

Small Caliber Second Source September 14, 2010 Industry Day Questions/Answers

Please note the answers to the following questions are not binding upon the Government.

1. Based on industry feedback and concern, the Government now intends to issue a solicitation for a producer/systems integrator to produce all three families (5.56mm, 7.62mm, Cal .50). Thus, the Government has determined that one contract award, instead of three separate contract awards, would represent the best value to the Government due to the lower cost to evaluate, award, and administer one contract and economies of scale available to a contractor producing all three families. Therefore, only one contract will be awarded based on the solicitation.

2. **Question:** Can a contractor propose on a DODIC level?

Answer: No, offerors must provide an offer on all the items listed in the RFP (see slide 13 of the industry day briefing).

3. **Question:** Will the Government entertain revising the strategy to allow tracer cartridges from outside the NTIB versus tracer projectiles?

Answer: No, as stated in the approved J&A, the Government intends is to have the NTIB producers assemble the cartridge within the NTIB. (Bullets/projectiles do not constitute a complete cartridge. The words *bullet/projectile* are interchangeable.)

4. **Question:** Can the tracer projectiles be shipped to the NTIB without the cartridge?

Answer: Yes, there are vendors who are currently doing this.

5. **Question:** What quantity of tracers will be needed for the lifetime of the contract?

Answer: At this time, the Government cannot provide a reasonable estimate of tracer quantities; however, historically most 7.62mm and Caliber .50 ammunition procured were 4 ball/1 trace.

6. **Question:** The Industry Briefing states contractors can get magnesium powder outside the NTIB; however, will the Government allow other components/raw materials to be procured outside the NTIB?

Answer: This procurement is restricted to the National Technology Industrial Base (NTIB) in accordance with 10 U.S.C. 2304 (c)(3) as implemented by FAR 6.302-3 (a)(2)(i). It is the intent of the Government to maximize the use of the NTIB. Therefore,

offerors are requested provide the Government feedback on any and all components, to include raw material, which cannot be obtained in the NTIB, with the exception of tracer projectiles for 5.56mm M856 cartridges, 7.62mm M62 cartridges, and Caliber .50 M17 cartridges and the magnesium powder used to produce those tracer projectiles. The Government will evaluate offeror's inputs and list any NTIB exceptions in the RFP.

7. **Question:** Will the Government look at single point of failures that are common to Lake City Army Ammunition Plant (LCAAP) and second source?

Answer: No, on this RFP, the Government is concerned about mitigating a single point of failure for the production facilities at LCAAP.

8. **Question:** Who are the ARMS tenants at LCAAP and what do they supply?

Answer: The following are the current ARMS Tenants:

- MAST (40mm M781; M81 Igniter time blasting fuze)
- Pride Machinery (occasionally supports Modernization)
- Arcadis (supports an Army environmental contract)
- Elite Cuisine (food service to production buildings)
- WASP (administrative operations for non-standard ammo contract)

In process:

- Bearing Distributors (commercial sales although are an ATK vendor for maintenance supplies)

Please note this list is subject to change and not the responsibility of the Government to update.

9. **Question:** Will the Government provide weapons for testing?

Answer: Yes, weapons will be provided as GFM.

10. **Question:** Can a contractor have more than one (1) automatic weapon on site?

Answer: Current Government contractors have more than one automatic weapon on site.

11. **Question:** Caliber .50 A576 was on first second source, will it be on this RFP?

Answer: No.

12. **Question:** Will the Government compete out year requirements each year?

Answer: No, under this proposed contract, options will not be competed. However, the Government reserves the right not to exercise an option in a given year and re-compete those requirements via a new contract vehicle if it is in the best interest of the Government.

13. **Question:** Given the volatility of copper prices, will the Government do anything to mitigate the price?

Answer: The Government will mitigate the copper price volatility by use of the EPA clause.

14. **Question:** Will the Government set the baseline for copper?

Answer: The Government is currently developing the EPA clause for copper and it will be available in the Draft RFP.

