



**DEPARTMENT OF THE AIR FORCE**  
**WASHINGTON DC**

15 APR 2002

**OFFICE OF THE ASSISTANT SECRETARY**

**MEMORANDUM FOR SEE DISTRIBUTION**

**SUBJECT: Product Support Partnerships and Depot Maintenance Integration**

At Depot Offsite IV, 28 Nov 01, the Secretary of the Air Force (SECAF) and the Air Force Chief of Staff emphasized the importance of initiating support partnering discussions for new weapon systems early in the acquisition process, applying partnerships to legacy systems where they make sense, and reaffirmed the importance of retaining a robust organic depot maintenance capability.

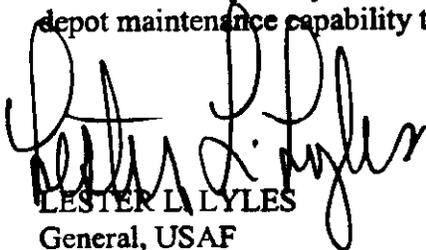
The Air Force strategy for supporting our products is to aggressively pursue strong partnerships between the Air Force and our contractor counterparts early in the acquisition life cycle. Life cycle product support is to be managed through long-term performance-based partnerships. The specific roles of the partners may change over time, but the partnership should remain intact for the life of the weapon system. Partnering must be a major focus area in your product support planning activities. Include in your Single Acquisition Management Plan and your Product Support Management Plan a description of your partnering strategy/plans.

We must leverage the strengths of industry and the Air Logistics Center (ALC) depots to ensure best value. This best value can be accomplished by encouraging partnering as a part of the acquisition strategy to capitalize on initial product support investments. The objective of a partnership is to meet the performance requirements as determined and funded by the lead operational MAJCOM, while reducing the currently planned/budgeted operating costs to mutually agreed upon targets.

The Air Force is committed to retaining a robust, affordable organic depot maintenance capability to support our forces across the spectrum of potential operations. Our challenge is to integrate this organic depot capability within the context of the overall Product Support partnership arrangements. Additionally, we must address the challenge the Air Force is facing in complying with 10 U.S.C. § 2466, the 50/50 law. This law requires that not more than 50 percent of funds made available to a military department for depot-level maintenance and repair workload be used to contract for the performance by non-federal Government personnel of such workload. The SECAF has had to accomplish waivers to this requirement in both FY00 and FY01. Without a concerted effort to increase the organic workload, the potential for additional waivers remains.

New weapon systems establishing their support concept and fielded weapon systems reengineering their product support or depot maintenance programs must proactively consider using the organic ALCs as part of their partnering strategies. Partnership planning must commence early even though the specific organic workloads may not yet be designated.

Programs must estimate and program the necessary investment dollars required to establish this organic capability. This is particularly important for capability and/or workload designated as Core, which is a critical element of our overall warfighting capability. The attachment provides interim guidance on product support partnering policy. This interim guidance will be included in AFI 63-107 with the next revision and is effective immediately. The directives in this memo will ensure that we put in place a responsive product support structure and preserve a robust organic depot maintenance capability to support the warfighter.



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Commander  
Air Force Materiel Command



MARVIN R. SAMBUR  
Assistant Secretary of the Air Force  
(Acquisition)

Attachment:  
Interim Guidance

cc:  
SECAF  
CSAF  
AF/IL  
AF/ILM  
SAF/AQX  
OC-ALC/CC  
OO-ALC/CC  
WR-ALC/CC  
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## Attachment

