Final Draft 1/16/04

Marine Corps Logistics Command

Outsourcing Maintenance Program

Letter of Instruction

SECREP Logistics Integration Support Program

Final Draft 1/16/04

16 January 2004

From: Commander, Marine Corps Logistics Command, Albany, GA (Code 570)
To: Distribution

Subj: LETTER OF INSTRUCTION

Ref: (a) Marine Corps Logistics Campaign Plan
(b) MARCORMATCOM Message dtd 270100 Dec 00
(c) DOD 4000.25-1-M
(d) Task Order and SOW
(e) Program Management Plan
(f) MCO P4790.2C
(g) ATLASS II+ Users Manual
(h) ATSM-D-3951-98
(i) MIL-STD-2073-1D
(j) MIL-STD-129

Appendix: A Reporting, Tracking, Requisition Management and Payment Process
B Warranty Information
C Maintenance and Maintenance Management
D Administration and Logistics
E Command and Signal

Purpose. To provide detailed processes and procedures for the successful implementation and execution of the SECREP Logistics Integration Support (LIS) Program.

Situation. As directed in references (a) and (b), this Command began planning for the migration of management of 4th Echelon of Maintenance (EOM) from the Fleet Marine Force (FMF) to COMMARCORLOGCOM. Results of multiple Working Integrated Product Team (WIPT) Conferences led to the determination that major repair/rebuild of SECREPs should not be accomplished on the battlefield as a normal course of business. Various methods will be used to source and manage these requirements, which includes: use of commercial vendor(s) as an integrator for major repair/rebuild, and leveraging existing Government sources/depots. The intent is to provide a responsive source for selected SECREPs whose major repair/rebuild was traditionally conducted within our Intermediate Maintenance Activities (IMAs), and in some instances, provide an alternative source of repair for selected Depot Level Repairables (DLRs). Units should keep in mind that current designated Government Sources of Supply (SOS) may always be used to meet requirements.

This Command has contracted with Raytheon Information Systems to act as an integrator to source maintenance for selected SECREPs. SECREPs selected for inclusion to this contract may be sourced through the integrator using the processes/procedures outlined in this LOI.

Those NSNs selected for sourcing through Raytheon will be submitted under separate correspondence, and posted on the Albany website (www.ala.usmc.mil/secrepmaint/) with all pertinent information, i.e.; NSN, price, turn around time, warranty information, etc. For SECREPs not selected for inclusion to this contract, or when the designated Government Source of Supply (SOS) is the desired supplier, then standard requisitioning/Materiel Returns Program (MRP) processes apply.

Mission. During September 2003, begin implementation of SECREP LIS Program in order to support initial phases of the Logistics Modernization initiative to migrate management of 4th EOM from FMF to MARCORLOGCOM.

Execution. Effective September 2003, MARCORLOGCOM will commence implementation of an enterprise-wide contract with Raytheon Information Systems (hereafter referred to as Raytheon) for the remanufacture/overhaul/repair (ROR) of selected SECREPs.

The SECREP LIS Program will be implemented in five phases: Phase 1 begins during September 2003 at the maintenance float (MMFAX1) at MCLB Albany, GA. Phase 2 begins during October 2003 at I MEF, Camp Pendleton, CA. Phase 3 begins during January 2004 at II MEF, Camp Lejeune, NC . Phase 4 begins during June 2004 at III MEF in Okinawa and CSSG-3 in Hawaii. Phase 5 begins during July 2004 at Marine Forces Reserves.

Due to the unique nature of this initiative, it should be noted that this LOI is a living document and will be updated as changes to information and/or procedures contained herein may occur.

The following are general descriptions of procedures required to execute the LIS Program. Detailed procedures and tasks are listed in the Appendices.

