not used by unauthorized persons. *The contractor shall not duplicate keys issued by the Government.* The contractor shall develop procedures covering key control that will be included in the quality control plan. The contractor shall immediately report any occurrences of lost or duplicated keys to the QAE or contracting officer. In the event keys, other than master keys are lost or duplicated, the contractor shall be required, upon direction of the contracting officer, to re-key or replace the affected lock or locks without cost to the government. However, the government, at its option, may replace the affected lock or locks or perform re-keying and deduct the cost of such from the monthly payment due to the contractor. Cost of replacing the affected lock/locks or re-keying shall be charged to the contractor. In the event a master key is lost or duplicated, the Government shall replace all locks and keys for that system and the total cost will be charged to the contractor. The contractor shall prohibit the use of keys issued by the Government by any person other than contractor employees.

D22.2. Combinations Locks. (If applicable) The contractor shall control access to all government provided lock combinations to preclude unauthorized entry.

D22.3. Government Liability. The Government shall not be liable for any loss or damage to the Contractor's property, including stock or expense incidental to such loss or damage.

D23. CONSERVATION OF UTILITIES

The contractor shall make sure employees practice utility conservation. The contractor shall be responsible for operating under conditions that preclude waste of utilities to include:

(1) Lights shall be used only in areas where and when work is actually being performed.

(2) Employees shall not adjust mechanical equipment controls for heating, ventilation, and air conditioning systems.

(3) Water faucets or valves shall be turned off when not in use.

D24. ENVIRONMENTAL AND HAZARDOUS MATERIALS HANDLING

The COPARS contractor must comply with existing base hazardous material laws and regulations. He/she must ensure a Material Safety Data Sheet (MSDS) accompanies each item of hazardous material issued to transportation personnel, in accordance with FAR 52.223-3, entitled "Hazardous Material Identification and Material safety Data", dated (JAN 1997). A hazardous material spill kit will be furnished for the contractor's use IAW 40 CFR Part D – Contingency Plan and Emergency Response Procedures. Replenishment of supplies for said kit will be at the government's expense.

D25. CONTRACTOR FINAL INVENTORY

The Government reserves the right, but is not hereby obligated, to purchase from the Contractor any or all material remaining in the store stock upon expiration or termination of this contract. If such a purchase is made, the Contracting Officer and the Contractor will negotiate the prices.

D26. CONTRACTOR FURNISHED ITEMS AND SERVICES

Except for those items or services specifically stated to be Government furnished in Section C and Appendices 3a – 3c, the contractor shall furnish everything required to perform this contract in accordance with all its terms.

D26.1. Identification. Contractor shall provide identification badges, or any distinctive clothing.

D26.2. Protection. Contractor shall furnish all protective clothing (e.g., gloves, goggles, etc. if needed.

D26.3. Housekeeping/Custodial Services. The contractor will be responsible for any custodial services required to maintain its area in a neat and clean appearance. The contractor will perform normal housekeeping functions within the facilities provided by the Government. Such functions include inside sweeping, mopping, dusting, disposal of accumulated waste materials and rubbish, and other operations necessary to present a neat appearance at all times. All rubbish and waste materials shall be removed at least once daily and preferably immediately before close of business and shall be placed in approved containers outside the building where designated.

D27. SECURITY REQUIREMENTS

The COPARS contractor and his/her employees will comply with all United States Air Force and _____AFB security regulations. These regulations will be available for review upon written request to the Contracting Officer.

D28. EMPLOYEE TRAINING

The contractor is responsible for training employees to perform their duties to meet contract requirements.

D29. SMOKING POLICY

The contractor and its employees shall comply with the Air Force smoking policy as described in AFI 40-102.

D30. CONTRACTOR CHANGEOVER

The government reserves the right to conduct site visits in all contractor-operated facilities in conjunction with the solicitation of offers for the follow-on contract. In the event the follow-on contract is awarded to other than the incumbent, the incumbent contractor shall cooperate to the extent required to permit an orderly changeover to the successor contractor. With regard to the successor contractor's access to incumbent employees, a recruitment notice may be placed in each facility.

D31. MOBILIZATION

The contractor shall be in place and open for business within 72 hours after the facility is made available to the contractor unless the contracting officer allows a longer period, in writing.

D32. FIRE PREVENTION AND PROTECTION

The contractor and his/her employees shall comply with all Air Force Regulations and _____AFB Regulations on Fire Prevention and Fire Protection. A copy of these regulations may be obtained upon request from the Contracting Officer. Base Fire Prevention personnel may make periodic routine inspections for regulation compliance. (AFI 32-2001)

D33. SAFETY

The contractor and his/her employees shall comply with all OSHA and United States Air Force _____ AFB safety regulations. Base Safety personnel may make periodic routine inspections for regulation compliance. (AFI 91 - 301)

D34. VACATING OF FACILITY

The Contractor shall remove all stock and completely vacate the facility no later than 2400 hours of the last day of the contract period unless the Contracting Officer, in writing allows a longer period. The Government shall not be liable for any cost incurred by the Contractor in removing his/her stock from the installation upon expiration of this contract.

E. APPENDICES

APPENDIX 1

WORKLOAD ESTIMATES

VEHICLE AND EQUIPMENT LIST

The following vehicles and equipment constitute the vehicle fleet for which parts furnished under this contract will apply. For purposes of this contract, the term "vehicle fleet" means all vehicles and equipment which are the responsibility of the Vehicle Maintenance Manager. Parts contained in Mission Readiness Spares Package (MRSP) will be supported through Base Supply. Changes in the vehicle fleet during the term of the contract which exceed five percent of the total vehicles shall be reflected by means of a contract modification at the earliest possible time in order for the contractor to plan stock levels and lead times to provide parts for these vehicles.

1. Commercial vehicles are those in management codes B, C, D, E, W and numerical. Part for commercially designed vehicles are procured through the COPARS contract.

2. Certain commercial vehicle parts are first sourced through base supply channels (to include oils, lubricants, vehicle tires, vehicle tire tubes, antifreeze, etc.) If base supply is unable to meet the parts request, then an order will be placed with COPARS.

3. Military spec vehicles are those in management codes K, L, and M. Certain parts for these vehicles are first sourced through base supply. Since many of these vehicles have portions that are "commercial" (i.e. Kovatch R-9 Refuelers are mounted on a Mack chassis), the "commercial" parts are ordered through COPARS. Base supply will be the first source for the military spec parts requirements for these vehicles. If they cannot meet the request, then an order will be placed with COPARS.

VEHICLE FLEET

TYPE	MODEL	YEAR	QTY
PART I - GENERAL PURPOSE VEHICLES			
A. CHEVROLET			
B. FORD			
C. IHC			
D. CHRYSLER			
E. GMC			
F. BLUEBIRD			
G. ROGERS BROTHERS			
H. CENTRAL MANUFACTURING INC.			
I. TRANSPORT			

TYPE	MODEL	YEAR	QTY
PART II. TRUCK BODIES/ MOUNTED EQUIPMENT			
A. MORRISON STEEL PRODUCTS INC			
B. UTILITY BODY CO			
C. STAR RAY CORP			
D. HI - RANGER			
E. LITTLE GIANT CRANE			
F. GENERAL MOTORS CO.			
G. CONSILIDATED DIESEL			
H. CALAVAR CORP			

TYPE	MODEL	YEAR	QTY
PART III. SPECIAL PURPOSE VEHICLES			
A. GMC			
B. DODGE			
C. CHEVROLET			
D. IHC			
E. FORD			
F. AMC			
G. CASE			
H. JOHN DEERE			

TYPE	MODEL	YEAR	QTY
PART IV - MISCELLANEOUS EQUIPMENT			
A. MB-FISHBURG			
B. DITCHWITCH			
C. HECKENDORM			
D. TENNENT			
E. BISHMAN			
F. COATS			
G. BRANICK			
H. LINCOLN			
I. SUN			

APPENDIX 2

MAPS AND WORK AREA LAYOUTS

APPENDIX 3a

GOVERNMENT FURNISHED FACILITIES

BUILDING NUMBER	LOCATION	TYPE OF FACILITY	SQUARE FOOTAGE

APPENDIX 3b

GOVERNMENT FURNISHED EQUIPMENT

NAME/MODEL	SERIAL NUMBER	STOCK NUMBER	QTY

APPENDIX 3c

GOVERNMENT FURNISHED MATERIAL

DESCRIPTION	STOCK NUMBER	QTY

APPENDIX 4

SCHEDULE OF PRICE LISTS FORMAT

If offerors should choose to submit a schedule of price lists in lieu of the actual price lists they are requested to use the following format in order to facilitate determination by the Government that the bidder can provide price lists that meet the mandatory criteria of Paragraph D9. Price Lists.

