



UNCLASSIFIED



# U.S. Army Contracting Command Rock Island Contracting Center

## Lake City Army Ammunition Plant Industry Day

Kristin Comer

Bob Muth

December 1, 2010



UNCLASSIFIED

# Rock Island Contracting Center

## ***Agenda***

0830 – 0900: Registration

0900 – 1015:

- Opening Remarks
- Acquisition Strategy
- Contract Terms & Conditions

1015 – 1045: Break

1045 – 1115: M855A1 Presentation

1115 – 1245: Lunch

1245 – 1345: Q&A Session

1345 – One-on-One Discussions



# Rock Island Contracting Center

## ***One – on – One Discussions***

- GDOTS
- Olin-Winchester
- SOC
- ATK

*Each session will be approximately 15-20 minutes*



## ***Purpose***

Industry Day is for information and planning purposes only. This does not constitute a formal solicitation or a request for Proposal (RFP). This is not to be construed as a commitment by the Government in any way.

The Government does not intend to award a contract on the basis of Industry Day or otherwise pay respondents for participation in this event. Should an RFP be issued, any information contained within the RFP supersedes this Industry Day.



# Rock Island Contracting Center

## *Industry Day Objectives*

- The purpose of this Industry Day is to:
  - Provide potential offerors with a general program overview.
  - Open dialogue with industry.
  - Solicit input and comments from industry for use in finalizing a strategy that will ensure a win-win business case for the Government and industry.
- Provide attendees the ability to meet potential partners.
- Encourage open and continuous exchange of info and ideas throughout this process.



# Rock Island Contracting Center

## ***Disclaimer***

- All items are in planning stages.
- Milestones and other timeframes are estimates.
- Numbers/quantities are estimates only.
- Do not rely on information presented today in formulating your proposal.
- The Government is NOT bound by any of the quantities presented today.
- No Government personnel except for the Contracting Officer can make any commitments for the Government.



# Rock Island Contracting Center

## *Rules of Engagement*

- The Government will NOT attempt to answer verbal questions during the Industry Day briefing.
  - Questions must be submitted via the forms provided.
  - Comments are also solicited via the same provided forms.
  - Government will attempt to answer questions IAW the agenda.
  - Some questions may require additional time for complete response.
    - Q&As will be posted on the LCAAP Acquisition web page (<http://www.aschq.army.mil/ac/aaisdus/LCAAP.aspx> )
- We will have an open dialogue during the one-on-one Sessions.



# Rock Island Contracting Center

## ***PM MAS Goals***

- PM MAS Small Caliber Rifle Ammunition (SCRA) Goals
  - Maintain LCAAP as DoD's primary source for SCRA.
  - Maintain use of a Second Source to reduce risk and strengthen the National Technology and Industrial Base (NTIB) .



