

**MEMORANDUM OF AGREEMENT
NAVAL AVIATION INDUSTRIAL PRESERVATION,
PACKAGING, PACKING AND MARKING PROCESS**

I. AUTHORITY

A. This Memorandum of Agreement (MOA) is executed pursuant to an understanding between the Naval Air Systems Command (NAVAIR), Naval Supply Systems Command (NAVSUP) and the Defense Logistics Agency (DLA).

B. The authority to execute this agreement is vested in the Director, Defense Logistics Agency for DLA and on behalf of the Department of the Navy (DON), Commander, Naval Air Systems Command and Commander, Naval Supply Systems Command.

C. For DON, issues pertaining to the day-to-day operations and performance monitoring of the provisions of this MOA are the responsibility of NAVAIR, Naval Inventory Control Point (NAVICP) and for DLA, this authority rests with the Defense Distribution Center (DDC).

II. SCOPE

A. This MOA governs responsibilities required for the execution and performance of Naval Aviation Industrial Preservation, Packaging, Packing and Marking (PPP&M) and related services as contained herein for all material in support of Naval Aviation Depots (NADEPs).

B. PPP&M is defined as the Preservation, Packaging, Packing and Marking of assets to include cleaning, drying and application of external contact preservatives, wrapping materials, cushioning materials, and containers (unit, intermediate, and shipping) in accordance with the NAVICP prescribed MIL-STD-2073 packaging requirements codes as contained in NAVSUP P700 and DSS. Package markings shall be applied to unit, intermediate, and shipping containers in accordance with MIL-STD-129.

III. AGREEMENT

A. DLA shall provide PPP&M support in accordance with Navy requirements for an annual Firm-Fixed Price not to exceed \$7.8M. This function will be performed at NADEPs Cherry Point, North Island, and Jacksonville. The above rate is valid for FY01 & FY02. NAVICP and the NADEPs will jointly determine funding responsibilities for P&P and associated services and provide same to DDC on a quarterly basis.

B. The DLA rate is guaranteed up to a 5 percent increase over 153,137 units. NADEP workload variances impacting costs will be negotiated between the DDC, NAVAIR, and NAVICP. DLA shall also provide support of up to 15 percent fluctuation in daily workload averages during peak periods and after hours for late breaking requirements for which immediate processing is

necessary. The workspace will normally be available Monday through Friday from 0600 to 2300. Personnel staffing will be staggered to meet P&P requirements and for authorized weekends and Holidays. The NADEP must approve exceptions to the hours of availability.

C. Existing procedures and processes in support of PPP&M shall remain in effect unless modified herein. Local deviations to this agreement must be negotiated and approved by the principals at each site.

D. DLA shall implement the reengineered PPP&M process no later than 1 Oct 2000 or in accordance with implementation plan mutually agreed to by the NADEP and DD. This agreement shall remain in effect unless revised or terminated by mutual consent if performance standards are not achieved and maintained. Termination or modification will require a 6-month notice.

IV. RESPONSIBILITIES

A. DLA

1. Will provide the program oversight while DDC will be responsible for the preservation/packaging program management.

2. Senior Executive Service (SES) or SES-designate level participation in quarterly reviews conducted by the Navy until all 3 NADEPs are fully operational for one full year. Thereafter, reviews as appropriate.

B. DDC/DISTRIBUTION DEPOTS

1. Provide PPP&M services in support of NADEP operations. PPP&M and/or end-of-the-processing-line areas, herein referred to as PPP&M satellites, will be established at the NADEPs to provide PPP&M for materials completing the repair cycle. Items without support of a PPP&M satellite will be sent to the main packaging area.

2. Designate personnel to have a Secret Clearance and/or Confidential Clearance in accordance with NAVY/DLA requirements.

3. Comply with PPP&M procedures in NAVSUPPUB P700, 502 and 503, DSS, MIL-STD-2073, Special Packaging Instructions (SPI), and NADEP-generated instructions.

4. The NADEPs will provide assistance to the DDs, to implement on a phased basis an ISO 9000 Business Management Program that will be endorsed by NAVAIR. Also provide quality plan to NAVAIR for endorsements.

5. Issue components as identified by the NADEP induction schedule when Material Release Order (MRO) is available in DSS. Sort, deliver components and provide pallet-

level manifest by satellite locations, to the PPP&M sites daily or more frequently as required. Protect assets (e.g., ESD protection) during movement within satellite sites. NADEP signs manifest after De-Trash for custody transfer. Weekly induction close out must be completed by close of business each Friday.