A. Price Lists Coverage in Support of Section B, Item ***0001AA***.

	DATE
_____	_____
_____	_____
_____	_____
_____	_____

B. Price Lists Coverage in Support of Section B, Items ***0001AB.***

	DATE
_____	_____
_____	_____
_____	_____
_____	_____

C. Price Lists Coverage in Support of Section B, Items ***0001AC.***

Price List	Rebuilt Item (s) Covered	Date

D. Price Lists Coverage in Support of Section B, Items ***0001AD.***

Price Lists	Parts Product Line	Date
XXXXXX	Axle Parts	
XXXXXX	" "	
etc.	etc.	

NOTE: The Contractor's submitted Schedule of Price Lists shall be incorporated herein, at time of award, and become Technical Exhibit 3 of the resulting contract.

APPENDIX 5

SAMPLE INVOICE FORMAT

DATE _____

Contractor's Name and Address: _____
_____
_____
_____

Contract Number _____

Deliver Order Number _____

Total of Parts delivered on sales slip # _____ through #_____

I. Price Listed parts

Item ***0001AA*** $_____
Item ***0001AB*** $_____
Item ***0001AC*** $_____
Item ***0001AD*** $_____

II. Non-Duty Operations

_____ hours at $ _____ per hour $ _____

Total Subject to prompt payment discount (Items I and II) $ _____

III. Non-Price Listed Parts (List separately for each store operated).

Parts	$_____
*Service Charge	$_____
Transportation Costs	$_____
Adjustments for estimated charges previously billed per attached list.	$_____
ITEM III Total	$_____

IV. Premium communication/transportation charges from attached list (per paragraph 2.2.17 and 2.2.18, Definitions). $_____

TOTAL INVOICE AMOUNT $_____

NOTE: If sales are made under more than one delivery order the service charge shall be based on the total of all NPL sales and pro-rated to each invoice. Indicate on the bottom of the invoice the other delivery order number(s), NPL parts amount, and service charges applied.

APPENDIX 6

REQUIRED REPORTS

(The Government reserves the right to require any information considered necessary to monitor the contractor's operation on whatever frequency needed (i.e. daily, weekly, monthly, or yearly.)

QUALITY ASSURANCE PLAN (COPARS)

1. **PERFORMANCE OBJECTIVE:** Delivery of Fast Moving Parts (Not In Stock)

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.1.1 & B2.1.2

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over *XX* % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of fast moving parts (not in stock) ordered during the month.

6. **SAMPLE SIZE: 100%**

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all fast moving parts (not in stock) requested during the prior day and document the number of times fast moving parts are not delivered by the contractor within the time frame specified in sections B2.1.1 and B2.1.2.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of fast moving parts (not in stock) ordered, but not delivered in time during the month. He/she will then divide this number by the total number of fast moving parts (not in stock) ordered throughout the month. The resulting number is the percent of fast moving parts (not in stock), not delivered in time by the contractor.

9. **ANALYSIS RESULTS: (Example)**

   Fast Moving Parts (Not in Stock) Ordered During the Month and Not Delivered in Time – 15
   Total Fast Moving Parts (Not in Stock) Ordered During the Month – 90
   Percent of Parts Not Delivered in Time - 15/90 = 16.67%

   a. The contract requirement provides the delivery of fast moving parts (not in stock) is satisfactory if the percent of parts not delivered in time by the contractor is less than or equal to the *XX* % MER. In this case, if the MER is 20%, the contractor's performance was satisfactory.

   b. The contract requirement is completed unsatisfactorily if the percent of fast moving parts not delivered in time by the contractor is greater than the *XX* % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

1. **PERFORMANCE OBJECTIVE:** Delivery of Parts Required for Completion of In-Shop Work Orders (Slow Moving Parts)

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.2

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over *XX* % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of slow moving parts ordered during the month.

6. **SAMPLE SIZE:** 100%

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all slow moving parts requested during the prior day and document the number of times slow moving parts are not delivered by the contractor within the time frame specified in sections B2.2.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of slow moving parts ordered, but not delivered in time during the month. He/she will divide this number by the total number of slow moving parts ordered throughout the month. The resulting number is the percent of slow moving parts not delivered in time by the contractor.

9. **ANALYSIS RESULTS:**

   Slow Moving Parts Ordered for the Month and Not Delivered in Time – 15
   Total Slow Moving Parts Ordered During the Month – 90
   Percent of Parts not Delivered in Time - 15/90 = 16.67%

   a. The contract requirement provides the delivery of slow moving parts is satisfactory if the percent of parts not delivered in time by the contractor is less than or equal to the *XX* % MER. If the MER is 20%, the contractor's performance was satisfactory.

   b. The contract requirement is completed unsatisfactorily if the percent of slow moving parts not delivered in time by the contractor is greater than the *XX* % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

1. **PERFORMANCE OBJECTIVE:** Delivery of VDP Parts (Vehicle Down for Parts)

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.3

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over ***XX*** % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of VDP parts ordered during the month.

6. **SAMPLE SIZE:** 100%

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all VDP parts requested during the prior day and document the number of VDP parts not delivered by the contractor within the time frame specified in sections B2.3.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of VDP parts ordered but not delivered in time during the month. He/she will then divide this number by the total number of VDP parts ordered throughout the month. The resulting number is the percent of VDP parts not delivered in time by the contractor.

9. **ANALYSIS RESULTS:**

   VDP parts Ordered for the Month and Not Delivered in Time – 15
   Total VDP parts Ordered During the Month – 90
   15/90 = 16.67%

   a. The contract requirement provides the delivery of VDP parts is satisfactory if the percent of VDP parts not delivered in time by the contractor is less than or equal to the ***XX*** % MER. If the MER is 20%, the contractor's performance was satisfactory.

   b. The contract requirement is completed unsatisfactorily if the percent of VDP parts not delivered in time by the contractor is greater than the ***XX*** % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

1. **PERFORMANCE OBJECTIVE:** Delivery of Deferred Parts

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.4

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over ***XX*** % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of deferred parts ordered during the month.

6. **SAMPLE SIZE:** 100%

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all deferred parts requested during the prior day and document the number of times deferred parts are not delivered by the contractor within the time frame specified in sections B2.4.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of deferred parts ordered but not delivered in time during the month. He/she will divide this number by the total number of deferred parts ordered throughout the month. The resulting number is the percent of deferred parts not delivered in time by the contractor.

9. **ANALYSIS RESULTS:**

   Deferred Parts Ordered for the Month and Not Delivered in Time – 15
   Total Deferred Parts Ordered During the Month – 90
   15/90 = 16.67%

   a. The contract requirement provides the delivery of deferred parts is satisfactory if the percent of parts not delivered in time by the contractor is less than or equal to the ***XX*** % MER. If the MER is 20%, the contractor's performance was satisfactory.

   b. The contract requirement is completed unsatisfactorily if the percent of deferred parts not delivered in time by the contractor is greater than the *XX* % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

1. **PERFORMANCE OBJECTIVE:** Backordered Parts

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.5

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over *XX* % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of parts backordered during the month.

6. **SAMPLE SIZE:** 100%

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all parts backordered during the prior day and document the number of times the contractor did not provide price and estimated delivery date (EDD) within the time frame specified in sections B2.5.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of backordered parts for which the contractor did not provide price and estimated delivery date (EDD) within the time frame specified in sections B2.5. He/she will divide this number by the total number of parts backordered throughout the month. The resulting number is the percent of backordered parts for which the contractor did not provide a price and estimated EDD within *XX* hours/days.

9. **ANALYSIS RESULTS:**

   Backordered Parts for which the Contractor did not Provide Timely Price and EDD during the month – 15
   Total Number of Parts Backordered During the Month – 90
   15/90 = 16.67%

   a. The contract requirement provides this performance objective is satisfactory if the percent of backordered parts for which the contractor provided a price and EDD within *XX* hours/days is less than or equal to the *XX* % MER. If the MER is 20%, the contractor's performance was satisfactory.

   b. The contract requirement is completed unsatisfactorily if the percent of backordered parts for which the contractor provided a price and EDD within *XX* hours/days is greater than the *XX* % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

1. **PERFORMANCE OBJECTIVE:** Working Stock Replenishment (WSR) Parts

2. **STANDARD OF PERFORMANCE:** Section B, Paragraph B2.6

3. **PRIMARY METHOD OF SURVEILLANCE:** CHECKLIST

4. **MAXIMUM ERROR RATE:** If over ***XX*** % of the total service is defective, the overall performance is unsatisfactory.

5. **LOT SIZE:** The total number of WSR parts ordered during the month.

6. **SAMPLE SIZE:** 100%

7. **SAMPLING PROCEDURES:** Each day the QAE will review records of all WSR parts requested during the prior day and document the number of times WSR parts are not delivered by the contractor within the time frame specified in sections B2.6.