# Rock Island Contracting Center

## History

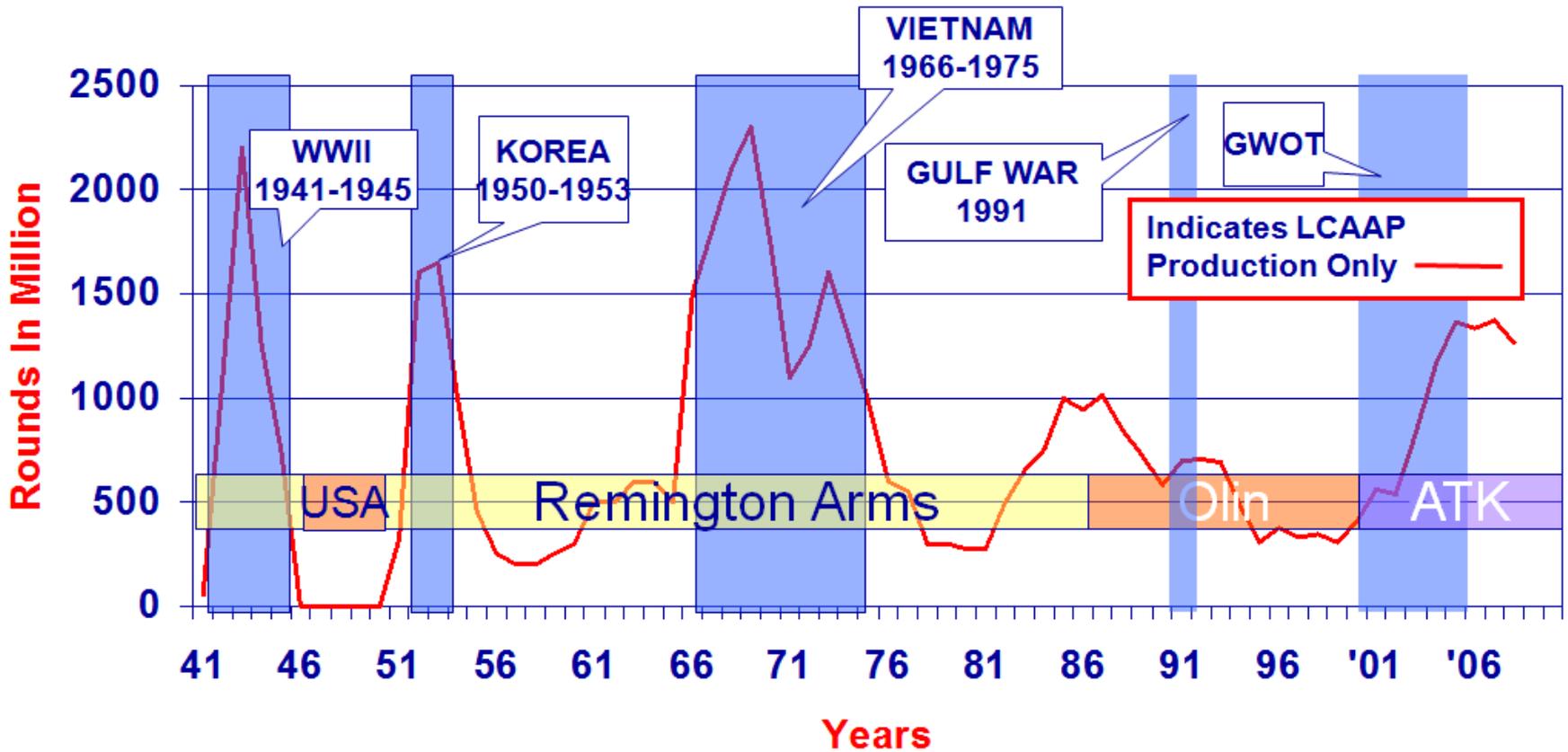
- LCAAP was built in the 1940s.
- Only remaining Government-owned, contractor-operated (GOCO) small caliber ammunition plant.
- During WWII, the plant produced over 2B rounds annually.
- Between WWII and 11 Sep 2001, the production rate fluctuated.
- Due to 11 Sep 2001 (9-11), Global War on Terrorism and Overseas Contingency Operation, LCAAP's production has significantly increased small arms production by over 300% (from 400M rounds/year up to a peak of 1.4B rounds/year).
- Modernization and capital investment efforts totaling \$466.7M have occurred since 2002.