6. Offload incoming components from transportation devices employing qualified operators licensed by the Defense Distribution Depot to operate forklifts and other mechanical devices as defined by the NADEPs.

7. Receive/offload components at the PPP&M sites.

8. Perform De-Trash function. Remove incoming assets from containers, place into or apply in-house handling devices as required, and attach all documents, tags or repair cards prior to induction. Apply protective caps or plugs, and tag assets to identify where any protective caps or plugs were installed during the receipt/induction phase in accordance with NADEP instructions. Complete the process within one working day from date of arrival.

9. Prepare Reports of Discrepancy (ROD) or Supply Discrepancy Reports (SDR) if obviously wrong material is received or has been damaged (including corrosion) or improperly packaged. Submit ROD/SDR to NAVICP with a copy to NADEP.

10. Assets scheduled for induction for the week will have an Operational Document (OP/DOC) or Induct-Return Card (MRP II environment only), provided by NADEP, available to be matched to incoming material. After matching the OP/DOC to the material custody transfer shall be accomplished via Bar Coded Electronic Exchange System (BREES) between NADEP, Fleet Industrial Supply Center (FISC) and the Defense Distribution Depot, as appropriate. Following induction, DD personnel shall sort and stage assets for NADEP delivery to the designated repair shop by NADEP personnel.

11. Stage empty reusable containers for return to CRRC or FMS warehouse as appropriate.

12. Comply with environmental/HAZMAT/HAZWASTE/safety requirements. Since cleaning solvents and contact preservatives used in preservation of components are classified as hazardous materials (HAZMAT), transfer used/excess materials to NADEP custody for disposal in accordance with prescribed requirements.

13. Access NADEP WIP database to determine container requirements. If access is not available, NADEP will provide workload information. Interface with the CRRC to ensure availability of containers. Maximize the reuse of packaging materials, including reusable containers, crates and boxes. Construct wooden crates and boxes as required.

14. Provide all preservation, packaging and packing consumable materials to accomplish the PPP&M effort. Deliver

consumable materials to PPP&M locations as needed. Maintain minimum supply of consumable materials at NADEP PPP&M satellites, as storage space permits.

15. Accept components for packaging that are delivered to the PPP&M sites. Custody transfer shall be accomplished via BREES, or alternate system, between FISC, NADEP, and Defense Distribution Depots. Repackage, update DSS, and return misidentified assets to storage.

16. Complete PPP&M operations within one working day of component arriving at designated incoming staging area. Place in the specified reusable container, crate or box. If specified container is unavailable from the CRRC,* use an approved alternate pack. Prepare all labeling and documentation required for identification and transportation. Apply employee identification number to all required documentation. Upon completion of packaging, place component(s) in designated staging areas for pick up by the designated transportation provider. Pickup completed and misidentified components from NADEP shipping locations daily or more frequently as required. Maintain records/files for all assets processed at each PPP&M location.

17. Perform general housekeeping of PPP&M sites/satellites and place trash in a NADEP-provided bulk trash receptacle/dumpster.

18. Provide and use appropriate Personnel Protective Equipment.

19. SES or SES designated level participation in quarterly reviews conducted by the Navy.

C. **NAVAIR**

1. Naval aviation industrial PPP&M policy/program oversight and management.

2. SES or SES-designated level participation in quarterly reviews conducted by the Navy.

D. **NAVAL AVIATION DEPOTS (NADEPs)**

1. Provide NADEP satellite workspaces for PPP&M operations. Workspaces shall include facilities and equipment necessary for PPP&M operations including Information Technology (IT) equipment and communication lines (if required), workbenches, support equipment, lifting devices, including material handling and weight handling equipment (including maintenance) staging areas, and storage racks as necessary. Secure P&P work areas for material asset protection. NADEP is responsible for performing facilities maintenance (i.e., roof, doors, etc.) as required to maintain PPP&M satellite operations. NADEP will also accomplish mutually agreed facility improvements (i.e., expand doorways where required for materiel movement in

and out of the facility, construct/improve unloading/loading docks, etc.) to improve operational efficiencies prior to implementation at a satellite.