8. **EVALUATION PROCEDURES:** At the end of the month, the QAE will add the number of WSR parts ordered, but not delivered in time during the month. He/she will divide this number by the total number of WSR parts ordered throughout the month. The resulting number is the percent of WSR parts not delivered in time by the contractor.

9. **ANALYSIS RESULTS:**

   WSR Parts Ordered for the Month and Not Delivered in Time – 15
   Total WSR Parts Ordered During the Month – 90
   15/90 = 16.67%

   c. The contract requirement provides the delivery of WSR parts is satisfactory if the percent of parts not delivered in time by the contractor is less than or equal to the ***XX*** % MER. If the MER is 20%, the contractor's performance was satisfactory.

   d. The contract requirement is completed unsatisfactorily if the percent of WSR parts not delivered in time by the contractor is greater than the ***XX*** % MER. If the MER is 5%, the contractor's performance is unsatisfactory.

10. **PERFORMANCE EVALUATION:**

    Based on the contractor's performance, the QAE may recommend to the contracting officer the following actions:

    a. Issue a Contract Discrepancy Report (See Format at the end of this QAP)
    b. Issue a Cure Notice (FAR 49.607)
    c. Issue a Show Cause (FAR 49.607)
    d. Negative Incentive (If MER exceeds XX %, the monthly amount could be reduced by X %.) ***(Check with your legal office before going with this alternative.)***

SAMPLE CONTRACT DISCREPANCY REPORT

CONTRACT NUMBER:	REPORT NUMBER:
TO: (Contractor's & Manager's Name)	FROM: (Name of QAE)

DATES

PREPARED	RETURNED BY CONTRACTOR	ACTION COMPLETE

DISCREPANCY/PROBLEM: (Describe in detail, attach a continuation sheet if necessary. Include reference to PWS directive)

CONTRACTING OFFICER'S SIGNATURE:

TO: (Contracting Officer)	FROM: (Contractor)

CONTRACTOR'S RESPONSE AS TO CAUSE, CORRECTIVE ACTION AND ACTIONS TO PREVENT RECURRENCE. (Attach continuation sheet if necessary.) (*Cite Q.C. program procedures or new Q.C. procedures*)

SIGNATURE OF CONTRACTOR'S REPRESENTATIVE	DATE

GOVERNMENT EVALUATION: (Acceptance, partial acceptance, or rejection.)

GOVERNMENT ACTIONS: (Payment deduction, cure notice, show cause, other)

CLOSEOUT

	NAME/TITLE	SIGNATURE	DATE
Contractor Notified			
QAE			
ACO			

NOTE: ***Contractors must be aware that CDRs will carry a substantial weight when rating past performance. (Corrective action and preventive recurrence are most relevant in the past performance rating.)***

ANNEX 3

ECONOMIC ANALYSIS (SAMPLE)

ECONOMIC ANALYSIS
(SAMPLE)
EXECUTIVE SUMMARY REPORT

PROJECT TITLE:	Alternative Vehicle Parts Procurement
DISCOUNT RATE:	3.3%
PERIOD OF ANALYSIS:	5 Years
START YEAR:	1998
BASE YEAR:	1997
REPORT OUTPUT:	Current Dollar

PROJECT OBJECTIVE: To determine the most cost-effective method to procure vehicle parts for the Installation

ALTERNATIVES CONSIDERED FOR THIS ANALYSIS:

1. *Status Quo (Contractor Operated Parts Store (COPARS)):* This is the approved method for vehicle and equipment parts within the Department of Defense. The majority of installations purchase vehicle parts through a COPARS contract. The *XX FW* primary user of this service is the *XX Transportation Squadron*, Vehicle Maintenance Shop, with the XX CES and *XXXX* as occasional users. Currently COPARS meets requirements.

2. *Alternative Vehicle Parts Procurement (AVPP):* This alternative has been patterned similar to Air Force installations that procure parts without a COPARS contract. Currently, *several AFB's* have approved AVPP in place and have reaped savings by choosing the AVPP alternative. This alternative empowers vehicle maintenance shops to take an active role in the procurement of parts and supplies to meet requirements. It allows for decision-making at unit level to manage resources and funding. The success of this alternative depends on highly motivated personnel who desire to seek competitive prices and the highest standards of service among suppliers and vendors.

DISCOUNTED LIFE CYCLE COSTS OF THE ALTERNATIVES:

For Alternative 1, the life cycle discounted costs during the period of analysis totaled $1,227,034. For Alternative 2, life cycle discounted costs were $954,968. Alternative 2 resulted in the lowest life cycle costs.

COST BENEFIT RATIOS (CBR):

Alternative 1 had a benefit score of 54 and a Net Present Value (NPV) of $261,595, resulting in a CBR of $4,844. Alternative 2 had a benefit score of 93 and a NPV of $203,593, resulting in a CBR of $2,189. The result is Alternative 2 cost $2,655 less per benefit.

DISCUSSION OF BENEFITS AND RECOMMENDATIONS:

In the determination of the CBR, nine benefits were defined and scored. All benefits had limited measurability and subjective analysis was conducted by ranking benefits by importance and applying a weighted scale. The overall discounted life-cycle savings are $272,066, this amount will only yield $80,478 of direct savings, a result of competitive parts pricing. Full savings of $272,066 will not be realized without elimination of one position from the XX Contracting Squadron; however, the cost savings identified from competitive parts pricing above warrant adoption of the AVPP method. The most important benefits identified were mission capability and competitive pricing. Upon review, Alternative 2 is the optimum approach to procure parts for the maintenance of the XX Fighter Wing's vehicle fleet and equipment. To effectively implement Alternative 2, a team with a strong leader, strong organizational skills and team members with sound management skills must be in place.

RESULTS:

1. For this analysis, we compared two alternatives to procure parts for vehicles and equipment with the goal of determining the optimum approach. From the economic analysis, Alternative 2 is recommended because it has the least cost and highest benefit.

2. As identified in the benefit analysis, Alternative 1 had several strengths, including continuity of store operations, financial responsibility for inventory, and a discrepancy free internal control record. A weakness of COPARS, is after contract implementation if COPARS can obtain better discounts, it increases profits by keeping the difference and not passing the additional discounts to the government.

3. One of the strengths of Alternative 2, is the ability to control the procurement process, which allows it to shop for more competitive market prices. The significance of price competitiveness greatly enhances the capability to focus on reducing direct costs. For example, if Vendor A discounts tires for AVPP at 30 percent and Vendor B discounts tires for AVPP at 40 percent, go with Vendor B and obtain the savings. Other strengths are that store operations mirror shop hours and local vendors are committed to support the store by means of delivery, maintaining needed inventory, and research. The major weakness of AVPP lies within the human factor. The success of this alternative is dependent on strong leadership, motivation to reduce cost, continuity of personnel, and maintaining positive and constructive relationships with vendors.

4. Alternative 1 had total annual outlays of $274,650 and a benefit weight score of 54. Alternative 2 had total annual outlays of $213,253 and a benefit weight score of 93. The difference between alternatives was $60,897, identifying Alternative 2 with the least cost and highest benefit (see Primary EA Comparison, Page 14). The most significant areas of cost savings between the alternatives were in the Rebuilt parts, After-Market parts and Non-Price List (NPL) parts service charges. The Rebuilt parts netted an estimated annual savings of $3,887, After-market parts netted an estimated annual savings of $17,670 and the NPL parts service charges netted an estimated annual savings of $2,000.

5. The COPARS contract identifies discounts by class of parts. Discounts reflect the percentage of savings obtained from the manufacturer's list price. Overall, Alternative 2 receives larger discounts.

COST SENSITIVITY ANALYSIS:

1. The first analysis checked the sensitivity for parts costs of each Alternative. The costs were allowed to vary from a value of 100 percent less than to 25 percent more than their input value. When costs were varied, the ranking of alternatives did not change and was insensitive within the identified range of variables. Checking the sensitivity of parts cost is important in determining if any reasonable increase in the cost of parts will reverse the alternative ranking. Also, increases in labor costs are directly correlated to increases in work-hours. This sensitivity analysis also indicates that increases or decreases in work-hours are insensitive and does not change the ranking of the Alternatives.

2. The second analysis checked the sensitivity of direct labor costs for each Alternative. The costs were allowed to vary from a value of 100 percent less than to 25 percent more than their input value. When costs were varied, the ranking of the alternatives did not change and was insensitive within the identified range of variables. Checking the sensitivity of parts cost is important in determining if any reasonable increase in the cost of parts will reverse the alternative ranking. Also, increases in labor costs are directly correlated to increases in work-hours. This sensitivity analysis also indicates that increases or decreases in work-hours are insensitive and does not change the ranking of the Alternatives.