# Rock Island Contracting Center

## LCAAP Production History



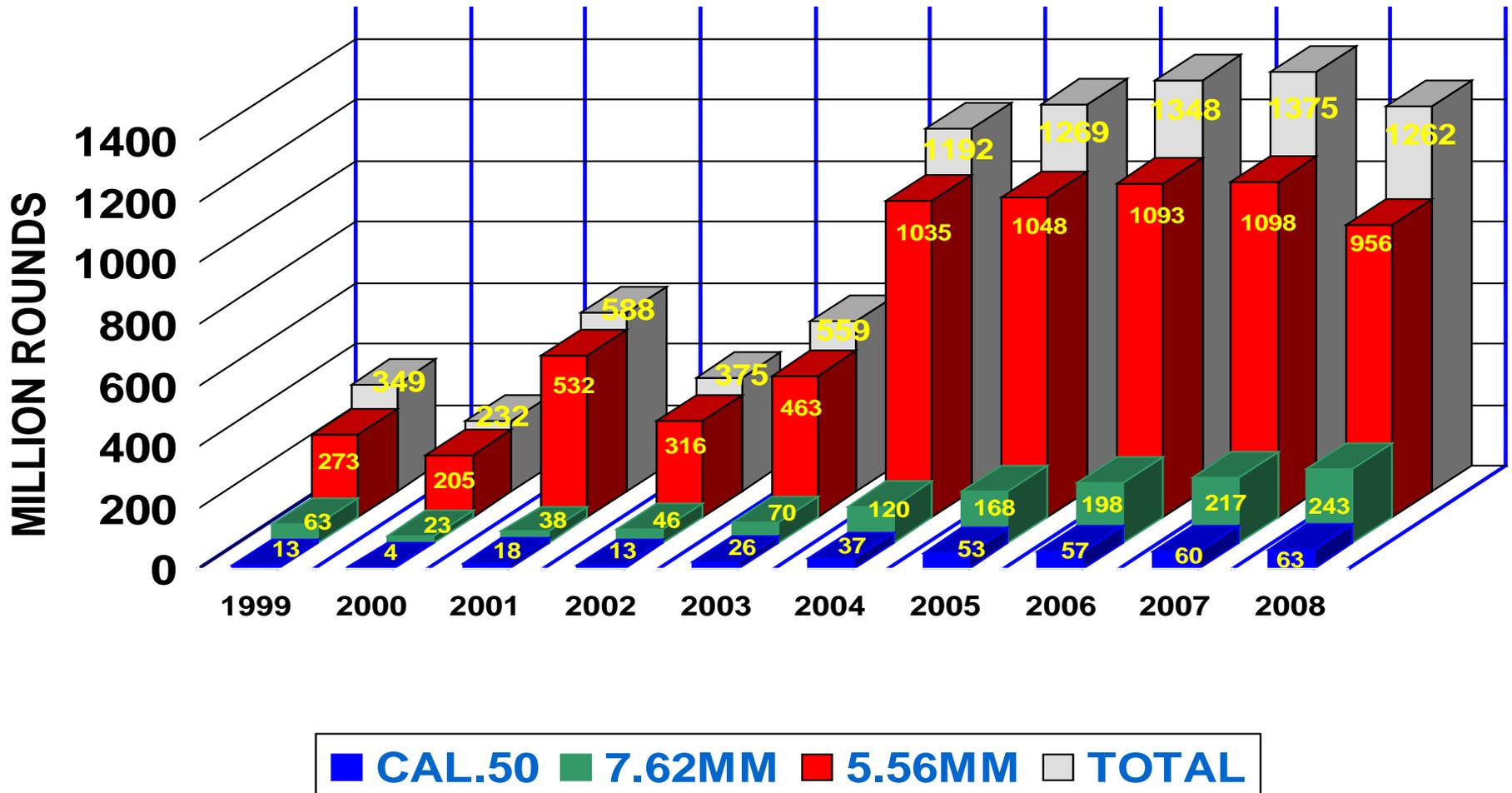


UNCLASSIFIED



# Rock Island Contracting Center

## LCAAP Annual Production





# Rock Island Contracting Center

## *Projected Quantities*

- Cal .22 Family
  - 300K – 2M/year
- Ctg, 5.56mm Family
  - 300M – 800M/year
- Ctg, 7.62mm & Cal .30 Family
  - 80M – 230M/year
- Cal .50 Family
  - 40M – 67M/year
- Note: The projected quantity ranges are estimates only and should not be construed as a commitment on behalf of the Government.



