DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

MAR 1 9 2003

MEMORANDUM FOR SEE DISTRIBUTION

FROM: AFMC/CC
4375 Chidlaw Road
Wright-Patterson AFB OH 45433-5001

SUBJECT: Management of Air Force Depot Maintenance Workload Distribution, (AFMC/CC Memo, 24 Jan 02)

1. Attached you will find updated guidance concerning the depot workload approval process. Our need to provide this updated guidance, while largely part of routine process improvement, is also due to concerns we have regarding depot maintenance workload distribution (50/50) compliance for FY03. We are projecting 50/50 headroom for this current fiscal year to be within the 2 percent readiness reserve, meaning our compliance outlook for this year remains a concern. The outlook for Section 2466 compliance beyond FY03 is positive. However, despite these positive indications of compliance, the necessity of past waivers to the 50 percent contract workload limitation in FY00 and FY01 serve as a reminder of the importance of managing our depot maintenance workload mix. This issue continues to be a top priority with the Secretary and Chief of Staff of the Air Force, who have repeatedly expressed to Congress their commitment to complying with Section 2466. Consequently, this memo supercedes our previous policy, dated 24 Jan 02, and enacts more specific guidelines for submitting workload approval requests.

2. We will need your help to ensure processes are in place and Command Sections have reviewed all Source of Repair Assignment Process (SORAP) or workload approval requests. We have to ensure, if we must limit our workload approvals, that we make the right decisions in deciding which workloads can be approved and which ones potentially can be deferred. With the current operational climate, we remain sensitive to the need for supporting our customers without fail.

3. Please note the attached General Guidelines introduces categories in which to prioritize all workload approval requests. This expanded guidance provides definitions for categories labeled Emergency, Urgent, or Routine and includes direction for their use.

4. In addition to the procedures attached to this memo, we have increased the scope of the contract review effort addressed in my 24 Jan 02 memo. The initial effort only addressed temporary contracts; those contracts exercised to compensate for a short term organic capability shortfall. Under the expanded effort, we are also including permanently postured contract workloads, interim contractor support workloads and those workloads which have not been postured through the Source of Repair Assignment Process (SORAP). The intent of the review is to determine which of those workloads are suitable for organic depot repair.

5. Finally, we fully acknowledge the amount of effort it takes to implement this current workload approval process. Unfortunately, these steps are necessary to ensure we do not breach the 50 percent contract workload limitation and to lessen the potential for requiring a waiver of that limitation in the future. Given the close proximity of our workload mix to the readiness reserve in FY03, the process has to stand as is. However, as our 50/50 status improves, we will make every effort to modify the process and adjust the minimum threshold for local approvals to ease the administrative burden.

6. Support from across the command is required to ensure this policy is successful and results in positive management control from both a statutory and a business perspective. Questions regarding this policy can be directed to Mike Powers, HQ AFMC/LGPC, DSN 674-0037.

LESTER L. LYLES
General, USAF
Commander

Attachment:
General Guidelines for Approving a
Depot Workload Source of Repair

cc:
HQ USAF/IL
SAF/AQ
AFMC/DR

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Attachment 1

General Guidelines for Approving Depot Workload Source of Repair

1. General Requirement

a. United States Code (USC) Title 10, Section 2466 establishes a 50 percent limitation on depot maintenance workload that may be performed by private sector sources of repair. This statute drives a requirement to establish a process to report all Air Force depot maintenance workload distribution. It also makes it necessary to have a process to track and manage workload distribution as a way to gauge compliance throughout the fiscal year as well as to forecast potential compliance problems. Therefore, a process to gain visibility over new workloads or changes to existing workloads, determine their impact to statutory requirements relating to core requirements and workload mix, and to maintain a record of the source of repair decision is essential.

b. All depot workload sourcing decisions require HQ AFMC/LG notification or approval based on the classification and dollar amounts indicated in Section 3 of this guidance. These workloads impact the 50 percent limitation and include all Depot Maintenance Activity Group (DMAG) funded workload, contract depot maintenance (formerly funded and managed as Contract DMAG workload), Contractor Logistics Support (CLS), Interim Contractor Support (ICS), modification installation, contract augmentees, and depot workload performed by other government services and agencies. Also included are contracts to satisfy temporary depot workload requirements made necessary as a result of workload transitions, backlog, or emergency/contingency requirements. These contracts are commonly identified as bridge, emergency, or contingency contracts.

