

# The Bailment Program

Presented by





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Providing expert technical  
assistance to  
**FEDERAL, STATE and LOCAL  
GOVERNMENT  
Contractors  
And Subcontractors**

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**A Procurement Technical  
Assistance Center (PTAC)  
Serving the Wisconsin Business  
Community**

## **WPI Offices located at:**

### **Milwaukee County Research Park**

10437 Innovation Drive, Suite 320

Milwaukee, WI 53226

414-270-3600 FAX: 414-270-3610

### **Juneau County Economic Development Corp.**

122 Main St - Camp Douglas, WI 54618

608-427-2455 FAX: 608-427-2086

### **Western Dairyland EOC, Inc.**

418 Wisconsin St. - Eau Claire WI 54703

608-427-2455 FAX: 608-427-2086

### **Fox Valley Technical College – DJ Bordini Center**

5 Systems Drive – Appleton WI 54912

920-840-3771 FAX: 414-270-3610

### **Racine County Economic Development Corporation – Launch Box**

141 Main Street, Suite 2, Racine, WI 53403

414-270-3600 FAX: 414-270-3610

### **Madison Enterprise Center**

100 S. Baldwin St., Madison, WI 53703

608-444-0047 FAX: 414-270-3610

### **Food Enterprise & Economic Development (FEED)**

1219 N. Sherman Ave., Madison, WI 53704

608-444-0047 FAX: 414-270-3610

### **Wausau Region Chamber of Commerce**

200 Washington Street, Wausau, WI 54403

920-456-9990 FAX: 414-270-3610

**[www.wispro.org](http://www.wispro.org) - [info@wispro.org](mailto:info@wispro.org)**

# 8 WAYS A SHUTDOWN WOULD DAMAGE HOMELAND SECURITY

[www.wispro.org](http://www.wispro.org)



## UPCOMING EVENTS

02/26/2015  
FEDERAL PRIME CONTRACTOR GROUP MEETING  
ST. FRANCIS (MILWAUKEE) »

03/03/2015  
SMALL BUSINESS GOVERNMENT CONTRACTING  
SERIES: SELLING TO THE DEPARTMENT OF VETERANS  
AFFAIRS  
WAUWATOSA »

03/04/2015  
ACQUISITION HOUR: LEARNING ABOUT WAWF - IRAPT  
WEBINAR »

03/09/2015  
ENTERING THE GOVERNMENT MARKET - A PRIMER  
RACINE »

03/11/2015  
ACQUISITION HOUR: PREPARING FOR CSPR AUDIT  
WEBINAR »

## CURRENT OPPORTUNITIES (7)

### GET STARTED WITH THE BASICS

Questions & answers on how to get started.

GET STARTED

### SIGN-UP FOR OUR NEWSLETTER

Stay up-to-date with the latest WPI news.

SIGN UP

### HAVE A QUESTION? WE'RE HERE TO HELP.

One of our staff of experts is available to answer your questions.