## Acquisition Strategy

- Milestones

- Dec 2010 Industry Day #1
- May 2011 Draft RFP
- Jun 2011 Industry Day #2/Site Visit
- Sep 2011 Formal RFP
- Nov 2011 Proposals Due
- Apr 2012 Final Proposals Due (if applicable)
- 01 Oct 2012 Anticipated Award Date

Considering addition of 2<sup>nd</sup> LCAAP Site Visit



# Rock Island Contracting Center

## Acquisition Strategy - Overview

- TENTATIVE – Acquisition Strategy has NOT been formally approved.
- Operation, maintenance and modernization of LCAAP, and production of small caliber ammunition.
- Full and open competition, best value source selection.
- Two (2) contracts:
  - Facilities Contract
  - Contract with Requirements and Indefinite Delivery, Indefinite Quantity (IDIQ) Contract Line Item Numbers (CLINS)
    - One RFP
    - One Proposal
    - Two Contracts



## ***Acquisition Strategy – Overview (cont.)***

- Current production contract expires for ordering 30 Sep 2012. Final deliveries are required NLT 30 Sep 2013.
- One year (01 Oct 2012 – 30 Sep 2013) allowed for transition.
- Anticipated periods of performance for the resultant contracts of this competition is 5 years with optional periods of performance to cover another 5 years (FY13-FY22 if all options exercised).
  - Base award + two (2) evaluated options
  - Base award: FY 13-17 (1 Oct 12 – 30 Sep 17)
  - Option Period One: FY 18-19 (1 Oct 18 – 30 Sep 19)
  - Option Period Two: FY 20-22 (1 Oct 20 – 30 Sep 22)



## ***Acquisition Strategy – Evaluated Option***

- Exercising an option is **always** at the Government's discretion. Offerors should not assume that if a base award is received, that any option will be exercised.
- When determining whether to exercise an evaluated option, the Government will do an analysis IAW FAR 17.207.
- It is the Government's intent to have the same periods of performance for both contracts.



## Acquisition Strategy

- In consideration for exclusive use of the facilities, the operating contractor provides for facilities support (direct and indirect) in accordance with performance work statements.
- Costs to operate and maintain the facility are absorbed and allocated into the costs, i.e. indirect funded Performance Work Statement (PWS), of individual supply and service requirements. Representative examples include:
  - Materiel Management
  - Property
  - Security/Force Protection
  - Safety
  - Fire Protection/Emergency Services
  - Environmental
  - Government Property
  - Pest Management
  - Layaway of Industrial Facilities and Replenishment
  - Traffic Management



## ***Acquisition Strategy - Facilities Contract***

- Example Direct Funded PWS's
  - Modernization
  - Family Housing
  - Support of Onsite Government Staff
  - Armament Retooling and Manufacturing Support (ARMS)
  - Support of Onsite Government Ballistic Services Office/North American Regional Test Center



## Acquisition Strategy - Facilities Contract

- ARMS scope of work provides for commercial, 3rd party, and tenant use of facilities, with prior government approval.
- Current ARMS agreements.

<u>Company</u>	<u>Industry</u>	<u>Date of Exp</u>
• MAST Technology	Munitions Mfg	30 Sep 12
• Pride Machinery	Machinery Rebuild	Month-to-month
• Lake City Credit Union	Financial Services	31 Oct 13
• Arcadis	Office Space	30 Sep 13
• Elite Cuisine	Food Service	31 May 13
• WASP	Office Space	30 Sep 13

Note: Operating contractor(s) will be required to retain any ARMS agreements currently in place.



# Rock Island Contracting Center

## Lake City Army Ammunition Plant

### PRODUCTION LINE CAPABILITIES

#### SCAMP 5.56mm Building

- Case & Bullet Fabrication
- Primer Insert & Ctg Loading
- Clip, Link, Carton Packing
- M855 & Partial M855A1

#### 5.56mm & Links Building

- Case Fabrication
- Tracer Charging and Bullet Assy
- Priming & Loading
- M200, M856, Partial M855A1
- Small & Medium Cal Link Stamping and Heat Treating