Reporting, Tracking, Requisition Management and Payment Process. In order to effectively manage outsourced SECREP maintenance, MARCORLOGCOM (Code 570) and Raytheon will work in concert with supported RIPs to ensure accurate and timely reporting/tracking of SECREPs. SASSY/ATLASS II+ supply transactions will continue to be executed from respective RIPs. These transactions will be extracted during daily production runs at MARCORLOGCOM and imported into a centralized database of SECREPs evacuated for ROR, and passed to Raytheon.

Requisition Management includes; order, receipt, and issue of remanufactured/overhauled/repaired (ROR) SECREPS, order status reporting and updates as required, tracking of shipments, and recovery of unserviceable SECREPs for ROR. Raytheon shall possess Electronic Data Interface (EDI) capability to facilitate automated receipt, interpretation, and response to Marine Corps MILSTRIP transactions. Pertinent format and data element definitions codes are defined in reference (c). Raytheon shall also possess the ability to transmit updated status on pending Marine Corps requisitions.

The intent of the program is to have a fully automated system to bill the RIPs for SECREP ROR services performed by Raytheon. Raytheon will complete all financial transactions with Defense Finance and Accounting System (DFAS) via EDI through Wide Area Workflow (WAWF) for electronic processing of DD-250's. Each major RIP will receive a semi-monthly accounting report to be submitted electronically by Raytheon to the RIP's organizational mailbox address. Details of Reporting, Tracking, Requisition Management and Payment Process are contained in Appendix A.

Warranty. Raytheon shall develop and administer a warranty management program inclusive of SECREP serialization, warranty registration, and submittal and validation of claims. The short-term objectives for warranty management include identification of warranted SECREPs that fail within their warranty periods, automated tracking and management of warranty claim submittals, timely resolution of warranty claims, and continuous oversight and monthly reporting of warranty activity. Warranty Types and Procedures are contained in Appendix B.

Note: The yellow warranty card referred to in Appendix B serves a twofold purpose. It is used not only to register the warranty, but also to establish the start date for tracking Mean Time between Failure (MTBF). It is important that this card be completed and turned in to the RSR upon issue of each SECREP.

Contractor Performance Evaluation Criteria:

1) Product Quality Performance: This metric is tracked by reviewing validated/honored warranty claims. In the reporting period, the total amount of orders minus the honored warranty claims will be divided by the total amount of orders. The minimum acceptable product quality performance will be 95%.

2) Delivery Performance: This metric will be measured by SECREP orders that have been satisfied within the negotiated Order Ship Time (OST) for the SECREPs. The OST begins when the ZBE transaction is inducted and will stop when the D6T is processed. The minimum acceptable delivery performance is 95% on-time delivery. Each SECREP's OST shall be individually negotiated IAW references (d) and (e).

3) Order Accuracy: This metric will be measured by the number of supply discrepancies per month. Supply discrepancies include Supply Discrepancy Reports (SDRs), SF-368s, e-mails, phone calls, and letters, etc. In the reporting period, the total amount of orders minus the number of supply discrepancies will be divided by the total amount of orders. Areas to be reviewed are; delivery of SECREPs to the correct requisitioner in the correct quantities, shipping damages, packaging/marking, accuracy/completeness of shipping documents, etc. The minimum acceptable Order Accuracy rate is 95%.

Maintenance and Maintenance Management Procedures. The organizational and IMAs authorized to remove and replace the SECREPs under contract will continue to open EROs or

WONs on Principle End Items (PEI), and continue to conduct expeditious repair on selected SECREPs in accordance with references (f) and (g) as appropriate. Maintenance and Maintenance Management Procedures are outlined in Appendix C.

Admin and Logistics. See Appendix D.

Command and Signal. MARCORLOGCOM, Supply Chain Management Center, Source Management Department (Code 570), as the executive agent for the implementation of the 4th EOM Initiative, is responsible for the management of the LIS Program with Raytheon. Any issues involving contract disputes, inconsistencies, and/or renegotiation requirements shall be addressed to MARCORLOGCOM (Code 570) per Appendix E.