GET HELP

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## SERVICES OFFERED BY WPI

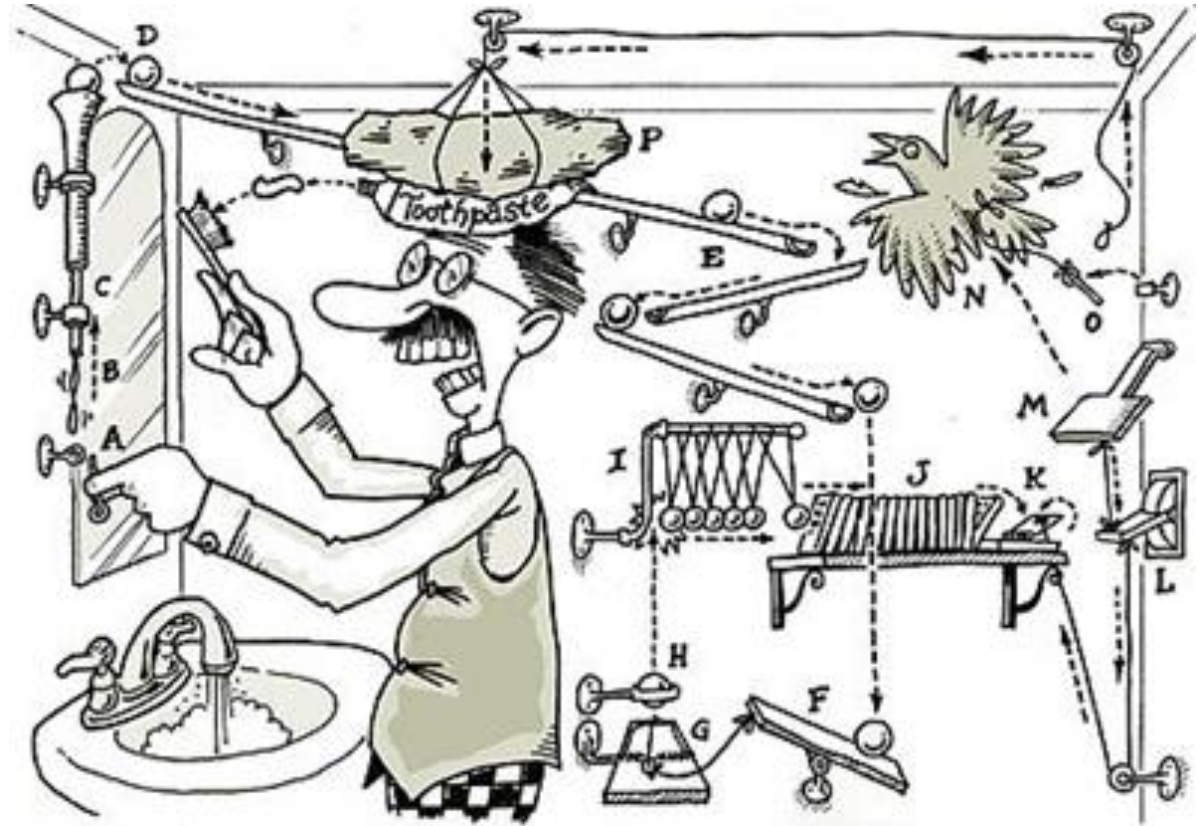
- FREE Bid Matching Services
- Individual Counseling and Assistance
- Locating Local, State and Federal Opportunities
- Government Market Strategy Development
- Training in use of Government websites and tools
- Assistance with System for Award Management (SAM) Registration
- Assisting in Market Research Process
- Development of Market Profile
- Small Business Subcontracting Plans-Development, Outreach and Reporting
- Small Group Training
- Outreach and training with Local, State and Federal agencies
- Assist with Pre and Post Award Functions
- Assistance with Agency Specific Contracting Requirements
- Assistance with Contracting Regulations and Requirements, including FAR, DFAR, CFR
- Assistance with GSA Schedule Preparation and Administration
- Assistance with Local, State and Federal Certifications, including:
  - Service Disabled & Veteran Owned Small Business, HUBZone, Woman Owned Small Business, 8(a) Business Development Program
  - State
  - Local
  - DBE
- Bid Review and Submission Assistance
- Proposal and Assistance, Review and Submission Assistance
- Capabilities Statement and Related Government Marketing Material Development
- Assistance in Locating and Developing Teaming Partners and Subcontractors
- Updated Government Market Information

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# Bailment Program

WPI Webinar  
March 18, 2015  
Marc N. Violante



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# Related Topics

- Replenishment Parts Purchase Or Borrow Program (RPPOB) – aka Bailment
- Alternate Offer
- Source Approval Request



# DoD Replenishment Parts Purchase or Borrow (DoD RPPOB) Program

- Provides domestic business concerns an opportunity
  - to purchase
  - or borrow replenishment parts
  - from the Government for:



# Scenario

- Approximately 2008 –
- Small Business contacted by DLA concerning parts
- Small Business, cut and sew shop was a sub to a prime
- They had the technical experience but not listed on PIID
- Prime was on the PIID – now out of business
- Items (2) were for M-50 machine guns
  
- How to proceed?