c. Workloads requiring formal source of repair approval in accordance with AFI 63-107 (regardless of the dollar amount) via the Source of Repair Assignment Process (SORAP) are new starts, workload shifts, modifications (direct labor only), and overseas workload repair source initiations or changes. The SORAP is described in attachment 3 to AFI 63-107. During the acquisition process, it is critical to ensure that your program managers acquire long-term access to data required for competitive sourcing throughout the life cycle of the system. This data is required so that source of repair options are not precluded and private sector repair competition is viable in the event of a contract decision.

d. Changes in annual workload projections greater than 500K as identified in the most current President's Budget or 50/50 reporting baseline must be approved by HQ AFMC/LG. Changes greater than $100K but less than $500K may be approved by the Center Commander. Centers will report locally approved workload changes each quarter to HQ AFMC/LG. Reports will be due NLT 10 working days following the end of the quarter.

2. Depot Maintenance Workload Definition

a. Based on Title 10 USC 2460, depot-level maintenance and repair means material maintenance or repair requiring the overhaul, upgrading or rebuilding of end items (including weapon systems), subsystems, parts, assemblies or subassemblies and the testing and reclamation of equipment as necessary regardless of the source of funds for or the location of the maintenance or repair. This term includes all aspects of software maintenance classified by the DoD as depot level maintenance and repair, and Interim Contract Support (ICS) or Contractor Logistics Support (CLS) to the extent that such support is for the performance of services described above.

b. For added clarification, depot maintenance also includes depot field teams, maintenance engineering, technical support, manufacture of parts, certain modifications (or related actions), testing and reclamation as performed at an organic or contract depot or by depot or contract field teams. Depot maintenance serves to support lower levels of maintenance by providing technical assistance and maintenance capability beyond their responsibilities or capability. Depot maintenance provides end items and stocks of serviceable material and equipment by using more extensive facilities, equipment, technical data or expertise than is available in lower levels of maintenance activities. Finally, any additional warranty costs, over and above an available standard commercial warranty, is included. This also includes extended warranties or negotiated warranties where depot maintenance costs can be identified separately.

c. Depot-level software maintenance comprises software maintenance performed on military material (e.g., weapon system and their components, space control systems and their components, automated test equipment and test program, sets, and systems integration laboratories). Depot level software maintenance does not include maintenance of business data systems (Information Systems Activity Group) since that is already included in General and Administrative (G&A) costs. Software maintenance includes activities necessary to 1) correct errors in the software; 2) add incremental capability improvements (or delete unneeded features) through software changes; and 3) adapt software to retain compatibility with hardware or other systems with which the software interfaces. Only depot-level software maintenance will be reported. Depot-level software maintenance will be reported regardless of location or funding source. Acquisition processes for software which feature spiral development are not considered depot-level software maintenance. Spiral development is a revised acquisition strategy that delivers new versions of software instead of delivering a patch to an existing software configuration. Examples of spiral development products are Windows 95, 97, 98, and 2000 operating systems, each a stand-alone generation of a common operating system.

3. Types of Depot Maintenance Workload

Type_Workload	Description	Typical Duration	Typical Funding	Approval Document
Permanent Organic Depot Workload	New depot maintenance workload to be performed at a DoD depot facility	Long-term support	DMAG	SORAP
Contract Depot Maintenance (formerly Contract DMAG	New, long-term depot maintenance workload to be performed at a contractor facility	Long-term support	3400 (EEIC 560XX)	SORAP
CLS	Long term logistics support performed by a contractor	Long-term support	3400 (EEIC 578, 592, 554)	SORAP
Interservice	Air Force depot workload performed by another Service, major Command, or Government agency. Lessens the need to establish redundant capabilities among the Services for jointly shared programs.	Long-term	3400 (EEIC 54X02)	SORAP
Depot Modifications	Installation of new or upgraded capability or hardware. Installation costs only. Kit procurement costs not included.	Finite duration (typically 1-5 years)	30XX (Procurement Funds)	SORAP
ICS	Logistics support performed by a contractor until a permanent support concept is approved and established	Short-term (1-4 years), interim support until long-term support established	30XX or 3400 (EEIC 579)	LG approval memo (1)
Contract Augmentee	Depot workload normally performed by government personnel. Government workforce temporarily augmented by contract personnel at the government facility. Typical purpose is to reduce or eliminate backlogged workload.	Temporary (two years or less)	Organic DMAG	LG approval memo (1)
Bridge/ Contingency/ Emergency Contract	Short-term workload performed by a contractor to support customer requirements during workload transitions between sources of repair or to reduce or eliminate backlogged organic workload.	Temporary (2 years or less)	Contract Depot Maintenance (3400 EEIC 560)	LG approval memo (1)
Workload Changes	Any increases or decreases of $500K or more in type or amount of workload on existing contract		Various	LG approval memo (1)