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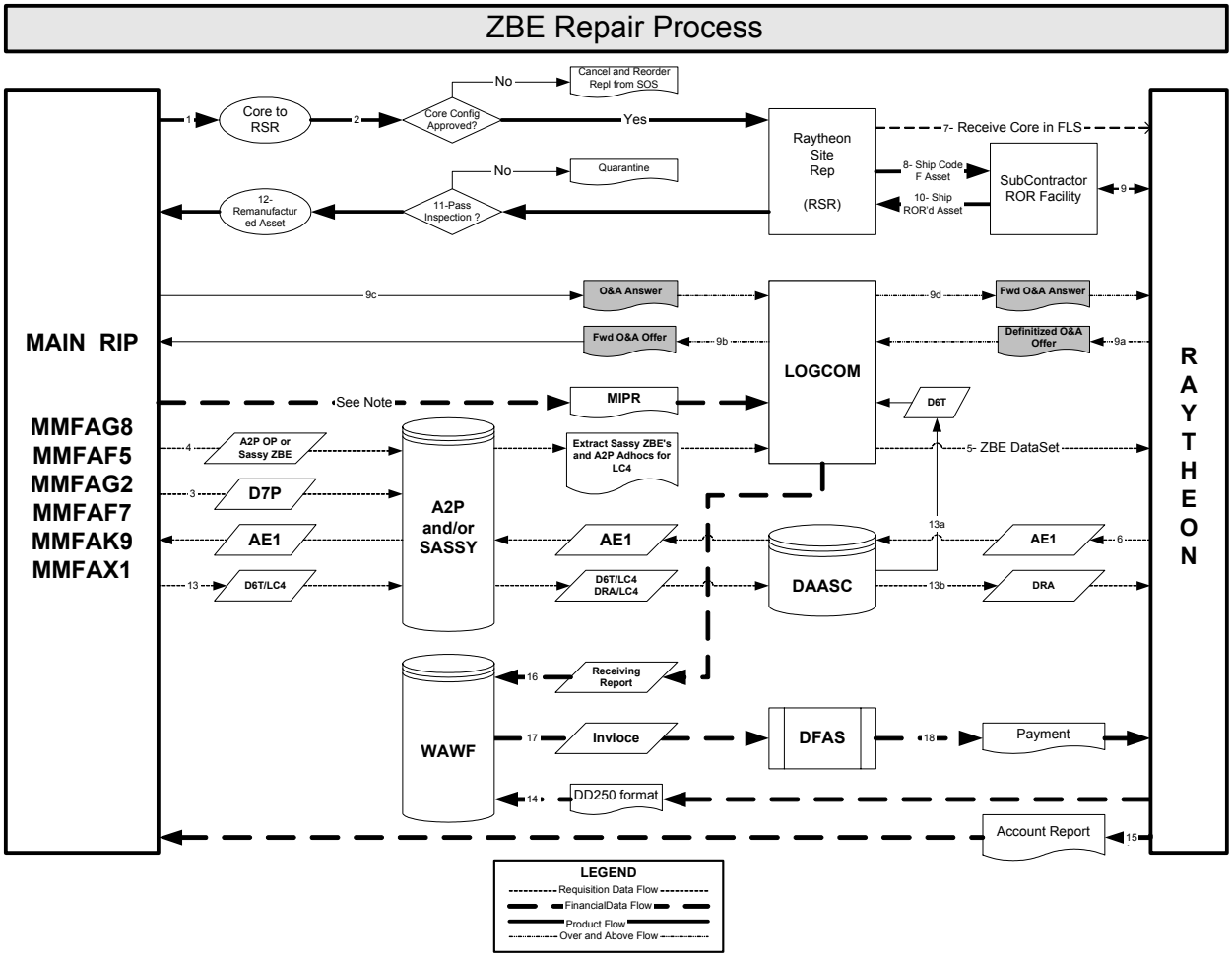
Kenneth W. Brown
LtCol. Director
Source Management Department (570)

Appendix A – Reporting, Tracking, Requisition Management and Payment Process



Precursor. A Marine Corps maintainer performs a corrective action, which results in a SECREP being exchanged at the repairable issue point (RIP). The RIP now has an unserviceable SECREP ready to induct into the process.