# General Process

- Opportunity
  - Vendor not on PIID
  - Drawings not available
- Bailment – Purchase – View
- Reverse Engineer
- Develop TDP
- Complete and submit SAR
- Approval
- New source of supply



# Bailment – Examples - definition

- Example
  - Loan of a – bicycle, tool, other item
  - Coat check
  - Car parked in parking lot
- Characteristics
  - Transfer control
  - Specified period of time
  - Expectation is to have the item returned in the condition when transferred
- DoD – hesitancy, preventing items returned with dings, etc.
- Sale is likely preferred

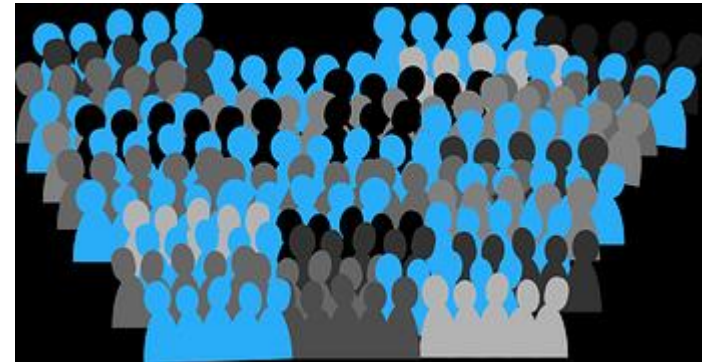
# Policy

- Replenishment part costs shall be lowered
  - through competition
  - product simplification
- Therefore, sample parts shall be made available to domestic business concerns when it is determined that such action is in the best interest of the Government.
- That determination shall include economic considerations as well as national security requirements, inventory needs, the probability of future purchases of parts, and any additional restrictions required by law.



# Participation













- No domestic business concern in good standing shall be denied the opportunity to participate in the DoD RPPOB Program.
- The availability of sample parts shall be limited to quantities adequate to meet the program's objectives.
- Controls shall be established in the DoD Components to prevent exploitative ordering of sample parts and later depletion of DoD supply system stocks.



# Aviation Parts Catalog

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11

Last Update: February 11, 2015

1	 <p>NSN: 1680-01-146-8239 NAME: DETECTOR, FIRE, OVERHEAT PART NO: 3151-16-500725-9 CAGE: 29893</p>	 <p>NSN: 3040-01-153-0995 NAME: BALL AND SOCKET PART NO: 2488255 CAGE: 99051</p>	 <p>NSN: 3010-01-001-0000 NAME: CUSHION, 2 1/2 X 3 1/2 X 1/4 PART NO: 30130PC CAGE: 0WY76</p>	 <p>NSN: 3020-00-322-7094 NAME: GEAR, BEVEL PART NO: 9-48743 CAGE: 17768</p>
2	 <p>NSN: 2995-01-129-7869 NAME: PLATE, DISCHARGE PORT PART NO: 2483709 CAGE: 99551</p>	 <p>NSN: 5310-01-455-1489 NAME: NUT, PLAIN, BARREL PART NO: 2812328 CAGE: 99284</p>	 <p>NSN: 6685-00-941-3482 NAME: LEVER, VALVE PART NO: 1201-90011-04 CAGE: 72916</p>	 <p>NSN: 6695-00-193-0518 NAME: METER MOVEMENT PART NO: 8387-6001 CAGE: 34830</p>
3	 <p>NSN: 2915-00-719-7500 NAME: PIN AND FLOAT PART NO: 86541 CAGE: 3H889</p>	 <p>NSN: 1560-00-118-8669 NAME: CAP ASSEMBLY, FUEL PART NO: 457-270-12 CAGE: 99321</p>	 <p>NSN: 2840-01-361-3004 NAME: ARM, COMPRESSOR STATOR, ASSEMBLY PART NO: 4064860 CAGE: 77445</p>	 <p>NSN: 6150-00-546-9661 NAME: STATOR, GENERATOR PART NO: 47320-1 CAGE: 75216</p>

# Current Aviation Catalog



- 216 Items
  - Each has an annual demand value > \$40,000
  - On display, open to the public
- Total value for the listed items –\$47,202,094.62
- Total annual quantity – 90,102
- Items with drawings
  - 72 items have drawings
- Part Catalog spreadsheet