15. **Question:** Does the Government plan to have an EPA for energy?

Answer: No, the Government does not plan to have an energy EPA in the RFP.

16. **Question:** What does a foreign contractor need to do to obtain the TDP?

Answer: In order to obtain the TDPs, the contractor would need to have a DSP-5, fully executed by the State Department, which allows for the export of the technical data in question.

17. **Question:** Can an existing technical assistant agreement (TAA) be transferred?

Answer: Please contact the State Department so they can address your individual concerns.

18. **Question:** Will waivers to the TDP be granted?

Answer: The Government expects the contractor to build to U.S. Military TDPs.

19. **Question:** When will the M855A1 TDP be issued?

Answer: The Government intends to provide the M855A1 TDP after the issuance of the Draft RFP upon request to the Contracting Officer with the certified DD form 2345.

20. **Question:** Does the M855A1 use tracer projectiles?

Answer: The M855A1 does not use tracer projectiles.

21. **Question:** Will the Government waive First Article Acceptance Tests (FAATs) for continuous production?

Answer: Offerors shall propose assuming they will need FAATs. Any possible waivers will be in accordance with clauses in the solicitation/contract.

22. **Question:** Can the NTIB producers switch subcontractors after the first year?

Answer: Yes, the producers can change subcontractors; however, FAATs will be required in accordance with the contract. If a subcontractor is used that was not in the original proposal, then a change in place of performance must be approved by the Contracting Officer.

23. **Question:** Will the Government validate new producers by requiring bid samples?

Answer: No, FAATs will be required in accordance with the contract. If a subcontractor is used that was not in the original proposal, then a change in place of performance must be approved by the Contracting Officer.

24. **Question:** Will MIL STD 1916 be included in the solicitation?

Answer: Yes.

25. **Question:** Will the new SPC clause be included in the RFP?

Answer: The RFP will include 52.246-4506 Statistical Process Control (SPC).

26. **Question:** In push/pull there is a possibility to award 650,000,000 rounds in a given year, if so, would the delivery scheduled be adjusted beyond the 24 months in the proposed contract?

Answer: Should option quantities which are pushed back or pulled forward be awarded, and the total for the particular caliber family then exceeds the maximum quantities per year established in the solicitation, the Government will adjust the contract delivery schedule so that the contractor will not have to deliver more than the maximum quantity per family in that given year.

27. **Question:** Can an option be pulled into the base year?

Answer: At this time, the Government does not intend on pulling future option years into the base year, however this may be changed if the base contract award is delayed.

28. **Question:** Can the Government pull unused option year one (1) quantities to option year four (4)?

Answer: Yes.

29. **Question:** Will the option years be matrix pricing?

Answer: Yes, there will be range pricing for all the option years.

30. **Question:** Will deliveries be FOB origin or FOB destination?

Answer: Deliveries will be FOB origin.

31. **Question:** Will the second industry day be scheduled prior to the end of calendar year?

Answer: The Government is aggressively trying to hold a second industry day prior to end of calendar year.

32. **Question:** How much time is there between the RFP and proposal submission?

Answer: At a minimum, no less than 30 days.

33. **Question:** How likely is a September 2011 award date?

Answer: The Government is aggressively working towards this award date.

34. **Question:** Can the Government provide an estimated breakdown of the quantity of rounds and DODIC mix expected for each of the potential contract years? If not what volume ranges does the government anticipate receiving pricing from each caliber and DODIC?

Answer: The solicitation (Request for Proposal-RFP) will provide ranges per DODIC for the base and each evaluated Option Year along with family maximums.

35. **Question:** What does ARMS related equipment at LCAAP really mean? (Link manufacturing equipment, etc...) As a result of modernization at LCAAP, old

production lines may be turned off under this ARMS scenario. Can someone utilize this equipment for the second source? If so how?