Note: All RIPs must insure that funding for this contract is submitted to LOGCOM and periodically checked for adequacy.

Responsibility

RIP Step 1. RIP personnel will present the unserviceable SECREP to the Raytheon Site Representative (RSR) with a completed NAVMC 1018[1] tag attached. If

[1] The NAVMC 1018 tag has an NSN, defect code(s), serial number, et al. If warranty is applicable, it will be annotated on the 1018 tag.

any required components to the SECREP are missing or broken, the RIP will be given an estimate of O&A cost annotated on the checklist by the RSR. If the RIP does not wish to accept this additional O&A cost, it should terminate the process at this point. Configuration checklists, which list the required configuration and required components to the SECREP, will be provided to each MEF.

RSR/RIP — Step 2. The RSR will accept the configuration of the unserviceable core or reject it for any cause that would inhibit remanufacture, overhaul or repair (ROR)[2]. **If the RSR deems the SECREP unacceptable, the RIP must decide whether to take action to acquire the missing/broken components, agree to apply additional funds to accomplish the ROR or to requisition item from the designated Government SOS.**

RIP — Step 3. If the RSR accepts the unserviceable SECREP, the RIP will issue it to Raytheon using the D7P transaction to RIC "LC4".

RIP — Step 4. The RIP creates a requisition and a due-in using a SASSY ZBE transaction or an A2P open purchase, again using RIC "LC4" and L00216 in the SuppAdd position.

LOGCOM — Step 5. Each working day Marine Corps Logistics Command (LOGCOM) compiles all SASSY ZBE's and A2P open purchases for Raytheon (LC4) and FTP's[3] the transaction in a uniform 80-Card Column ZBE dataset that generates a requirement to Raytheon.

Raytheon — Step 6. For each ZBE dataset received by Raytheon, FLS will respond with an AE1/BB transaction reflecting the EDD computed from the OST established in the contract task order.[4]

RSR — Step 7. Upon receipt of the ZBE requirement by Raytheon, The RSR will process the physical receipt of the corresponding unserviceable SECREP mentioned in Step 4. Raytheon will check to see if the unserviceable SECREP has been serviced under this program before and will initiate a warranty action if appropriate.

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[2] Part of the reason for this inspection is to reduce the number of unserviceable SECREPs discovered to be Beyond Economical Repair (BER) later in the process during the teardown and ROR evaluation.

[3] The ZBE transactions need to be separately transferred by LOGCOM to Raytheon, in part because DAASC is specifically designed to NOT process or route any transactions that start with a "Y" or "Z" (i.e. DIC = Y__ or Z__). These transactions were originally created for use only within their host system (e.g. SASSY).

[4] The OST is specified for each NSN in Attachment 2 of the subject Task Order.