<http://www.aviation.dla.mil/UserWeb/PartCatalog/data/DisplayPhotos.xlsx>

# Other opportunities



We are looking for Small Businesses! Click on the spreadsheet below titled "NAICs, NIINs & Nomenclature" here to see a listing of items sorted by the North American Industrial Classification System (NAICS) code, Federal Supply Class, National Item Identification Number and Nomenclature. These are items that DLA purchases and wants to find Small Business sources in all Socio-economic categories to include: Service-Disabled Veteran Owned Small Businesses (SDVOSB), Women-Owned Small Businesses, 8(A)s and Historically Underutilized Business (HUB) Zones. For questions or more information contact the DLA Office of Small Business Programs at 703-767-0192.

## Quick DLA Resources for Small Business

- Listing of all DLA Small Business Offices
- DLA Internet Bid Board System (DIBBS)
- Doing Business with DLA
- **NAICs, NIINs & Nomenclature**

## Doing Business

31	417
32	13
33	978,048
42	3,655
51	1
54	4
56	1
81	4
<b>Grand Total</b>	<b>982,143</b>

Source -- <http://www.dla.mil/SmallBusiness/Pages/default.aspx>

# DLA – Excel Worksheet data

NAICS	FSC	NIIN	NOMENCLATURE
311511	8910	000433191	EGGS,SHELL
311511	8910	000433200	EGGS,SHELL
311511	8910	000435359	ICE ON STICK,FRUIT FLAVORED
311511	8910	000435368	ICE CREAM BAR
311511	8910	000435385	ICE CREAM CONE,PREFORMED
311511	8910	000435444	ICE CREAM SANDWICH
311511	8910	000441915	YOGURT,CHILLED
311511	8910	000807633	CHEESE,PIZZA BLEND
311511	8910	000811151	EGGS,SHELL
311511	8910	000825734	CHEESE,COTTAGE,DEHYDRATED
311511	8910	000826205	CHEESE,AMERICAN,PROCESSED
311511	8910	001248983	ICE CREAM
311511	8910	001249044	ICE CREAM
311511	8910	001258440	CHEESE,CHEDDAR,NATURAL

# Other indications FPDS data 1 offer – (FY-14)

Number of Offers Received	Other Than Full and Open Competition	Actions
1	AUTHORIZED BY STATUTE	126,447
1	AUTHORIZED RESALE	371
1	BRAND NAME DESCRIPTION	1,805
1	FOLLOW-ON CONTRACT	27,182
1	INTERNATIONAL AGREEMENT	4,206
1	MICRO PURCHASE THRESHOLD	
1	MOBILIZATION, ESSENTIAL R&D	1 NATIONAL SECURITY
1	NATIONAL SECURITY	3,575
1	ONLY ONE SOURCE - OTHER	1 ONLY ONE SOURCE - OTHER
1	PATENT/DATA RIGHTS	185,524
1	PUBLIC INTEREST	1 PATENT/DATA RIGHTS
1	SAP NON-COMPETITION	1,912
1	STANDARDIZATION	547
1	UNIQUE SOURCE	23,842
1	UNSOLICITED RESEARCH PROPOSAL	114
1	URGENCY	26,116
1	UTILITIES FAR 41.2	13,469
1		584,088