#### 7.62mm, Cal .50, 20mm Building

- Case Fabrication (except 20mm)
- Bullet Assy, Tracer, Incendiary, & High Explosive Charging
- Priming, Loading, Final Inspection
- Link, Carton, Bulk Packing

#### Primer Building/Explosives Area: Primers & Pyrotechnics

- Initiating Explosives Mfg and Primer Composition Mixing
- Primer Metal Parts Fabrication
- Primer Charge & Assembly
- Pyrotechnic Composition Blending

### INFRASTRUCTURE

- 3935 Acres
- 408 Buildings; 134 Structures
- 3.2 Million Sq Ft Floor Space
- 60 Miles Roads; 25.5 Miles Security Fencing

### FACILITY CAPABILITIES

#### Ballistic Test Ranges:

- 200 Yd Indoor; Accuracy, V&P, F&C
- 2400 Yd Outdoor; Accuracy, Tracer Performance, F&C

#### Laboratories:

- Chemical & Metallurgical
- Explosives Chem Lab

#### Support Facilities/Utilities:

- Central Machine Shop/Tool & Gage
- Central Steam Plant & Pkg Boilers
- Water Treatment Plant & Supply Wells
- Central Compressed Air Supply
- Electric, Water, Gas, Steam Distribution
- Fire Protection & Emergency Services

#### Environmental Facilities:

- Industrial, Neutralized Explosive, Pyrotechnic Wastewater Treatment
- Explosive Waste Incinerator
- Industrial, Sanitary, Neutralized WW Collection

#### Storage Facilities:

- General & Ammunition Warehouses
- Primer, Pyrotechnic, and Propellant storage magazines



## ***Acquisition Strategy – Requirements CLINS***

- Includes all 5.56mm, 7.62mm, .50 Cal, .30 Cal, and .22 Cal families of ammunition procured by the RICC with the exception of the IDIQ CLINS which are also on the second source IDIQ contract.
- The Government reserves the right not to award any item(s) introduced during the length of the contract which LCAAP does not have the current capability to produce or cannot produce without facilitization (perishable tooling excluded).
- Firm-Fixed-Price (FFP) unit prices will be required for multiple volumes in each delivery order.



# Rock Island Contracting Center

## Acquisition Strategy - Requirements CLINS\*

Ctg Type	5.56mm	7.62mm	Caliber .50	Caliber .30
Ball	M193 & M855	M80	M33	--
Tracer	M856	M62	M17	--
Dim Tracer	MK301	M276	MK257 (API)	--
HPT	M197	M60	M1	--
AP	--	--	MK263	M2
Blank	M200	M82	M1A1	M1909
Dummy	M199A1	M63A1	M2A1	
API	--	--	M8 & MK211	--
APIT	--	--	M20	--
Other	M855A1 EPR	M118 LR		M2 Parts Kit

Cal .22 Ball Long Rifle Match

\* The Requirement CLINs may include the same model as the IDIQ CLINs, however, the IDIQ CLINs include a different pack-out. No DODIC can be both a Requirement and IDIQ CLIN.



# Rock Island Contracting Center

## Acquisition Strategy – IDIQ CLINS

- FFP unit prices will be required for multiple volumes in each delivery order.
- IDIQ CLINS will cover 12 items also under the Second Source contract:

DODIC	NSN	Nomenclature
AA33	1305-01-457-4589	Ctg.-5.56mm M855 Ball(10-Rd. Clip)
A059	1305-01-155-5459	Ctg.-5.56mm M855 Ball(10-Rd. Clip)
A062	1305-01-258-8692	Ctg.-5.56mm M855 Ball w/M27 Link (SAW)
A064	1305-01-252-0153	Ctg.-5.56mm (4) M855 Ball/(1) M856 Tracer w/M27 Link
A080	1305-00-182-3217	Ctg.-5.56mm M200 Blank(20-Rd. Carton)
AB56	1305-01-559-3332	Ctg.-5.56mm M855A1 Ball(Linked)
AB57	1305-01-559-3333	Ctg.-5.56mm M855A1 Ball(10-Rd. Clip)
AB58	1305-01-559-3335	Ctg.-5.56mm M855A1 Ball(10-Rd. Clip)
A131	1305-01-569-2912	Ctg.-7.62mm (4) M80 Ball/(1) M62 Tracer w/M13 Link
A143	1305-01-569-2917	Ctg.-7.62mm M80 Ball w/M13 Link
A555	1305-00-028-6574	Ctg.-.50 CAL M33 Ball Linked
A557	1305-01-370-2594	Ctg.-.50 CAL (4) M33 Ball/(1) M17 Tracer Linked