RSR/RIP	Step 8. The RSR initiates shipment of the unserviceable SECREP to the ROR vendor.[5] The RIP will supply material handling equipment (MHE) if required to load equipment from the warehouse dock to truck.
Raytheon	Step 9. Raytheon tracks status of the SECREP while at the ROR vendor. If over and above (O&A) costs are required, the Vendor will notify Raytheon and all work will stop pending the results of Steps 9a thru 9d. If no O&A costs apply, proceed to Step 10.
Raytheon	Step 9a. Raytheon prepares and presents a fully definitized O&A offer to LOGCOM. This offer must include the entire cost to complete repairs if accepted and the fees (i.e., shipping costs, teardown cost, etc.) due if the offer is rejected.
LOGCOM	Step 9b. Upon receipt of the O&A offer, LOGCOM will validate that the offer contains all information that will be required for the RIP to make an informed decision to repair or cancel further repair action on the O&A offer. LOGCOM will then forward the O&A offer to the appropriate RIP for approval/ disapproval decision.
RIP	Step 9c. RIP will receive the O&A offer from LOGCOM, makes its decision, and forward the decision back to LOGCOM.
LOGCOM	Step 9d. LOGCOM will forward the RIPs decision to Raytheon. If approved, the Vendor will continue repair action. If disapproved, no further action to repair is authorized and fees are assessed as described in the step 9a.
RSR/RIP	Step 10. An ROR'd SECREP is sent from the ROR vendor to the submitting RSR. Again, the RIP will supply MHE as required to load equipment from truck to warehouse dock.
RSR	Step 11. RSR retains possession of the ROR'd SECREP until he inspects it for completeness, damage in shipment or obvious quality deficiencies. If a discrepancy is noted the SECREP is placed in quarantine until it is resolved.
RSR	Step 12. The RSR then issues the ROR'd SECREP to the RIP.
RIP	Step 13. The RIP inducts a D6T transaction into DAASC using RIC LC4 to acknowledge the receipt of the acceptable ROR'd SECREP into its inventory. This transaction provides LOGCOM notification that the RIP has accepted the NSN (13a) and also generates an automated DRA (13b) to Raytheon, which authorizes them to invoice for the transaction.

[5] If a warranty claim has been initiated then the SECREP will be sent to the Warrantor. If not, then the item will be sent to the repair facility indicated on the Raytheon Purchase Order that has been created in a parallel process.

RSR	Step 14. On the 15th and 30th of each month, Raytheon inducts a digital DD-250 format into Wide Area Workflow (WAWF) as a request for payment for all items that they have received DRA transactions during that period.
Raytheon/RIP	Step 15. On the 15th and 30th of each month, Raytheon will produce a semi-monthly accounting report for each RIP that exactly coincides with the DD250 mentioned in Step 14, and transmit them via email to the organizational mailboxes identified in the statement of work (SOW) and LOGCOM. (RIPs are required to reconcile this report and submit noted discrepancies to LOGCOM.)
LOGCOM	Step 16. Based on the receipt of the D6T in Step 13a and the receipt of the bi-monthly accounting statement (see Step 15) that exactly matches the DD250 (see Step14), LOGCOM inducts a receiving report into WAWF to electronically notify DFAS that the acceptable ROR'd SECREPs have been received. (In effect, signing the DD-250).
Raytheon/RIP	Step 17. When WAWF sees the contract, the DD-250 and the receiving report it will allow invoicing to debit the MIPR for that particular RIP[6].
DFAS	Step 18. DFAS will pay Raytheon in accordance with the terms of the contract.

[6] Invoicing at the summary level saves on per transaction charge levied by DFAS on the USMC and generally simplifies the financial accounting process for all involved.

Appendix B – Warranty Information

1. Warranty Types. There are three types of warranties negotiated and administered by Raytheon on behalf of the Marine Corps under this LIS Program. They are storage warranties, operational warranties and general warranties. Each SECREP NSN is individually negotiated and the results will be published for each NSN as it is put on contract.

   A. Storage Warranty. A storage warranty is registered and coverage commences upon receipt of the SECREP by the RIP from the RSR. The storage warranty expires when the period of time published for that NSN is exceeded or upon issue to a RIP customer. Special attention is necessary to insure that storage warranties do not expire on the shelf due to improper stock rotation. If storage warranties expire on the shelf, associated operational warranties are invalidated.

   B. Operational Warranty. An operational or "in-service" warranty is registered and coverage commences upon issue of the SECREP to a Marine Corps user by the RIP.

   C. General Warranty. For those items, which do not have a storage warranty, the warranty begins when the item is issued to the RIP by the RSR.