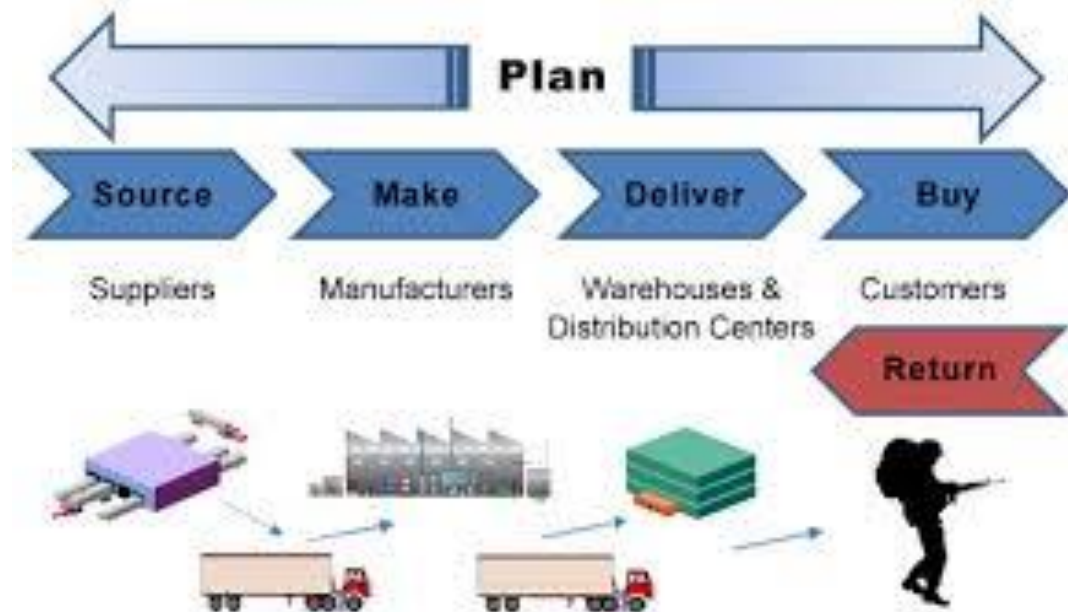
# Inquire - ask

- At outreach events
- At conferences
- During meetings with Small Business Specialists
- When speaking with SBLO's



# Issue

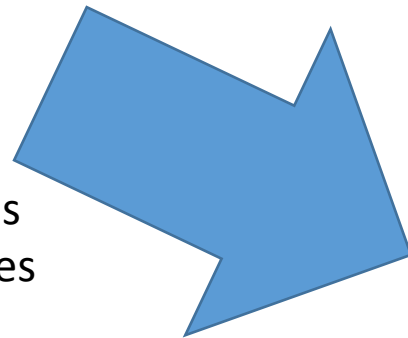
- Supply Chain Integrity
  - How to maintain –
    - Quality
    - Competition
    - Capacity
    - Multiple sources of supply



# Outcome / Goal

Replenishment Parts Purchase Or  
Borrow Program (RPPOB) – aka Bailment  
Source Approval Request  
Alternate Offer

Methods  
Processes  
Tools



**developing and locating  
alternative sources of supply  
and manufacturing**

# Defense Standardization Program Office



[https://www.dsp.dla.mil/APP\\_UIL/displayPage.aspx?action=content&contentid=66](https://www.dsp.dla.mil/APP_UIL/displayPage.aspx?action=content&contentid=66)

- What's New
- About Us
- DSP Policy/Procedures
- DSPO Programs
- Chartered JSBs

before the end of the weapon system life cycle. While electronics are most likely to be discontinued, obsolescence of nonelectronic and commercial off-the-shelf (COTS) items also poses a significant problem to weapon systems. In short, DMSMS is a threat to system supportability.

# Key drivers of the issue

- Shift away from government owned specifications/standards
- Years past –
  - Government (military) drawings –
    - Restricted use based on national security not loss of Intellectual Property
    - Specifications & Standards also government owned/maintained
- Current practices –
  - Shift away from government owned/maintained specifications and standards
  - Focus on Commercial Items
  - Limited (restricted) intellectual property



# Additional issues



- Experienced capable vendor base
  - Reduction – possible contributors
    - Age (retirement)
    - Business climate
      - Commercial
      - Government/military focus on cost
    - Reduced spending
    - Contract vehicles used
      - Reverse auctions
      - IDIQ v. quarterly purchases
    - Competition requirements
    - Use of technology

# Results of current practices

- Limited sources of supply
- New barriers to entry
- Higher cost of doing business
  - Vendor costs



# Quality- key concern



- Critical items
- Safety of Life
- Functionality - dependability
- Processes / Procedures
  - Clauses
    - Higher level of quality / ISO / AS 9100
    - PIID qualification
    - First Article Test
    - QML – qualified manufacturers list
    - QPL – qualified parts list
    - QSL – qualified supplier list

# Goal / Purpose

- Design replication or modification.
  - Subsequent submission of offers to sell items of supply replenishment parts to the Government.
    - ✓ Enhancing competition
    - ✓ lowering costs
    - ✓ improving lead times
- by developing and locating alternative sources of supply and manufacturing



# Impact on current procurements

- The DoD Components need not delay ongoing or planned purchase actions of spare parts to allow potential suppliers to participate in the program.