Note 1: Workloads under $500K approved by center commander with notification to HQ AFMC/LG on quarterly basis. Workloads over $500K approved by HQ AFMC/LG.

4. Approval process

a. **SORAP approval:** The table in section 3 identifies the major types of depot workload and the level of approval required. Procedures for programs requiring formal SORAP initiation and approval are available in AFI 63-107, Attachment 3. These procedures are also located on the HQ AFMC/LGPC Web site https://www.afmc-mil.wpafb.af.mil/HQ-AFMC/LG/lgp/lgpc/index.htm. For programs that are, or will be in acquisition, the SORAP will be initiated before or during the Concept and Technology Development phase (Milestone A). This early initiation is required in order to have a depot maintenance source of repair decision allowing for partnering consideration by Milestone B (Concept and Technology Development). This decision point is consistent with DoD direction and HQ AFMC/CC and SAF/AQ policy.

b. **Other than SORAP approval:** All new workload, workload shifts, and changes to existing workloads of $500K or more, as identified in the table in section 3 as not requiring formal SORAP, will be approved by HQ AFMC/LG.

(1) For all ICS workloads, the following will be provided with the approval request:

- Description of depot maintenance work to be performed.
- Cost projections of workload by fiscal year
- Projected Required Asset Availability (RAA) date (formerly Initial Operational Capability (IOC))
- Expected date of SORAP initiation
- Rationale for ICS

(2) For bridge, emergency, contingency or other temporary, short-term contracts, workload shifts and workload changes in which the annual projection changes by $500K or more, the following will apply:

(a) Categorize all your workload certification requests as "Emergency", "Urgent", or "Routine". Definitions for each category are as follows:

- EMERGENCY – End item has MICAPS, aircraft are grounded, and the contract is ready to be implemented.

- URGENT - High priority backorders, no MICAPS yet, and no grounded aircraft. However, without correction, it may become an EMERGENCY request.

- ROUTINE - Low number of backorders, with no MICAPS and no grounded aircraft. A delay in approval will not result in MICAPS or grounded aircraft in the near-term.

(b) The Supply Chain Manager (SCM) will coordinate with the gaining ALC, if applicable, to decide if a contract is required to satisfy a short-term or temporary workload requirement. The gaining source of repair (SOR) will provide a transition plan which will consider facilities, equipment, manpower, and materiel. If the SCM and gaining ALC agree that

a short-term or temporary contract is required, the SCM will document the following information:

- Description of the workload(s)
- An assessment indicating if the workload is already included in the current budget, whether it is projected to be performed organically or by contract, and the amount budgeted, by year.
- Dollar value by fiscal year of the new workload requested. If the workload is already projected in the current budget, identify the costs exceeding the amounts already projected.
- The transition date (when the workload is to be moved to the gaining SOR)
- Type of workload method (bridge/emergency/contingency contract, contract augmentee)
- Rationale for requiring the contract workload requirement
- SOR coordination

(3) In cases of all workload shifts from organic to contract, in addition to the information required above, Center Commanders will provide details of or certify that:

- Another organic depot cannot perform the workload
- Impact to the weapon system if the workload is deferred to the following year
- Plan to return workload to organic

(4) For all SORAP and workload approval requests, HQ AFMC/LG will review the request to assess the impact to USC 2466 compliance. For other than SORAP approval requests, HQ AFMC/LG will make every effort to respond as soon as possible after receipt of the request with an approval or disapproval of the workload.