2. Identify components to be "picked and pulled" from local DD storage to enable delivery to the applicable NADEP satellite and to begin component induction process. Provide all appropriate Operational Documents (OP/DOC) or Induct-Return Cards (MRP II environment only), at each satellite for DD personnel to match to the incoming component. Delivery from satellite to shops will be accomplished by NADEP.

3. Provide monthly and or weekly detailed accurate forecasting of satellite workload to the distribution depot for personnel, supplies and box/crate manufacturing resource purposes at least 5 days prior to the start of a new month.

4. Provide local CRRC, PPP&M service provider and the crate/box manufacturing shop access to Work in Process (WIP) database for container forecasting. Provide information if access is not available. WIP workload information will be available at least one week in advance of upon receipt of the materiel. WIP data will be user friendly, easy to read, and clearly identify the National Stock Number (NSN) container requirements for the materiel that PPP&M will be accomplished for the CRRC program manager to deliver containers that are in stock at least 2 days prior to actual need or to obtain NAVICP procured containers, other than boxes or crates that are manufactured by the DDC depot to the P&P work area.

5. Following repair/processing of components, apply handling and/or ESD protection as required, and move components to satellite packaging locations per local instruction.

6. Provide oversight of the PPP&M service provider's Quality Program as deemed necessary by the NADEP for ISO 9000 compliance.

7. Provide PHS&T Engineering liaison support to NAVICP and PPP&M service provider.

8. Provide HAZMAT/HAZWASTE and safety compliance requirements including hazardous communication requirements for DLA employees working within the NADEP satellites.

9. Deliver non-NAVICP (i.e., FMS, Inter-service) cognizant containers as required to NADEP PPP&M satellites in accordance with the schedule provided by the NADEPs.

10. As a minimum, quarterly reviews will be conducted between the NADEP and local Distribution Depot. Weekly and/or monthly informal discussions may be undertaken to identify program efficiencies and process improvements. Issues that cannot be resolved at the local NADEP/DDC Depot will be elevated

to the NAVAIR, NAVICP, and DDC level for discussion and resolution.

11. Provide trash receptacles and services for the detrash and PPP&M satellites.

12. Participate in quarterly reviews.

E. **NAVSUP**

1. Navy supply policy and program oversight.

2. Conduct quarterly reviews at SES or SES-designate level.

F. **NAVICP**

1. Program management, oversight and funding control for the naval aviation industrial PPP&M Program. This includes funding, interface and negotiations with other support programs.

2. Technical packaging authority responsible for identifying preservation, packaging, packing and marking (PPP&M) requirements (NAVSUP P700, SPIs, NADEP-generated instructions) for all components.

3. Maintain management control of reusable containers (with the exception of engine cans and blade boxes) within the local Container Reclamation and Refurbishment Center (CRRC), including delivery and pick up of containers as required to NADEP P&P satellites. CRRC containers will be delivered at least 2 days in advance of actual need.

4. Coordinate and participate in quarterly reviews.

V. **ACCEPTABLE PERFORMANCE LEVELS (APL)**

A. **DETRASH**

1. Perform Detrash of inducted items within "one working day" (8 normal working hours or 24 hour period) of receipt at satellite sites. APL is 95 percent within "one working day" of receipt at satellite sites.

2. APL Measurement will be as follows:

a. Start the clock when DD physically receives items at Detrash satellite sites. Currently no systemic date/time stamp is available.

b. Stop the clock when DD/FISC uploads the BREES (Induction) transactions which officially transfers custody. Currently no systemic date/time stamp is available.

Note: There is no systemic way to measure the date and time for when material is received at the detrash site. DD/NADEP will monitor the sites, and use visual examination of items to determine if the time frames are being met in general. If a receipt time stamp is required, DD/NADEP will develop a method. For example, we could use a shipping document that is time stamped when the pallets are dropped at each site and/or develop a method to add a predetermined amount of time to the DSS Ship time/date stamp (Pack Transaction) to account for delivery time to the satellites.

B. PPP&M:

1. Perform PPP&M of returned items, including "F & G" condition items, within "one working day" of receipt at satellite sites. APL is 95 percent within "one working day" of receipt based on a surge in workload of less than or equal to 15 percent.

2. APL Measurement will be as follows:

a. Start the clock when DD/FISC uploads the BREES (Return) transactions which officially transfers custody and creates a due in DSS with a date/time stamp. This upload will occur right after NADEP performs the BREES transactions via the handheld unit.

b. Stop the clock when DD performs the re-warehousing action after completing the PPP&M. This creates a date/time stamp within DSS.