DISCOUNT RATE SENSITIVITY ANALYSIS:

The discount rate was varied from 2.475 to 4.125, in accordance with letter dated 3 Feb97, Discounts for Economic Analysis, from the Director of Economics and Business Management. The discount sensitivity analysis produced no change in alternative ranking. Alternative 2 remained the least-cost alternative within the identified range.

BENEFIT ANALYSIS:

In the comparison of benefits, Alternative 2 was determined to have the highest benefit weight score. The most important benefits were mission capability and competitive pricing. Alternative 2 scored higher because of local business support providing part discounts higher than in Alternative 1. This benefited Alternative 2 in terms of cost. Local business support included services in delivery, research, inventory needs, and flexible payment methods. When both alternatives were compared, three of the nine benefits had only a one-point deviation within the scale.

RECOMMENDATION:

Alternative 2 has the least cost and highest benefit and is strongly encouraged for implementation. To implement this parts procurement alternative will take teamwork and a leader that has strong organizational skills and team members with sound management skills. Without these prerequisites, status quo should remain the chosen Alternative. This installation has the finest professionals working in Vehicle Maintenance who have the prerequisite skills to make AVPP a successful venture. This analysis proves that the mission can be accomplished in an efficient and cost-effective manner in an austere operating environment compounded by scarce government resources. For these reasons, Alternative 2 is highly recommended.

ASSUMPTIONS OF THE ANALYSIS:

a. All costs are in FY97 constant dollars and annual operations and maintenance funding is available.

b. Readiness is not degraded by the use of either Alternative.

c. Suppliers and vendors are available to meet requirements for both alternatives.

d. Historical costs were derived from *12 Months Data* from COPARS Sales Register and are used to identify costs between alternatives.

e. There are various methods to procure vehicle parts such as BPA, IMPAC, and acquisition forms.

f. Status Quo is the baseline for determining cost, quality, and service for vehicle maintenance repair.

9. A working stock, supplies, and materiel will be maintained for each alternative.

g. Mission/Economic Life is five years for each alternative.

h. Status Quo (Alternative 1) is responsible for disposal of hazardous materials. For Alternative 2, disposal of hazardous materiel will be done through the suppliers and vendors for batteries. Hazardous materiel purchases will be coordinated through the Supply Hazardous Material office.

i. For Alternative 2, manpower duties will need realignment due to changes in procedures and a need to redistribute workload. Also, there is no allowable increase in manpower allocations per Manpower Impact

j. Labor rates are obtained for AFI 65-501, Personnel Factors, Tables A28-1, A31-1, and A32-1.

I. Labor costs have been computed by identifying the individuals' pay grade and time spent to perform the tasks for Alternative 1. Labor costs for Alternative 2 uses estimated pay grades and time spent on tasks

m. Discount factors were derived from the Financial Management Analysis Bulletin Board(FMABB). Inflation rates were not applied. Historical costs from year to year are consistent and predictable.

n. Parts delivery is expected for both alternatives. There is no expectation for this to change. Survey analysis revealed vendors were willing to deliver parts by a predetermined schedule.

o. All costs have been rounded when computed in the Life-Cycle Cost Report.

p. The Vehicle Maintenance Manager and Financial Management Analysis Office developed the benefits, weights and ranking of the alternatives.

ECONOMIC INDICATORS:

ALTERNATIVE NAME	NPV
1 Contractor Operated Parts Store	$1,227,033
2 Alternate Vehicle Parts Procurement	$954,968

NON-MONETARY COSTS AND BENEFITS:

BENEFIT ANALYSIS:

a. Alternative 1:

(1) Cost Benefits were not weighted. The cost benefits discount percentages for parts purchased are set by the contract. Annual costs are predictable over the fiscal years. The contractor finances his/her own storeroom inventory.

(2) Mission Capability. Personnel operating the store have a high level of corporate knowledge and store operations. The Vehicle in Commission (VIC) rate exceeds MAJCOM standards. It consistently obtains a 94 percent rating, while MAJCOM standards are 90 percent. The 24-hour turn rate exceeds MAJCOM standards. It consistently obtains a 70 percent rating, while MAJCOM standards are 60 percent.

(3) Competitive Pricing. COPARS has the exact same ability to compare prices. The contract fixes the discount percentage the government pays for parts. Although, if COPARS can obtain better discounts when purchasing parts, it increases its profits, which are not passed onto the government. Also, COPARS sets up accounts with a select number of local vendors but does not realize the savings because of their limited usage.

(4) Customer Service. COPARS customer service is restricted by the contract and company procedures. Support is limited in areas of price, research, restocking, and change in product line.

(5) Research for Parts. Material control is responsible for preliminary research. The contract allows for items requested to be rejected. Because the research is not always complete, the item could be purchased at a higher cost. Decisions are normally based on cost and profits. Errors in part orders can result in restocking fee if contractor can not use or return the part without taking a loss in profits. Errors in part orders increase residue stock maintained by the vehicle maintenance shop if option to pay restock fee is declined.

(6) Shop Hours. Shop is open eight hours a day, Monday through Friday. Extra store hours require pre-notification and can generate additional cost. As a rule, shop hours meet requirements.

(7) Inventory Management. COPARS bears all responsibility and cost for inventory management and meeting requirements. The majority of inventory is dictated by contract. The contract delineates the definition of fast-moving parts and stocking is required accordingly. What the contract defines and stocks is not always the required inventory for vehicle maintenance. It takes at least 90 days historical data to determine a fast moving part that would require it to be stocked.

(8) Warranty Terms. Lifetime warranties are not offered by COPARS. Warranties for bakeries can be from zero to 30 months. Warranties for batteries are only recognized if placed into a vehicle, not equipment. The contract dictates which manufacturer and item to be used and its warranty term.

(9) Internal Controls. There have been no discrepancies noted in the internal controls implemented. Contractor provides adequate listings to validate purchases of Non Price Listed (NPL) parts. The controls are governed by company policy. Concern is only directed at parts being issued. The internal control meet standards.

(10) Quality of Parts. The quality of parts purchased by the contractor meet standards set by the industry. The contractor determines where and from whom a part is purchased. Although, a premium part from a name brand company is not always required, the contract does not require less expensive parts to be procured. Lastly, there are few defective parts purchased by the contractor.

b. Alternative 2:

(1) Cost Benefits were not weighted. The cost benefits depend on within the ability to seek out the best prices or discounts for parts, thus maximizing potential for savings. Procurement flexibility allows for decisions on quality and/or warranties to best suit mission needs in vehicle maintenance. For example, if a vehicle is near its economic life, it is not cost effective to repair the vehicle with a name brand quality part. Indirect costs are lowered by decreasing working stock and by invoicing directly to vehicle work orders.

(2) Mission Capability. Implementation of AVPP will be an expansion of what is used in a limited capacity now and would not adversely affect mission accomplishment. When COPARS can meet required delivery times in accordance with the contract, we frequently exercise the option to use AVPP to alleviate a Vehicle Down for Parts (VDP) condition. This flexibility is already responsible for lowering our VDP rate by 50% over last year. Since our AVPP system is already in place with IMPAC cards and many contacts established, the learning curve will be short and the benefits of faster turn time would show up quickly.

(3) Competitive Pricing. Comparison-shopping gives AVPP an opportunity to realize significant savings by smart buying. If one vendor does not give reasonable or at least competitive discounts, AVPP can find a vendor who will. Also, AVPP has advantage of

spending most of its allocated funding to local vendors, ideally, creating a competitive market between vendors for price and service.

(4) Customer Service. Survey analysis reveals vendors are expected to be very flexible in terms of price, limited restocking charges, delivery as required or determined by need and will stock items in store. Also, they are receptive to making changes in the product line.

(5) Research for Parts. The alternative streamlines the communication process from buyer to vendor. Vendors have indicated willingness to research and accept responsibility for incorrectly ordered parts. This will increased the opportunity to eliminate restock charges and residue stock.

(6) Shop Hours. Expected to be Monday through Friday, eight hours a day. Shop access will be allowed 24 hours for exercises, stand-by, seasonal conditions, and emergency repairs. Flexibility in store hours should improve Vehicle in Commission (VIC) rate and 24-hour turn around rate. The flexibility should improve Quality Performance Metric (QPM) tracked by command.

(7) Inventory Management. This alternative will initially tie-up funds purchasing working stock. Utilizing local vendors' inventories and delivery services will reduce current inventory levels. The reduced levels of working stock will lower the fleet's indirect cost.

(8) Warranty Terms. Vendors have identified items with potential lifetime warranties whereas COPARS does not offer. Batteries can receive warranties for 30 to 90 days for full replacement cost and up to 72 months prorated. More flexibility will exist for making individual vehicle repair decisions based on cost and warranty needs.