Answer: The language presented at Industry Day regarding use of LCAAP will be revised when included in the RFP and state the following:

Approval to use Lake City Army Ammunition Plant (LCAAP) as a place of performance, and/or approval to use Government Property and Equipment on LCAAP will not be granted by the Government for use of this acquisition. However, any Armament Retooling Manufacturing Support (ARMS) tenants on LCAAP are acceptable for use on this acquisition as long as the appropriate ARMS approvals have been granted. No, the old production lines cannot be used on second source.

36. **Question:** The number of DODICs announced at Industry Day is less than the previous sources sought – what are the reasons for this?

Answer: The DODICs announced at Industry Day were determined by the Government team to maximize competition within the NTIB.

37. **Question:** Does the LCAAP operating contractor currently have the entire TDP for DODICS AB56 to AB58?

Answer: No.

38. **Question:** With respect to the Enhanced Lethality Round TDPs, does the US government anticipate any exclusions of contractors from competition due to organizational conflicts of interest?

Answer: No.

39. **Question:** Who will be responsible for shipping end product (DODIC) to the depots – will it be via GBL or will the contractor be responsible?

Answer: The RFP will be FOB Origin for all contract deliverables (DODICs). The contractors will be responsible for all other shipping.

40. **Question:** What potential ammunition depots will be included as possible delivery destinations?

Answer: Under a FOB Origin contract, the Government will be responsible for delivery to required destinations.

41. **Question:** What DODICS and volumes are expected to be delivered at each depot?

Answer: Under a FOB Origin contract, the Government will be responsible for delivery to required destinations.

42. **Question:** Where will acceptance of the DODIC be made – origin or destination?

Answer: Origin.

43. **Question:** If a solicitation and subsequent award is released based on this Sources Sought, will the contractor be permitted to invoice in accordance with FAR Subpart 31.10 Performance-Based Payments? If not, what type of contract financing is expected?

Answer: At this time the Government intends to include Progress Payments in the RFP.

44. **Question:** If a FFP contract is awarded, will the contractor be allowed to open discussions for contract price adjustments for contract years beyond FY11? Will the contractor then be allowed to account for these changes in uncontrollable raw material costs through an Equitable Price Adjustment or through pricing re-negotiations?

Answer: Re-negotiation of prices will not be allowed. The resulting contract will be a firm fixed price contract. As noted in the Industry Day briefing, there will be an Economic Price Adjustment (EPA) clause for copper.

45. **Question:** Is there the potential to include a .50 Caliber Armor Piercing Incendiary (M8 API) and/or a .50 Caliber Armor Piercing Incendiary Trace (M20 APIT) DODIC like the A576 in the mix with the current restriction of projectiles for M8 and M20 cartridges to international sources?

Answer: No.

46. **Question:** Will the USG follow a bid process similar to 60/81mm FRPC?

Answer: The bid process will be outlined in the RFP.

47. **Question:** Given a greater level of inspection at cartridge level acceptance versus linked lot level acceptance, will the US TDP be revised to include 100% belt pull at cartridge lot acceptance? (applied to all calibers)

Answer: No.

48. **Question:** Which Critical Characteristic Clause (CCC) will be included in the contract?

Answer: See draft RFP.

49. **Question:** To what level of components will FAATs be required on this contract?

Answer: See draft RFP.

50. **Question:** Will existing approved processes require new FAATs or will roll-over approvals be granted?

Answer: Offerors shall propose assuming they will need FAATs.

51. **Question:** Will roll-over approval be granted for existing AIE approval?

Answer: No.

52. **Question:** What GFE/GFM will be available on date of award? If all required GFP is not available, will USG approve a day for day slip for deliveries until such time as GFP is supplied?

Answer: See draft RFP.

53. **Question:** Will the USG ship GFP to the source of supply at no cost to the prime contractor?

Answer: See draft RFP.

54. **Question:** Will RFDs currently approved on the current Second Source contract be approved or rolled-over to the new contract?

Answer: No.

55. **Question:** Will the USG approve new RFDs similar to those currently in place for new suppliers at the time of contract award?