### Product Support Partnership Policy

1. This policy provides interim guidance for AFI 63-107, Integrated Product Support Planning and Assessment, dated 29 May 01 on Public Private Partnering Initiatives in Acquisition Strategy and is effective immediately. All Program Executive Officers and Designated Acquisition Commanders are responsible for the proper implementation of this policy. HQ USAF/IL and SAF/AQ will ensure partnering is included in the Single Acquisition Management Plan (SAMP) and fully assessed at all future ASPs. Points of contact for information on this policy are Maj Anna Walters, SAF/AQCK, DSN 425-7080 and Ms. Jan Mulligan, HQ USAF/ILMM, DSN 225-1956.
2. Air Force (AF) strategy specifies that sustainment support for AF products shall be aggressively pursued through public private partnering (PPP) via performance based logistics (PBL) contracts. This strategy supports the 2001 Defense Planning Guidance (DPG), the Quadrennial Defense Review (QDR) and the DUSD (L&MR) Product Support Guide. The goal of PPP is to ensure private industry partners with public depots to accomplish Core candidate capability and/or workloads, and all other (non-candidate) capability and/or workloads are allocated between industry and government, based on the government's assessment of best value.
  - a) PPP exists when two or more persons, representing both public and private sectors enter into a documented agreement for the production of goods or services. Each agrees to furnish a part of the capital and labor for a business enterprise and each shares in some fixed proportion of profits/losses and risk. A partnership focuses on creating a long-term "business alliance" between two or more entities with diverse but complementary core competencies. Partnering guidance applies to total product support arrangements, as well as individual repair processes or subsystems and to all types of proposals, competed or sole source.
  - b) PBL is the DoD preferred approach to implementing weapon system product support. PBL buys performance and capability. It defines output performance goals that represent weapon system capability. PBL tells the support provider, whether public or private, the desired result, not how to do the work. The goal of PBL is to design and build a reliable system that will reduce the demand for logistics and develop a maintainable system that reduces resources, such as manpower, equipment and time, required to provide logistics support. The challenge of PBL is to design business relationships, whether public, private, or some combination of both, that create incentives for reducing not only the resource requirements for logistics, but also the requirement for sustainment itself.
3. Over the long-term, the AF depends on both public depots and private industry, to ensure operational objectives are achieved. Both of these depot level entities possess complementary capabilities which when integrated in efficient and effective ways will ensure best value life cycle support to the warfighter. Partnerships that address sharing of investments, sharing and transfer of start-up equipment, and/or joint-use of facilities, can be beneficial to both public and private sectors and offer potential areas for creative partnering and overall cost reduction.
4. Partnering must be addressed early in the acquisition process for all types of sustainment acquisition. Partnering is a required element in the Single Acquisition Management Plan (SAMP) and shall be addressed prior to Milestone B (System Development & Demonstration) and/or the release of solicitation or request for proposal (RFP) for system development and demonstration. Partnering

arrangements shall ensure that a public depot is providing all or part of the technology identified by HQ AFMC/LGP as Core candidates. Non-Core candidate technologies shall be available for partnering.

5. If the approved acquisition strategy for a new weapon system or major modification to existing weapon systems includes partnering and contemplates competition, partnering must be addressed as part of the evaluation of offerors' proposals. Partnering could be addressed as part of the assessment of the maintenance/sustainment concept under mission capability and/or as part of the assessment of past performance. It is critical that the information the offerors provide will support meaningful comparison and discrimination among the competing proposals. Only that information the Government actually needs to conduct a meaningful evaluation should be requested from the offerors.
6. The RFP should identify evaluation criteria and must also specify what the offeror needs to provide (Instructions to Offerors, Sect L) and how it will be evaluated (Section M). Generally, the specific requirements should be identified in a Section H "Special Contract Requirements" provision. More general requirements pertaining to partnering and the interaction of government and industry employees shall be addressed in the Statement of Work. HQ AFMC/PK & LG will publish templates for use in partnering solicitations and proposal evaluation criteria in their HQ AFMC partnering guide.
7. A fully coordinated abbreviated Source of Repair Assignment Process (SORAP) shall be accomplished prior to milestone B, System Development & Demonstration, for the following depot maintenance capability and/or workloads:
  - a) Core. An abbreviated SORAP on Core candidate capability and/or workload shall at a minimum consist of (1) a HQ AFMC/LGP Core candidate assessment, and (2) HQ AFMC/LGP identification of a candidate public depot. AFI 63-107, currently requires a Core candidate assessment prior to submission of the SAMP. This policy change mandates "identification of mandatory partnering" on Core candidate capability and/or workload in the RFP/solicitation, prior to Milestone B, System Development & Demonstration. Later in the acquisition program, when actual usage is available, a full SORAP can, be accomplished to determine what if any percentage of the Core Candidate capability/workload can efficiently be out-sourced or shared with the private partner.
  - b) Partnered non-Core. An abbreviated SORAP on non-Core candidate capability and/or workload shall at a minimum consist of: (1) a HQ AFMC/LGP Core candidate assessment (2) HQ AFMC/LGP identification of a candidate public depot, (3) a 50/50 assessment, (4) a private partner proposal, (5) a HQ AFMC/LGP acceptance to ensure capability and/or workload is compatible with the Depot Maintenance Long-Term Strategy, and (6) selection as "Best Value" by the source selection committee. Remaining non-Core depot maintenance capability and/or workload will comply with routine SORAP procedures and guidance.
8. Both partners have responsibilities for the establishment of DoD depot capability based on the accepted partnering agreement. Both partners shall immediately, or as soon as is necessary to ensure DoD depot capability is available to support the initial generation of repair requirements, initiate planning, budgeting, and funding for DoD depot activation of the repair capability necessary to support the capability and/or workloads addressed in paragraph 7 above.