(9) Internal Controls. A need will exist to set up internal control for parts received and issued. The stock room will be a secure area with limited access. Internal control and audit procedures will be similar to any other supply operation set in accordance AFI 23-101.

(10) Quality of Parts. Quality of parts will remain essentially the same as in Alternative 1. However, there will be more flexibility to fluctuate the standard of quality in parts procurement. For example, a vehicle requiring repair with a short life expectancy does not require a premium part. This flexibility will allow the purchase of more economical parts, which results in cost savings.

SUMMARY OF BENEFIT ANALYSIS WEIGHT AND RANK

	COPARS			ALTERNATE METHOD		
BENEFIT CATEGORY	**Weight Scale**	**Value Scale**	**Benefit Score**	**Weight Scale**	**Value Scale**	**Benefit Score**
MISSION CAPABILITY	9	2	18	9	3	27
COMPETITIVE PRICING	8	1	8	8	2	16
CUSTOMER SERVICE	7	1	7	7	2	14
RESEARCH FOR PARTS	6	1	6	6	2	12
SHOP HOURS	5	1	5	5	2	10
INVENTORY MANAGEMENT	4	1	4	4	2	8
WARRANTY	3	1	3	3	1	3
INTERNAL CONTROLS	2	1	2	2	1	2
QUALITY OF PARTS	1	1	1	1	1	1
TOTAL BENEFIT SCORE			**54**			**93**

The following steps were used to measure the benefits of the alternatives after benefits categories were determined:

1. Prioritize the benefit categories.

2. Determine a weight scale for the benefit categories with the most important category identified by the highest number from 9:1.

3. Determine a value scale to determine how well the alternative met each of the benefit categories. The value scale used: O=Below Average, 1=Average; 2=Above Average; and 3=Superior.

4. Determine the Alternative's benefit score for each category. (Ex. Weight scale* Value scale:9*2=18)

5. Compute the total benefit score for each alternative.

COST-BENEFIT ANALYSIS:

Management of the COPARS contract was a determining element in the decision-making process for the ranking and weighting of benefits. The difference in total score between alternatives was 39 points. The most important benefits identified were mission capability and competitive pricing. The contractual restrictions of COPARS limit its capability to score higher than Alternative 2 in both categories. These two benefits reflected the most variance. The remaining benefits were plus or minus a four-point difference. The Cost Benefit Ratio (CBR) is

a value that indicates the amount of benefit obtained per unit of cost. The following data computes the CBR for each alternative during the first year of the analysis period:

a. Alternative 1. The cumulative NPV totaled $261,595. The benefit score amounted to 54. The CBR computed at $261,595/54 = $4,844.

b. Alternative 2. The cumulative NPV totaled $203,593. The benefit score amounted to 93. The CBR computed at $203,593/93 = $2,189.

RESULTS AND RECOMMENDATIONS:

a. For this analysis, we compared two alternatives to procure parts for vehicles and equipment with the goal of determining the optimum approach. From the economic analysis, Alternative 2 is recommended because it has the least cost and highest benefit.

b. As identified in the benefit analysis, Alternative 1 had several strengths, including continuity of store operations, financial responsibility for inventory, and a discrepancy free internal control record. A weakness of COPARS, is after contract implementation if COPARS can obtain better discounts, it increases profits by keeping the difference and not passing the additional discounts to the government.

c. One of the strengths of Alternative 2, is the ability to control the procurement process, which allows it to price markets competitively. The significance of being able to price competitively greatly enhances the capability to focus on reducing direct costs. For example, if Vendor A discounts tires for AVPP at 30 percent and Vendor B discounts tires for AVPP at 40 percent, go with vendor B and obtain the savings. Other strengths are that store operations mirror shop hours and local vendors are committed to support the store by means of delivery, maintaining needed inventory, and research. The major weakness of AVPP lies within the human factor. The success of this alternative is dependent on strong leadership, motivation to reduce cost, continuity of personnel, and maintaining positive and constructive relationships with vendors. Other areas of weakness are the additional 54 work-hours needed to operate this program and internal control of bench stock.

d. Alternative 1 had total annual outlays of $274,650 and a benefit weight score of 54. Alternative 2 had total annual outlays of $213,753 and a benefit weight score of 76. The difference between alternatives was $60,897, identifying alternative 2 with the least cost and highest benefit. The most significant areas of cost savings between the alternatives were in Rebuilt parts, After-market parts and NPL parts service charges . Rebuilt parts netted estimated savings annual of $3,887, After-market parts netted estimated annual savings of $17,670 and NPL service charges netted estimated annual savings of $2,000.

e. The COPARS contract identifies discounts by class of parts. Discounts reflect the percentage of savings obtained from the manufacture list price. Overall, Alternative 2 consistently receives larger discounts.

f. In the comparison of benefits, Alternative 2 was determined to have the highest benefit weight score. The most important benefits were mission capability and competitive pricing. Alternative 2 scored higher because of local business support providing part discounts higher than in Alternative 1. This benefited Alternative 2 in temms of cost. Local business quotes support included services in delivery, research, inventory needs, and flexible payment methods. When both alternatives were compared, seven of the nine benefits had only a one-point deviation within the scale.

g. In conclusion, Alternative 2 has the least cost and highest benefit and is strongly encouraged for implementation. To implement this parts procurement alternative will take teamwork and a leader that has strong organizational skills and team members with sound management skills. Without these prerequisites, status quo should remain the chosen alternative. This installation has the finest professionals working in Vehicle Maintenance who have the requisite skills to make AVPP a successful venture. This analysis proves that the mission can be accomplished in an efficient and cost-effective manner in an austere operating environment compounded by scarce government resources. For this reason, Alternative 2 is highly recommended.

ACTION OFFICER: MSgt John Q. Public
ORGANIZATION: Comptroller/FMA

I

LIFE CYCLE COST REPORT

CONTRACTOR OPERATED PARTS STORE

YEAR	COPARS Contract Cost (1)	Labor Cost for Materiel (2)	Labor Cost/ Maintenance (3)	Labor Cost/CE Personnel (4)	Labor Cost/ Contracting Personnel (5)	Labor Cost/XX AF Personnel (6)	DFAS Billing Process (7)	Utilities Costs (8)	Total Annual Outlays	Middle of Year Discount Factors	Present Value	Cumulative Net Present Value
1998	$200,332	$16,454	$4,572	$8,831	$35,347	$7,858	$134	$1,122	$274,650	.952	$261,595	$261,595
1999	$200,332	$16,454	$4,572	$8,831	$35,347	$7,858	$134	$1,122	$274,650	.922	$253,238	$514,833
2000	$200,332	$16,454	$4,572	$8,831	$35,347	$7,858	$134	$1,122	$274,650	.893	$245,148	$759,981
2001	$200,332	$16,454	$4,572	$8,831	$35,347	$7,858	$134	$1,122	$274,650	.864	$237,317	$997,297
2002	$200,332	$16,454	$4,572	$8,831	$35,347	$7,858	$134	$1,122	$274,650	.836	$229,735	$1,227,033
%NPV	72.94	5.99	1.66	3.22	12.87	2.86	0.05	0.41				
	$895,008	$73,510	$20,426	$39,454	$157,917	$35,107	$599	$5,013				
Discounting Convention	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y			3.3% DISCOUNT RATE 5 YEARS	
Inflation Index	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation				

II

LIFE CYCLE COST REPORT

ALTERNATE VEHICLE PARTS PROCUREMENT (AVPP)

YEAR	Parts Procure-ment (1)	Labor Cost for Materiel (2)	Labor Cost/ Maintenance (3)	Labor Cost/CE Personnel (4)	Labor Cost/ Mgmt IMPAC Program (5)	Labor Cost/XX AF Personnel (6)	Labor/DFAS Billing Process (7)	Total Annual Outlays	Middle of Year Discount Factors	Present Value	Cumulative Net Present Value
1998	$182,318	$8,970	$5,203	$10,304	$166	$6,256	$536	$213,753	.952	$203,592	$203,592
1999	$182,318	$8,970	$5,203	$10,304	$166	$6,256	$536	$213,753	.922	$197,089	$400,681
2000	$182,318	$8,970	$5,203	$10,304	$166	$6,256	$536	$213,753	.893	$190,792	$591,473
2001	$182,318	$8,970	$5,203	$10,304	$166	$6,256	$536	$213,753	.864	$184,697	$776,171
2002	$182,318	$8,970	$5,203	$10,304	$166	$6,256	$536	$213,753	.836	$178,797	$954,968
%NPV	85.29	4.20	2.43	4.82	0.08	2.93	0.25				
	$814,528	$40,075	$23,245	$46,034	$742	$27,949	$2,395				
Discounting Convention	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y	M-O-Y			3.3% DISCOUNT RATE 5 YEARS	
Inflation Index	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation	No Inflation				

LIFE: CYCLE COST REPORT

SOURCE AND DERIVATION OF COSTS AND BENEFITS:

COSTS ANALYSIS:

a. **Alternative 1.** Direct COPARS contract cost is $200,332. Indirect costs identified were COPARS labor and Utility. COPARS Labor cost is $73,197. Utility cost is $1,122.