# Inspection / Quality

- Steps prior to bailment or sale to potential suppliers
  - Government Inspection of parts
    - Compliance to performance criteria
    - Based on existing technical data

# Criteria for bailment or sale of parts

- The part has limited or reduced sources of supply due to the unavailability of the Technical Data Package (TDP)
- an incomplete TDP
- A TDP that contains limited rights data.
- Parts with TDPs containing some data with limited rights may be used in the program if the Government does not release the limited rights data to potential suppliers.

# Cost Benefit determination

- annual buy value of the part
  - exceeds thresholds developed by DoD Components based on guidance in
    - subpart 217.7506 DFARS
    - Procedures, guidance and Information (PGI) reference (f)
  - The DoD Components may lower the dollar value to accommodate their program(s)
  - Potential life-cycle cost savings exceed the cost (including evaluating and testing) of making the part available.

# Considerations

- Bailment or sale of the part shall not adversely affect or deplete required supply quantities.

# Critical safety items

- Critical Safety Items, engineering safety items, and engineering critical or unstable parts, as defined in Enclosure 2, shall be made available only upon approval by the DoD Component that has technical cognizance of the part. Subpart 209.2 of the DFARS (Reference (g)) prescribes the qualification requirements for aviation critical safety items.

# Methods – part availability

- There are three methods that may be used to make parts available to potential suppliers:
- **6.2.1. Direct purchase of the part** by the potential supplier. This is the preferred method as it minimizes the management and administrative impact to the Government. Pricing policies for this method shall be in accordance with Volume 11A of DoD 7000.14-R (Reference (j)).
- **6.2.2. Bailment of the part** to the potential supplier. A bailment agreement shall be prepared with the provisions agreed upon by both parties. Parts shall not be subjected to destruction or irreversible disassembly. Parts shall not be loaned to potential suppliers unless such parts can be reinspected and validated by the Government. The Government will need to have visibility of the bailed asset's material condition and location status in the event the asset is required by the Government (e.g., emergency need for the last item on the shelf). Bailments shall be assessed costs in accordance with Volume 4 of DoD 7000.14-R (Reference (k)).
- **6.2.3. Inspecting the part.** Potential suppliers may inspect parts for the purpose of familiarization in Government-designated display areas. The parts displayed shall be those determined by the Government.

# Request requirements/format

- Requests from potential suppliers to purchase or borrow parts shall be in writing and shall:
  - Domestic business
  - Purpose – replication and/or modification sale to the Government
  - Specify duration of time a borrowed part is required
  - Cite the NSN
  - Specify the improvements to be offered by a proposed modification



# Alternate Offers defined

- a response to a solicitation
  - complete technical data does not exist
  - offerors provide an item which is from other than an approved source
  - and/or is not the exact product (i.e. CAGE and P/N) cited in the Acquisition Identification Description (AID) manufactured by the manufacturer cited in the AID or manufactured by a firm who manufactures the product for the manufacturer cited in the AID.)

# Alternate offer - products

- identical to
- or be
  - Physically
  - mechanically
  - electrically
  - functionally interchangeable with the products cited in the AID
  - Information on SARs can be found at:  
[http://www.dsccl.dla.mil/downloads/small\\_business/VendorInfo.pdf](http://www.dsccl.dla.mil/downloads/small_business/VendorInfo.pdf)



**questions?**

# Next Webinars

- **April 1<sup>st</sup>, 2015 Overview of CPARS**
- **April 8<sup>th</sup>, 2015 Overview of DIBBS**
- 
- **April 28<sup>th</sup>, 2015 Update on Federal Wage-Hour Laws**
- 
- **May 6<sup>th</sup>, Technology Funding for small business**
- **May 13<sup>th</sup>, 2015 Contract Tracking and Reporting with Excel**
- **May 20<sup>th</sup>, 2015 IT management requirements for DOD Contractors and Subcontractors**
- **Visit [www.wispro.org](http://www.wispro.org) for additional & registration information!**