## Rock Island Contracting Center

# Anticipated Contract Terms & Conditions

- FFP contract with EPA
  - Looking for industry feedback on commodities to be included and structure
- Required delivery after Government places an order on contract:
  - Initial award quantity (Oct 12) – within 24 months
  - Subsequent orders – within 18 months
  - Last delivery order – no later than 30 Sep of the subsequent year
- Ammunition must be built to U.S. Military Technical Data Packages (TDPs).
- Progress Payments planned
- Commercial Use
  - Use of LCAAP will be allowed for commercial use with PCO approval and consideration.
  - Government is considering including an evaluation factor for offeror's compensation to the Government for commercial use of the facility.



## ***Anticipated Contract Terms & Conditions***

- Ownership and Data Rights:
  - Ownership and rights for all Capital & Intellectual Property vests in the Government for:
    - All Government furnished property, modifications to Government furnished property, contractor acquired property, and intellectual property
- Pricing:
  - Unit prices will be proposed on a per DODIC and family basis.
  - Delivery orders placed will reflect the applicable unit price for the cumulative quantities for that family awarded.
  - At the time the delivery order is placed or before the end of each fiscal year, all delivery orders/modifications awarded will be modified to reflect the appropriate range price associated with that year's total (cumulative) quantity ordered, and the unit prices will be adjusted accordingly.



# Rock Island Contracting Center

## *Anticipated Contract Terms & Conditions*

- Pricing Example:
  - The 5.56mm family has the following ranges (these amounts are notional only and will change with the submission of the final RFP) :
    - 200M - 400M
    - 400.1M- 600M
    - 600.1M- 800M
    - 800.1M- 1B
    - 1.1B - 1.4B
  - The offeror proposes A059 (a 5.56mm cartridge) at the following unit prices for FY13 (notional only):
    - 200M - 400M .2
    - 400.1M- 600M .18
    - 600.1M- 800M .17
    - 800.1M- 1B .16
    - 1.1B - 1.4B .15
  - If the total 5.56mm cumulative quantity ordered for FY13 is 795M, then the A059 will be priced at .17 each.



## Rock Island Contracting Center

# Anticipated Contract Terms & Conditions - Quality Assurance

- Standard Compliance Requirements, such as
  - Quality Management System (QMS) per ISO or Equivalent
  - Configuration Management
  - Critical Characteristics Control
  - Process Control
  - Acceptance Inspection Equipment (AIE)
  - First Article Acceptance Testing (FAAT)
  - Lot Acceptance Requirement/Lot Acceptance Test Report (LATR)
  - Ammunition Data Card



# Rock Island Contracting Center

## Indemnification

- Requests for Indemnification will be considered for this acquisition.
  - Offerors will be required to prepare and submit cost justification package.
- Mission includes LAP of munition items, as well as handling and storing munitions.
- Sec of Army approval is required to include indemnification clause at FAR 52.250-1 and should not be assumed to be guaranteed.
- Clause indemnifies contractor against claims by third persons for death, personal injury, or loss of, damage to, or loss of use of property.
  - Applicable only to claims or losses resulting from “unusually hazardous” risk when the claim or loss is not covered by insurance.
  - Generally covers two types of risk – explosive and environmental.
  - Excludes loss or damage caused by willful misconduct or lack of good faith on the part of the contractor’s principal officials.
- Operating contractors must still maintain both usual and customary commercial insurance coverage as well as coverage for any unusually hazardous risks, for themselves, their operations, and their employees.