(1) COPARS contract cost analysis was derived from COPARS billing slips during Jun 96 to May 97. Contract cost amounted to $200,332. See Attachments 2 and 4 for parts classification and monthly obligations.

(2) COPARS Labor Cost of $73,197 is outlined by category.

COPARS LABOR COST

LABOR COST FOR MATERIAL CONTROL	PAY GRADE	HOUR RATE	#HR MONTH	#MONTH	ANNUAL COST
VALIDATES SALES SLIP DATA	E-4	20.01	10.46	12	2,511.66
KEYPUNCHES SALES SLIP DATA	E-4	20.01	12.20	12	2,929.46
VALIDATES REGISTER	E-4	20.01	6.97	12	1,673.64
POSTS FUND LEDGER	EM	20.01	6.97	12	1,673.64
VERIFIES BACKORDER SHEET	E-4	20.01	6.97	12	1,673.64
PREPARES SURVEILLANCE REPORT	E-4	20.01	20.91	12	5,020.91
COMPLETES EXPENDITURES REPORT	E-4	20.01	0.72	12	172.89
PREPARES END OF MONTH REPORT	E-4	20.01	0.58	12	139.27
PREPARES QUARTERLY FUNDS REQUEST	E-4	20.01	0.06	12	14.41
PREPARES AUTHORIZING LETTER	EM	20.01	0.03	12	7.20
PROVIDES TRAINING	E-4	20.01	0.17	12	40.82
PROGRESS MEETING	E-8	37.39	1.33	12	596.74
			67.37		**16,454.27**
LABOR COST FOR MAINTENANCE CONTROL					
INPUTS COPARS SALES SLIP INTO OLVIMS	E-5	24.10	5.23	12	1,512.52
PRINTS OLVIMS REPORT	E-5	24.10	1.74	12	503.21
VERIFIES ENTRIES AGAINST COPARS	E-5	24.10	6.97	12	2,015.72
DISTRIBUTES COPARS SLIP	E-5	24.10	1.74	12	503.21
INPUT INTO PERFOMANCE WORK STMNT	E-7	24.10	0.13	12	37.60
			15.81		**4,572.26**

LABOR COST FOR CE PERSONNEL	PAY GRADE	HOUR RATE	#HR MONTH	#MONTH	ANNUAL COST
PREPARES AF FORM 9	E-6	25.10	0.11	12	33.13
DELIVERS AFFORM9TO FINANCE	E-6	25.10	0.08	12	24.10
PERFORMS INVENTORY OF EQUIPMENT	E-6	25.10	0.56	12	168.67
OBTAINS PRICK ESTIMATES AND AVERAGE	E-6	25.10	13.94	12	4,198.73
COMPLETES COPARS REQUISITION	E-6	25.10	1.39	12	418.67
ANNOTATES ESTIMATED PRICES	E-6	25.10	1.39	12	418.67
ORDERS EQUIPMENT/PARTS	E-6	25.10	6.97	12	2,099.36
INSPECTS EQUIPMENT	E-6	25.10	3.49	12	1,051.19
ANNOTATES ACTUAL PRICES	E-6	25.10	1.39	12	418.67
			29.32		**8,831.18**
LABOR COST FOR CONTRACTING PERSONNEL					
MONITORS NON-PRICE LIST (NPL)	GS-9	26.90	8.00	12	2,582.40
VALIDATES MONTHLY SALES TICKET	GS-9	26.90	24.00	12	7,747.20
REVIEWS MONTHLY INVOICES	GS-9	26.90	16.00	12	5,164.80
UPDATES CONTRACT PRICE LISTS	GS-9	26.90	2.00	12	645.60
MONITORS DELIVERY COMPLIANCE	GS-9	26.90	24.00	12	7,747.20
MONITORS TERMS OF CONTRACT	GS-9	26.90	6.00	12	1,936.80
PERFORMS SITE VISITS TOCOPARS	GS-9	26.90	16.00	12	5,164.80
PREPARES COPARS OPTION PROCDRS	GS-9	26.90	6.67	12	2,153.08
PREPARES CONTRACT DISCRPNCY REPT	GS-9	26.90	1.33	12	429.32
PROGRESS MEETING	GS-9	26.90	1.33	12	429.32
PERFORMS CONTRACT SOLICITATION	GS-9	26.90	4.17	12	1,346.01
			109.50		**35,346.53**
LABOR COST FOR XXX PERSONNEL					
REGIVES PARTS REQUEST FROM	E-6	25.10	4.35	12	1,310.22
DELIVERS COPARS REQUEST	E-6	25.10	10.87	12	3,274.04
UPDATES COPARS SPREEDSHEET	E-6	25.10	10.87	12	3,274.04
			26.09		**7,858.31**
LABOR COST FOR PROCESS BILLING					
PROCESS FUNDING	GS-7	22.35	0.25	12	67.05
PERFORM FOLLOW-UP	GS-7	22.35	0.25	12	67.05
			0.50		**134.10**
TOTAL COPARS LABOR COST					**$73,196.65**

(3) XX CE/CEE supplies utility costs. They are based on the allotted space and equipment of 1,000 square feet used by contractor personnel. Utility cost includes and totals $1,122: (a) Utilities: $1.00 x 1000 sq. ft x 1 = $1,000 (b) Water: 50 gal x 1 person x 260 = 13 kilogal x 5.45 = $71 (c) Sewage: $.70 x 13 x 5.61 = $51

b. **Alternative 2.** Estimated annual direct costs for AVPP is estimated at $182,318 and annual indirect costs for AVPP Labor Cost estimated at $31,435.

(1) To determine parts procurement cost, suppliers and vendors were surveyed by part classification, how much would they charge, and how much would they discount if parts were procured by AVPP. The cost is estimated at $182,318.

(2) AVPP Labor Cost is outlined by category.

AVPP LABOR COST:

LABOR COST FOR MATERIAL CONTROL	**PAY GRADE**	**HOUR RATE**	**#HR MONTH**	**#MONTH**	**ANNUAL COST**
DETERMINES CORRECT PART	E4	20.01	5.23	12	1,255.83
DETERMINES SOURCE OF SUPPLY	E4	20.01	3.49	12	838.02
COMPLETES PAPERWORK	E4	20.01	5.23	12	1,255.83
DELICERS PAPERWORK TO PURCHASE	E4	20.01	1.71	12	410.61
ORDERS PART FROM SOURCE	E-4	20.01	8.74	12	2,098.65
PICKUP PART FROM SOURCE	E-4	20.01	8.70	12	2,089.04
DELIVERS PART TO REQUESTER	E4	20.01	1.74	12	417.81
ENTERS PURCHASE IN IMPAC LOG	E4	20.01	1.05	12	252.13
VALIDATES IMPAC MONTLY STATEMENT	E4	20.01	1.00	12	240.12
VALIDATES IMPAC APPROVING OFFICIAL	E-8	37.39	0.25	12	112.17
			37.14		**8,970.20**
LABOR COST FOR MAINTENANCE CONTROL					
DETERMINES CORRECT PART	E-5	24.10	5.23	12	1,512.52
DETERMINES SOURCE OF SUPPLY	E-5	24.10	3.49	12	1,009.31
COMPLETES PAPERWORK	E-5	24.10	5.23	12	1,512.52
DELIVERS PAPERWORK TO PURCHASE	E-5	24.10	1.74	12	503.21
ENTERS PURCHASE IN IMPAC LOG	E-5	24.10	1.05	12	303.66
VALIDATES IMPAC MONTLY STATEMENT	E-5	24.10	1.00	12	289.20
VALIDATES IMPAC APPROVING OFFICIAL	E-5	24.10	0.25	12	72.30
			17.98		**5,202.72**