Note: If the workload surge exceeds 15 percent, then variance/waivers will be allowed from this APL. Variances will depend on the number of days and the workload volume that exceeds the 15 percent surge. At this time DD/NADEP have not developed a methodology to adjust the APL based on workload exceeding the 15 percent surge. If needed, the methodology will be developed by DD and NADEP.

VI. DATA POINT COLLECTION

- ✓ Number of components de-trashed
- ✓ Number of components not de-trashed within one working day
- ✓ Number of RODs generated for misidentified or damaged components due to poor packaging
- Number of components priority packaged
- ✓ Number of components not processed and packaged within one working day of arrival time
- ✓ Number of components processed and packaged at the satellites, by satellite, and at the main packaging area
- Number of components processed and packaged in other than "A" condition
- ✓ Number of alternate packaging required to perform due to non-availability of reusable containers

- Number of reusable containers used
- Number of reusable containers provided
- Number of wooden crates/boxes constructed
- Additional labor and material costs associated with the alternate packaging
- Number of components requiring application of a preservative
- Number of components inducted
- Number of components produced
- Number of components scrapped

VII. ATTACHMENTS (Exceptions to the MOA)

1. Cherry Point
2. Jacksonville
3. North Island

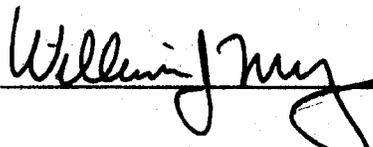
DLA


 _____ DATE 8 Dec 00

NAVAIR


 _____ DATE 21 Nov 00

NAVSUP


 _____ DATE 15 Nov 00

Cherry Point

Exceptions to the MOA

1. DDCN is responsible for performing de-trash, rigging and screening of materials in buildings 137, 1798, NADEP section of 159. Operations in building 154 will remain a NADEP Cherry Point function until an agreement is reached between Navy/DLA allowing DMISA to be entered into the DSS and that this be handled as a transfer of work under unit cost. Any PPP&M requirements identified in these areas will be performed by DDCN. In addition, delivery and pick-up requirements listed in this addendum is also a DDCN responsibility.
2. In reference to Section IV, Paragraph B2, NADEP Cherry Point will handle "Gold Plating" packaging and clearances.
3. In Section IV, Paragraph B.5, under DDC/Distribution Depot responsibilities, delete the requirement for pallet level manifest. NADEP JAX has also decided not to request pallet level manifests.
4. In reference to Section IV, Paragraph B.8, upon receipt of components from the fleet absent of required caps or plugs, DDCN will attach a contamination tag that signifies that the component may be contaminated.
5. Data points listed in Section VI will not initially be collected at Cherry Point. Data collection will be established on an as needed basis and as agreed by both DDCN and NADEP Cherry Point.

Jacksonville

Exceptions to the MOA

1. Delete the requirement for pallet level manifest identified in Section IV Paragraph 5 under DDC/Distribution Depots Responsibilities. NADEP JAX is not requesting the pallet level manifest.
2. The Data Points listed in Section VI will not initially be collected at Jacksonville. Data collection will be established on an as needed basis and as agreed by both DDJF and NADEP JAX.

North Island

Exceptions to the MOA

1. The Data Points listed in Section VI will be collected at North Island. Each data point is identified (DDDC, NADEP) with the activity that will be collecting the data.

- Number of components de-trashed (NADEP)
- Number of components not de-trashed within one working day (DDDC)
- Number of RODs generated for misidentified or damaged components due to poor packaging (DDDC)
- Number of components priority packaged (DDDC)
- Number of components not processed and packaged within one working day of arrival time (DDDC)
- Number of components processed and packaged at the satellites, by satellite, and at the main packaging area (DDDC)
- Number of components processed and packaged in other than "A" condition. (NADEP)
- Number of alternate packaging required to perform due to non-availability of reusable containers (DDDC)
- Number of reusable containers used (DDDC)
- Number of reusable containers provided (CRRC)
- Number of wooden crates/boxes constructed (DDDC)
- Additional labor and material costs associated with the alternate packaging (DDDC)
- Number of components requiring application of a preservative (DDDC)
- Number of components inducted (NADEP)
- Number of components produced (NADEP)
- Number of components scrapped (NADEP)