2. Warranty Registration. When SECREPS are received from a vendor after ROR, Raytheon will perform a receiving inspection, record the required information and attach a yellow warranty registration tag. If the SECREP has a storage warranty, the warranty will be registered at this time. The yellow warranty tag will be used to register the operational warranty upon issue of the SECREP to a Marine Corps user and establish the start date for documenting meantime between failure.

   Deployed RIPs will complete the yellow warranty registration card at time of issue and return it to the Main RIP by the most convenient means. An e-mail to the Main RIP citing NSN, Serial # and issue date should be used to document the operational warranty start date in case the warranty registration card should be lost. RIP personnel will notify the RSR of the SECREP issue date so it can be input into the warranty tracking database.

3. Warranty Claims. Upon failure, all SECREPS issued after ROR by Raytheon will undergo an automated query to determine if the unserviceable SECREP is still covered by warranty. The RSR has primary responsibility to submit warranty claims and LOGCOM (Code 570) provides government oversight. Warranty information, to include: serial number, length of warranty and type of warranty is can be accessed on the Marine Corps Logistics Base Albany website (www.ala.usmc.mil/secrepmaint/).

4. Responsibilities:

   A. FSSGs

(1) RIPs

(a) Ensure warranty registrations occur promptly.
(b) Generate requisition for replacement items.

(2) Maintenance Activities

(a) Check the Marine Corps Logistics Base Albany website to see if a warranty is applicable prior to attempting repair.
(b) Ensure that maintenance that would invalidate the warranty claim is not performed.

B. MARCORLOGCOM (570)

(1) Monitor registration of items ROR'd by the contractor.
(2) Monitor warranty claims made against items ROR'd by the contractor.
(3) Resolve trends or complaints concerning warranty issues between RIPs and the contractor.

C. Logistics Support Integrator (Raytheon)

(1) Maintain folders of each vendor and their associated warranty timeframes.
(2) Provide serial number tracking for items ROR'd under this program.
(3) Ensure that a replacement item is issued at no charge for each valid warranty claim.

Appendix C – Maintenance and Maintenance Management

1. CG, MEF/s and CG, MCB Quantico

   A. Supported Units that are authorized to remove and replace the SECREP NSNs selected on this contract will continue to open ERO/s or WON/s on Principle End Items (PEI) per references (f) and (g) as appropriate.

   B. Supported Units will continue to evacuate the NSNs selected on contract to the designated IMA/RIP Shipping/Receiving sections per local SOPs.

   C. Upon arrival at the S&R Section, the following actions will occur, as required:

      (1) The receiving S&R Section should check the item for the presence of a serial number that would indicate the item had been ROR'd by Raytheon.
      (2) Upon determination that the item has a serial number indicating that Raytheon's Contractor ROR'd the item, the S&R Section will check to determine if the item is under warranty.
      (3) If the item is determined to be under warranty, the S&R Section will not induct the item into the maintenance cycle, but will send the Customer with the item directly to the RIP for exchange. The RIP will then execute the procedures outlined in Appendix A.
      (4) If the item is determined not to be under warranty, the S&R Section may induct the item into the maintenance cycle for expeditious repair by completing the ERO/WON and provide the Customer the proper paperwork that will allow the RIP to issue an item off the shelf.
      (5) The S&R Section will then determine if the item can be returned to condition code "A" with expeditious repairs. If in fact that is the case the IMA will do so and return the repaired item to the RIP for return to the shelf and future reissue.
      (6) If the item is determined by the IMA to require more than expeditious repair, the IMA should close out the ERO/WON and turn the item over to the RIP for subsequent evacuation to Raytheon for ROR.

   D. This maintenance/maintenance management procedure becomes effective when the individual commands are implemented into the SECREP LIS Program.