Answer: The RFP will require that all ammunition be built to the U.S. TDP. RFDs will be considered on a case by case basis but the Government does not guarantee approval of any RFD.

56. **Question:** Will the Government consider providing EPA for commodities other than copper?

Answer: At this time, the Government is only considering an EPA for copper. As part of the draft RFP, offerors may suggest other commodities to be included. In doing so, offerors shall provide a compelling argument detailing the volatility and how much that commodity impacts the overall unit price. Information received will be considered.

57. **Question:** With FOB Origin terms, international shipments (if required) will be arranged by the Government and the Government will be identified as the exporter of record. Is this correct?

Answer: See the answer to Question #39.

58. **Question:** Will ammunition cans be provided as GFM?

Answer: No.

59. **Question:** In the Industry Day Announcement, it was stated that any Armament Retooling Manufacturing Support (ARMS) related equipment on LCAAP is acceptable for use on this acquisition. In your posting of Industry Day Questions/Answers, Question No. 8 dealt with ARMS tenants at LCAAP. The listing of tenants did not include the cartridge link facility at LCAAP. Does this mean that use of the LCAAP for supply of links is prohibited?

Answer: Yes. The link producer at LCAAP is not an ARMS tenant.

60. **Question:** Will the contract allow Progress Payments?

Answer: At this time the Government intends to include Progress Payments in the RFP.

61. **Question:** Will range pricing be requested by DODIC? Will the ranges, when added together, total more than the product family maximums quoted at Industry Day?

Answer: Range pricing will be requested by DODIC. The ranges in a family when added together for all DODICs will total more than the family maximums. However, the contractor will only be required to deliver up to the family maximums per year in accordance with the delivery terms outlined in the contract.

62. **Question:** Who are the approved suppliers for the M855A1 Penetrator (USG Drawing 13020536) and M855A1 Slug (USG Drawing 13020546)?

Answer:

Penetrator:

- 1) Machine Labs, Lenexa, Kansas
- 2) Abbate Screw Products, Roselle, Illinois
- 3) MRP, Howell, Michigan

Slug:

- 1) MRP, Howell, Michigan
- 2) Derringer-Ney, Marshall, North Carolina

63. **Question:** Is it the Government's intention to limit the movement of option quantities between option years (push/pull) to a maximum of one year?

Answer: No. The Government reserves the right to push/pull option quantities to or from any option year.

64. **Question:** It was identified in the pre-solicitation that magnesium powder could be procured outside the NTIB. Does the government intend to verify that all other commodities/materials are sourced from within the NTIB?

Answer: The intent of the Government is for the offerors to provide all components and raw material used in cartridge production from the NTIB (U.S. and Canadian) sources with the exception of tracer projectiles and magnesium powder. The offerors will be requested at the next Industry Day to provide a list of components/raw material which cannot be obtained from NTIB sources with a detailed explanation of why it is not available.

65. **Question:** How commodities will be "leveled" in TEP evaluation? How will a consistent baseline be established on commodity price assumptions to assure a level playing field for competitors and a consistent risk profile to the government from one offerer to the next?

Answer: The contract will be awarded based on a firm fixed price competition. Offerors will be bound to the prices proposed, with the exception of commodities included in the EPA clause. For items included in the EPA clause, offerors will be required to substantiate the baseline price with actual quotes received.

66. **Question:** Can the Government provide additional detail on timing for the draft RFP and Industry Day II?

Answer: The Government will communicate this data via FedBizOps and the website: <http://www.aschq.army.mil/ac/aaisdus/Sow.aspx>.

67. **Question:** Any additional data on the relative distribution of rounds by DODIC within each family to aid contractor planning efforts?

Answer: See Question/Answer #34.

68. **Question:** Any new data or insight on the relative distribution of rounds between M855 & M855A1 and transition timing to aid contractor planning efforts?

Answer: Not at this time.

69. **Question:** Could actual data on orders against the original Small Caliber Second Source contract be provided for planning purposes?

Answer: Each contract stands on its own and contractors should not rely on data from a previous acquisition.