LABOR COST FOR MATERIAL CONTROL	PAY GRADE	HOUR RATE	#HR MONTH	#MONTH	ANNUAL COST
LABOR COST OF CE PERSONNEL					
DETERMINES CORRECT PART	E-6	25.10	2.09	12	629.51
DETERMINES SOURCE OF SUPPLY	E-6	25.10	1.39	12	418.67
COMPLETES PAPERWORK	E-6	25.10	2.09	12	629.51
DELICERS PAPERWORK TO PURCHASE	E-6	25.10	0.70	12	210.84
ORDERS PART FROM SOURCE	E-6	25.10	3.49	12	1,051.19
PICKUP PART FROM SOURCE	E-6	25.10	20.91	12	6,298.09
DELIVERS PART TO REQUESTER	E-6	25.10	1.74	12	524.09
ENTERS PURCHASE IN IMPAC LOG	E-6	25.10	1.05	12	316.26
VALIDATES IMPAC MONTLY STATEMENT	E-6	25.10	0.50	12	150.60
VALIDATES IMPAC APPROVING OFFICIAL	E-6	25.10	0.25	12	75.30
			34.21		**10,304.05**
LABOR COST FOR CONTRACTING PERSONNEL					
MANAGES BASE IMPAC PROGRAM	GS-5	18.42	0.67	12	148.10
PERFORMS SURVEILLANCE	GS-5	18.42	0.08	12	17.68
			0.75		**165.78**
LABOR COST FOR XXX AF PERSONNEL					
DETERMINES CORRECT PART	E-6	25.10	2.17	12	653.60
DETERMINES SOURCE OF SUPPLY	E-6	25.10	1.45	12	436.74
COMPLETES PAPERWORK	E-6	25.10	2.17	12	653.60
DELICERS PAPERWORK TO PURCHASE	E-6	25.10	0.72	12	216.86
ORDERS PART FROM SOURCE	E-6	25.10	3.62	12	1,090.34
PICKUP PART FROM SOURCE	E-6	25.10	4.35	12	1,310.22
DELIVERS PART TO REQUESTER	E-6	25.10	3.62	12	1,090.34
ENTERS PURCHASE IN IMPAC LOG	E-6	25.10	2.17	12	653.60
VALIDATES IMPAC MONTLY STATEMENT	E-6	25.10	0.25	12	75.30
VALIDATES IMPAC APPROVING OFFICIAL	E-6	25.10	0.25	12	75.30
			20.79		**6,255.92**
LABOR COST FOR PROCESS BILLING					
PROCESS FUNDING	GS-7	22.35	0.25	12	67.05
PERFORM FOLLOW-UP	GS-7	22.35	0.25	12	67.05
BALANCE AFFORM4009	GS-7	22.35	0.75	12	201.15
PROCESS INVOICE FOR PAYMENT	GS-7	22.35	0.75	12	201.15
			2.00		536.40
AVPP LABOR COST					**$31,435.07**

LIFE-CYCLE COST ANALYSIS. The life cycle cost reports, pages 8-13, summarizes expense items for each alternative. The period of analysis was selected for five years to coincide with the COPARS contract. The discount rate required for this analysis was 3.30 percent. The goal was to identify the total costs of each Alternative. The following summarizes the life cycle cost report:

a. Alternative 1. Annual direct costs totaled $200,332. Annual indirect costs totaled $74,318. Annual outlays totaled $274,650. The cumulative net present value for a five-year period totaled $1,227,034.

b. Alternative 2. Annual direct costs totaled $182,318. Annual indirect costs totaled $31,435. Annual outlays totaled $213,753. The cumulative net present value for a five-year period totaled $954,968.

c. The differential costs totaled $304,486. The present value of differential cost totaled $272,066.

SENSITIVITY ANALYSIS:

a. Cost Sensitivity Analysis:

(1) The first analysis checked the sensitivity for part costs of each alternative. The costs were allowed to vary from a value of 100 percent less than to 25 percent more than their input value. When costs were varied, the ranking of alternatives did not change and was insensitive within the identified range of variables. Checking the sensitivity of part costs is important in determining if any reasonable increase in part will reverse the alternative ranking. Also, increases in labor costs are directly correlated to increases in work-hours. This sensitivity analysis also indicates that increases or decreases in work-hours are insensitive and does not change the ranking of the alternatives.

(2) The second analysis checked the sensitivity of labor costs for each alternative. The costs were allowed to vary from a value of 100 percent less to 25 percent more than their input value. When costs were varied, the ranking of alternatives did not change and was insensitive within the identified range of variables. Checking the sensitivity of labor costs is important in determining if any reasonable increase in labor will reverse the alternative ranking. Also, increases in labor costs are directly correlated to increases in work-hours. This sensitivity analysis also indicates that increases or decreases in work-hours are insensitive and does not change the ranking of the Alternatives.

b. Discount Rate Sensitivity Analysis:

The discount rate was varied from 2.475 to 4.125, in accordance letter dated 22 Feb 96, Discounts for Economic Analysis, from the Director of Economics and Business

Management. The discount sensitivity analysis produced no change in alternative ranking. Alternative 2 remained the least-cost alternative within the identified range.

COST SENSITIVITY ANALYSIS 1

TITLE: CSA1

This sensitivity analysis checks for alternative 1 to be ranked least cost as a result of changes in the expense item(s) listed below:

ALTERNATIVE	EXPENSE ITEM (S)
1 Contractor Operated	1 COPARS Contract Cost
2 Alternate Vehicle Parts Procurement	1 Parts Procurement

The selected expense items are allowed to vary from a value of -100.00% to 25.00%

ALTERNATIVE	NET PRESENT VALUE
2 Alternate Vehicle Parts Procurement	$954,968
1 Contractor Operated	$1,227,033

COST SENSITIVITY ANALYSIS 1

TABLE OF PERCENT CHANGES WHERE ALTERNATIVES' NPVS ARE EQUAL

% CHANGE OF SELECTED EXPENSE ITEMS FOR AVPP (Initially Least Cost)	% CHANGE OF SELECTED EXPENSE ITEMS FOR COPARS (Initially Higher Cost)	NET PRESENT VALUE
-76.48	-100.00	$332,025
-72.42	-96.31	$365,087
-68.36	-92.61	$398,156
-64.30	-88.92	$431,226
-60.24	-85.22	$464,296
-56.18	-81.53	$497,366
-52.12	-77.83	$530,436
-48.06	-74.14	$563,506
-44.00	-70.44	$596,576
-39.94	-66.75	$629,645
-35.88	-63.05	$662,715
-31.82	-59.36	$695,785
-27.76	-55.66	$728,855
-23.70	-51.97	$761,925
-19.64	-48.27	$794,995
-15.58	-44.58	$828,064
-11.52	-40.88	$861,134
-7.46	-37.19	$894,204
-3.40	-33.49	$927,274
.66	-29.80	$960,344
4.72	-26.10	$993,414
8.78	-22.41	$1,026,484
12.84	-18.71	$1,059,553
16.90	-15.02	$1,092,623
20.96	-11.32	$1,125,693
25.00	-7.65	$1,158,600

EXPLANATION OF TABLE USE: FOR ANY NUMBER IN THE FIRST COLUMN, RANKING REVERSAL WILL OCCUR IF THE CHANGE IN EXPENSE ITEM(S) FOR THE OTHER ALTERNATIVE FALLS IN THE RANGE OF -100% TO THE CORRESPONDING NUMBER IN THE SECOND COLUMN. FOR EXAMPLE: FOR A CHANGE OF -27.76% IN THE SELECTED EXPENSE ITEMS OF ALTERNATE VEHICLE PARTS PROCUREMENT (AVPP), ANY % CHANGE IN THE SELECTED EXPENSE ITEMS OF CONTRACTOR OPERATED PARTS STORE IN THE RANGE OF -100% TO -55.66% WILL RESULT IN CONTRACTOR OPERATED PARTS STORE HAVING AN NPV LESS THAN THAT OF ALTERNATE VEHICLE PARTS PROCUREMENT (AVPP).