Appendix D – Administration and Logistics

1. Administrative

   A. Review the Letter of Instruction, all references, and disseminate to all applicable and participating organizations.

   B. Provide to MARCORLOGCOM, Source Management Department (Code 570), feedback on the implementation, execution, results, and recommendations that will improve implementation of follow-on Phases and long-term administration of the SECREP Logistics Integration Program.

   C. All participating RIPs will receive monthly Accounting Reports from Raytheon via e-mail at their established "Organizational Mail Boxes".

   D. All participating RIPs ensure official TAC 2/Shipping Addresses are current and correct.

2. General Logistics

   A. HAZMAT. The Government shall be responsible for ensuring that all hazardous materials (HAZMAT) have been drained/removed from the unserviceable SECREPs prior to turn-in for remanufacturing/overhaul/repair.

   B. Shipping. Raytheon is responsible for shipping requirements. Raytheon shall establish and maintain the capability of shipping serviceable SECREPs to any location worldwide. The Government shall retain/assume responsibility and liability for the timely loading and unloading of shipments at the RIP locations.

   C. Configuration Management. The configuration of an item, to include unique military configuration shall be per the appropriate Technical Manuals (TMs), Marine Corps Stock Lists (SL-4s), drawings and other documents that establishes the catalogued configuration of the NSN cited. Configuration Checklists have been developed and reviewed by both the contractor and 4th EOM personnel. These checklists are designed to aid Maintenance Personnel, RIP Personnel and Raytheon Site Representatives to quickly identify and ascertain the configuration completeness of a particular SECREP. These checklists are posted on the Marine Corps Logistics Base Albany website (www.ala.usmc.mil/secrepmaint/). Appropriate Maintenance/RIP personnel are responsible for ensuring proper configuration of components prior to turn in to the RSR.

   D. Preservation, Packaging, and Marking. All items delivered to the RIP/s shall be packaged and preserved by Raytheon, using the best commercial methods IAW reference (h). Large SECREPs, such as engines and transmissions, shall be palletized for easy movement and storage. Specialized military shipping containers meeting the requirements of reference (i) may be utilized for individual shipments when available, however maximum utilization of bulk shipments is preferred. All SECREPs shall be

marked in accordance with reference (j) to include bar coding and annotation of the enclosed SECREP's serial number on the exterior packaging.

Appendix E– Command and Signal

LtCol Kenneth Brown
Director, Source Mgmt Department (570)
MCLB Albany
(229) 639-8263 DSN 567-8263
BrownKM@logcom.usmc.mil

Mr. Chris Berry
Head, Source Enable & Assessment Branch (571)
MCLB Albany
(229) 639-8267 DSN 567-8267
BerryC@logcom.usmc.mil

Maj. Ronald S. Wilson
Source Management Department (570)
Project Leader
(229) 639-8264 DSN 567-8264
WilsonRS@logcom.usmc.mil

Mr. John A. Wesley, COR
Source Enable & Business Rules Section (571-1)
MCLB Albany
(229) 639-8265 DSN 567-8265
WesleyJA@logcom.usmc.mil

Marcia Jewell, A-COR
Source Enable & Business Rules Section (571-1)
MCLB Albany
(229) 639-8275 DSN 567-8275
JewellMM@logcom.usmc.mil

Organizational Mailboxes:

MMFAX1	Albany	*SMB LOGCOM SecRep MMD Code590@logcom.usmc.mil*
MMFAG8	Camp Pendleton	mailto:smb1fssgsupbnrip@1fssg.usmc.mil
MMFAG2	Hawaii	mailto:mcbhcssg-3rip@mcbh.usmc.mil
MMFAH7	Quantico	mailto:mmo_office@nt.quantico.usmc.mil
MMFAF5	Camp Lejeune	*omb2fssg2maintbn@2fssg.usmc.mil*
MMFAF7	Okinawa	*omb3fssgmrbawds@3fssg.usmc.mil*
MMFAK9	New Orleans	*float@mfr.usmc.mil*