UNCLASSIFIED



# Rock Island Contracting Center

## ***GFE/GFM – under review***

- Ammo Cans
  - M2A1
  - M548
- Weapons & Spare Parts
- Reference Ammunition



# Rock Island Contracting Center

## General Information

- The TDPs will be provided after issuance of the draft RFP, upon request to the Contracting Officer. Drawings for the TDPs are Distribution D and available to only those firms registered with the US/Canada Joint Certification Program (JCP). For information on becoming certified, see [www.dlis.dla.mil/jcp](http://www.dlis.dla.mil/jcp)
- Specifications will be provided on CD.
- Restricted technical data will not be forwarded to a contractor who has not been certified. A copy of the certified DD 2345 is required with written request to the Contracting Officer in order to receive the drawings.



UNCLASSIFIED



# Rock Island Contracting Center

## Links

- Government does not own all the equipment nor IP.
- Listing of Government-owned equipment and IP will be provided with the draft solicitation.
- Offerors will be required to propose their approach to obtain links to support ammunition requirements.



UNCLASSIFIED



# Rock Island Contracting Center

## 20mm

- Under review



# Rock Island Contracting Center



## Modernization

- Major manufacturing equipment investments
  - Upgrades to 5.56 mm rotary case, bullet, priming, loading
  - New 7.62 mm case and priming
  - New cal .50 case, loading and priming
  - Upgrades to 7.62 mm bullet
  - 7.62mm/cal .50 packaging improvements
- Major infrastructure improvements
  - Upgrades to indoor/outdoor ballistics
  - Explosive waste incinerator
  - Waste water treatment plant
  - Roof replacements
  - HVAC

All projects planned to be completed by end FY12 with exception of HVAC



## Modernization

- Major projects under consideration
  - Automation of primer manufacturing
  - Packaging\* (wirebound box elimination, M80 bandoleer)
  - Continue HVAC in production buildings
  - Ballistics 'indoor' range\*
  - 7.62 mm major overhaul
  - Tracer charging (all calibers)
  - Cal .50 bullet

**Planned projects are estimated only - subject to actual budgeting and resourcing**

\* - may be included in RFP



# Rock Island Contracting Center

## LCAAP Overall Capacity

Caliber	Modernized	Surge	TOTAL
5.56 mm	997M	300 M	1197 M
7.62 mm	160 M	72 M	232 M
Cal .50	60 M	0 M	60 M
TOTAL	1217 M	372 M	1589 M

Based on nominal 3/8/5 shift



UNCLASSIFIED



# Rock Island Contracting Center

## **M855A1**

- M855A1 Presentation



# Rock Island Contracting Center

## General Information

- All contractors who provide goods/services to the Department of Defense (DoD) must be registered in the Central Contractors Register (CCR). If you are not registered in CCR, you cannot be awarded a DoD contract. The website for registering in the CCR is <http://www.ccr.gov/>
- You may also contact the CCR Registration Assistance Center at 1-888-227-2423, customer service, and request the registration form and assistance packet for completion.



# Rock Island Contracting Center

## Questions?

- Based on today's presentation, industry is invited to provide comments/questions on the upcoming acquisition.
- The comments/questions should be submitted via the Q&A form on the website by 3 January 2011 and directed to the Contracting Officer at [Kristin.L.Comer@us.army.mil](mailto:Kristin.L.Comer@us.army.mil) and the Contract Specialist at [Jennifer.N.Paul@us.army.mil](mailto:Jennifer.N.Paul@us.army.mil).
- Industry should provide rationale for any comments/concerns.



## Summary

- All information provided today is TENTATIVE and subject to change.
- All information regarding the LCAAP acquisition, to include future industry day announcements, draft solicitation, Q&A will be posted under the LCAAP Acquisition website at:  
<http://www.aschq.army.mil/ac/aaisdus/LCAAP.aspx>.
- It is the responsibility of the contractors to check this website for the latest information regarding this acquisition.