COST SENSITIVITY ANALYSIS 2

TITLE: CSA2

This sensitivity analysis checks for alternative 1 to be ranked least cost as a result of changes in the expense item(s) listed below:

ALTERNATIVE	EXPENSE ITEM(S)
1 Contractor Operated Parts Store	2 Labor Cost for Materiel Control 3 Labor Cost for Maintenance Control 4 Labor Cost for CE Personnel 5 Labor Cost for Contracting Personnel 6 Labor Cost for XXX AF Personnel 7 Labor Cost for Billing Process
2 Alternate Vehicle Parts Procurement	2 Labor Cost for Materiel Control 3 Labor Cost for Maintenance Control 4 Labor Cost for CE Personnel 5 Labor Cost for Contracting Personnel 6 Labor Cost for XXX AF Personnel 7 Labor Cost for Billing Process

The selected expense items are allowed to vary from a value of -100.00% to 25.00%

ALTERNATIVE	NET PRESENT VALUE
2 Alternate Vehicle Parts Procurement	$954,968
1 Contractor Operated Parts Store	$1,227,033

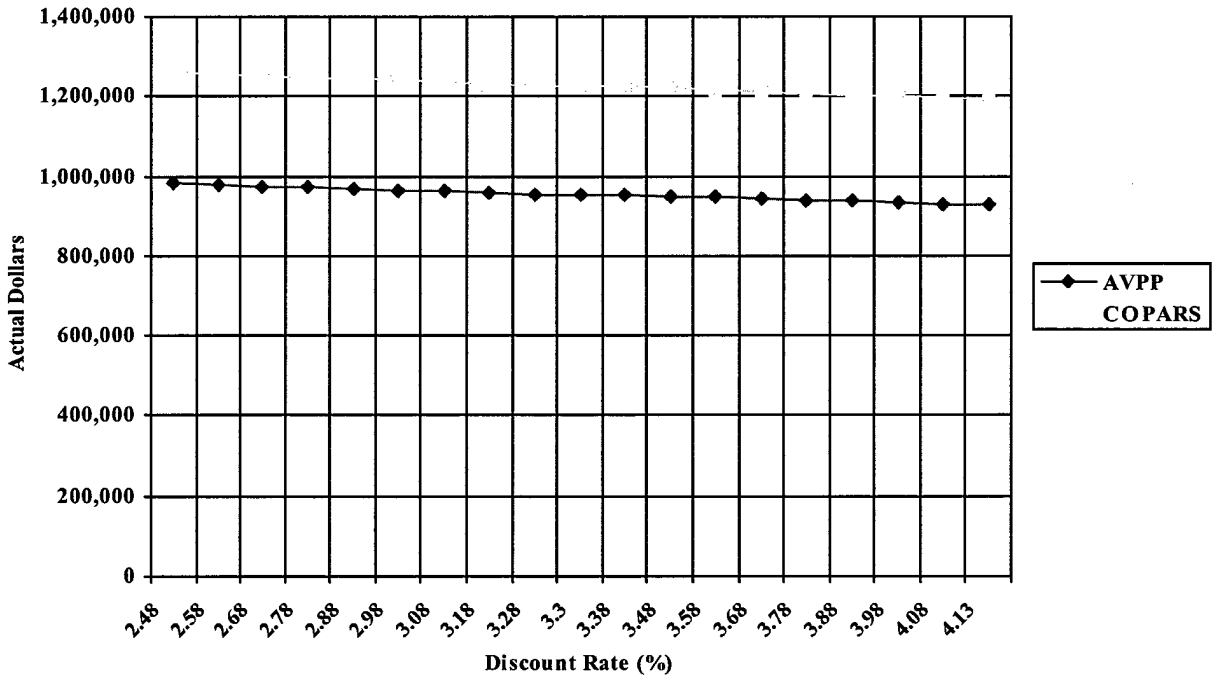
COST SENSITIVITY ANALYSIS 1

Table of Percent Changes Where Alternatives' NPVs are Equal

% CHANGE OF SELECTED EXPENSE ITEMS FOR AVPP (Initially Least Cost)	% CHANGE OF SELECTED EXPENSE ITEMS FOR COPARS (Initially Higher Cost)	NET PRESENT VALUE
-39.13	-100.00	$900,021
-36.56	-98.90	$903,623
-33 99	-97.79	$907,232
-31.42	-96.69	$910,842
-28.85	-95.59	$914,451
-26.28	-94.48	$918,060
-23.71	-93.38	$921,670
-21.14	-92.28	$925,279
-18.57	-91.17	$928,888
-16.00	-90.07	$932,498
-13.43	-88.96	$936,107
-10.86	-87.86	$939,716
-8.29	-86.76	$943,325
-5.72	-85.65	$946,935
-3.15	-84.55	$950,544
-.58	-83.45	$954,153
1.99	-82.34	$957,763
4.56	-81.24	$961,372
7.13	-80.14	$964,981
9.70	-79.03	$968,591
12.27	-77.93	$972,200
14.84	-76.82	$975,809
17.41	-75.72	$979,419
19.98	-74.62	$983,028
22.55	-73.51	$986,637
25.00	-72.46	$990,078

EXPLANATION OF TABLE USE: FOR ANY NUMBER IN THE FIRST COLUMN, RANKING REVERSAL WILL OCCUR IF THE CHANGE IN EXPENSE ITEM(S) FOR THE OTHER ALTERNATIVE FALLS IN THE RANGE OF -100% TO THE CORRESPONDING NUMBER IN THE SECOND COLUMN. FOR EXAMPLE: FOR A CHANGE OF -8.29% IN THE SELECTED EXPENSE ITEMS OF ALTERNATE VEHICLE PARTS PROCUREMENT (AVPP), ANY % CHANGE IN THE SELECTED EXPENSE ITEMS OF CONTRACTOR OPERATED PARTS STORE IN THE RANGE OF -100% TO -86.76% WILL RESULT IN CONTRACTOR OPERATED PARTS STORE HAVING AN NPV LESS THAN THAT OF ALTERNATE VEHICLE PARTS PROCUREMENT (AVPP).

DISCOUNT RATE SENSITIVITY ANALYSIS 1
DRSA1
GRAPH OF NET PRESENT VALUE VS DISCONT RATE



DISCOUNT RATE SENSITIVITY ANALYSIS 1

TITLE: DRSA1

Discount Rate: 3.3 Lower Limit: 02.48 Upper Limit: 04.13

Summary of Alternative Rankings by Discount Rate

Discount Rate (%)	Alternative Ranking
2.48	2 1
2.58	2 1
2.68	2 1
2.78	2 1
2.88	2 1
2.98	2 1
3.08	2 1
3.18	2 1
3.28	2 1
3.30	2 1
3.38	2 1
3.48	2 1
3.58	2 1
3.68	2 1
3.78	2 1
3.88	2 1
3.98	2 1
4.08	2 1
4.13	2 1

RESULTS:

No change in the alternative ranking occurred.

DISCOUNT RATE SENSITIVITY ANALYSIS 1

TITLE: DRSA1

Table of Net Present Value for each Discount Rate

Disc Rate = 02.48% Alt – NPV	Disc Rate = 02.58% Alt - NPV	Disc Rate = 02.68% Alt - NPV	Disc Rate = 02.78% Alt - NPV
2 - $981,535 1 - $1,261,169	2 - $978,238 1 - $1,256,932	2 - $974,957 1 - $1,252,717	2 - $971,692 1 - $1,248,521

Disc Rate = 02.88% Alt – NPV	Disc Rate = 02.98% Alt - NPV	Disc Rate = 03.08% Alt - NPV	Disc Rate = 03.18% Alt - NPV
2 - $968,443 1 - $1,244,436	2 - $965,209 1- $1,240,192	2 - $961,992 1 - $1,236,058	2 - $958,790 1 - $1,231,944

Disc Rate = 03.28% Alt – NPV	Disc Rate = 03.30% Alt - NPV	Disc Rate = 03.38% Alt - NPV	Disc Rate = 03.48% Alt - NPV
2 - $955,603 1 - $1,227,849	2 - $954,968 1 - $1,227,033	2 - $952,432 1 - $1,223,775	2 - $949,277 1 - $1,219,720

Disc Rate = 03.58% Alt – NPV	Disc Rate = 03.68% Alt - NPV	Disc Rate = 03.78% Alt - NPV	Disc Rate = 03.88% Alt - NPV
2 - $946,136 1 - $1,215,685	2 - $943,011 1 - $1,211,670	2 - $939,901 1 - $1,207,673	2 - $936,806 1 - $1,203,696

Disc Rate = 03.98% Alt – NPV	Disc Rate = 04.08% Alt - NPV	Disc Rate = 04.13% Alt - NPV	
2 - $933,725 1 - $1,199,738	2 - $930,660 1 - $1,195,800	2 - $929,133 1 - $1,193,837	

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13. ABSTRACT (Maximum 200 Words)
Preliminary analysis showed some bases are using COPARS to purchase vehicle parts, others are using IMPAC. Also many bases are performing economic analysis (EA) to identify which course of action gives the best value to the Government. For these reasons we have also included vast information about the IMPAC and Economic Analysis processes in the guide. Hence, the name of the guide has been changed to Automotive Parts Acquisition Guide.

The Automotive Parts Acquisition Guide is comprised of three chapters, Chapter I covers the COPARS process, Chapter II talks about the Economic Analysis and Chapter III is dedicated to the Government Purchase Card. The guide addresses the background of the COPARS program, contracting and transportation processes, lessons learned, things to look for, suggested remedies, a template Statement of Work for COPARS, and a sample economic analysis. The document will inform transportation personnel about the contracting process while also supplying contracting personnel with basic information about the transportation process. It will also address issues pertaining to the Economic Analysis process. The guide will serve as a training tool for both contracting and transportation personnel. This product will be placed in AFLMA's web site where it may be accessed by contracting and transportation personnel.

14. SUBJECT TERMS
COPARS, Automotive Parts Acquisition Guide, Economic Analysis, Government Purchase Card

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