



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



DLA Troop Support - Subsistence

AbilityOne

May 23, 2017



AbilityOne Special Session

Date: MAY 23, 2017
Time: 4:00 PM to 5:00 PM
Location: Fairfax – Main Level

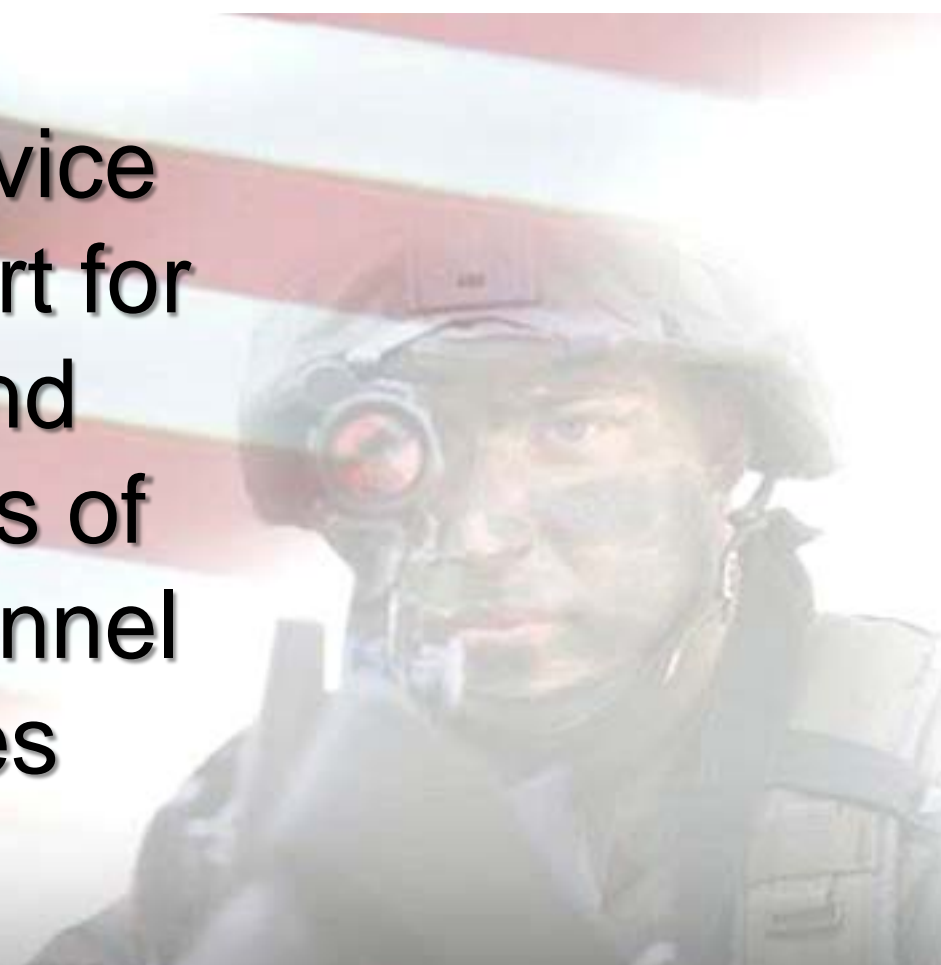
AGENDA

- Welcome and Opening Remarks – (Please sign in)
- DLA Subsistence Mission
- Meeting Purpose
- Subsistence Sales Trend & Prime Vendor Program
- AbilityOne Overview
- DLA Troop Support – Sales, Contractual requirements and program improvements
- Accountability and Transparency: It's everyone's business
- DLA Concerns
- Final Discussion and Wrap Up



Subsistence Mission

To provide full service
subsistence support for
the readiness and
mobilization needs of
U.S. Military personnel
and their families
worldwide



Executive Agent for Class I Material

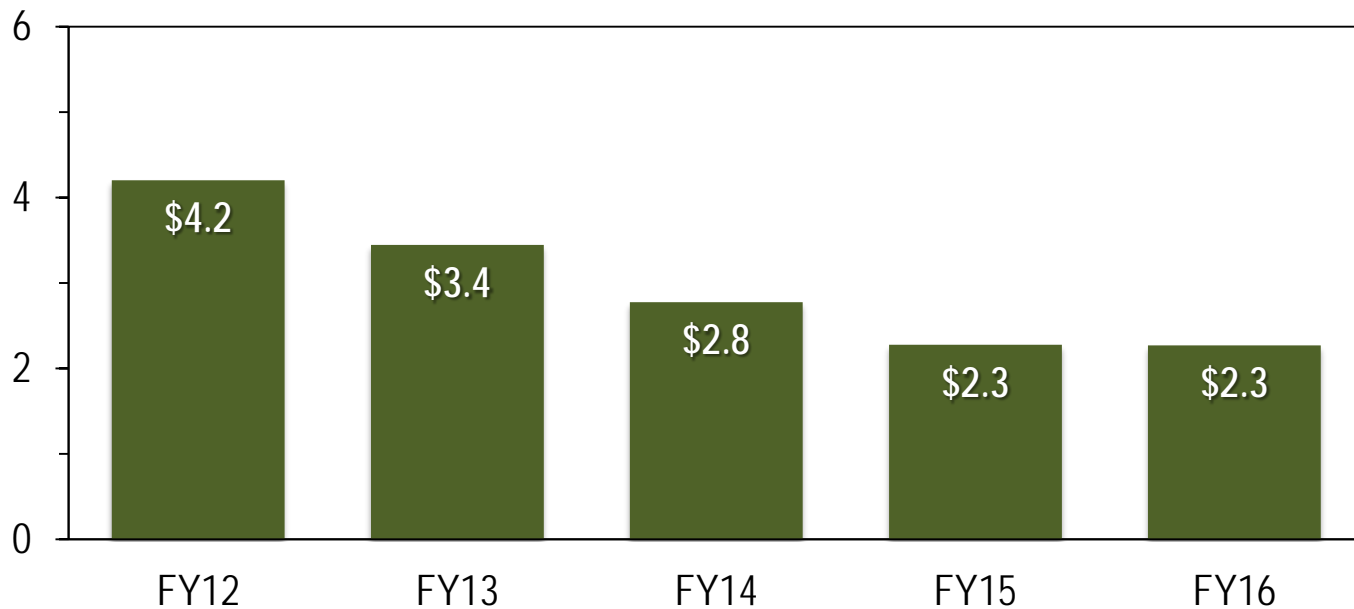


Today's Purpose

- The intent of this meeting is to discuss accountability, DLA Troop Support competing item mitigation and NIB / SourceAmerica efforts to mitigate transportation cost
- The goal of the meeting is to continuously improve the AbilityOne Program and work towards program success by identifying the responsibilities of each party.



Subsistence Sales



Take Away – Sales have trended downward and are leveling off



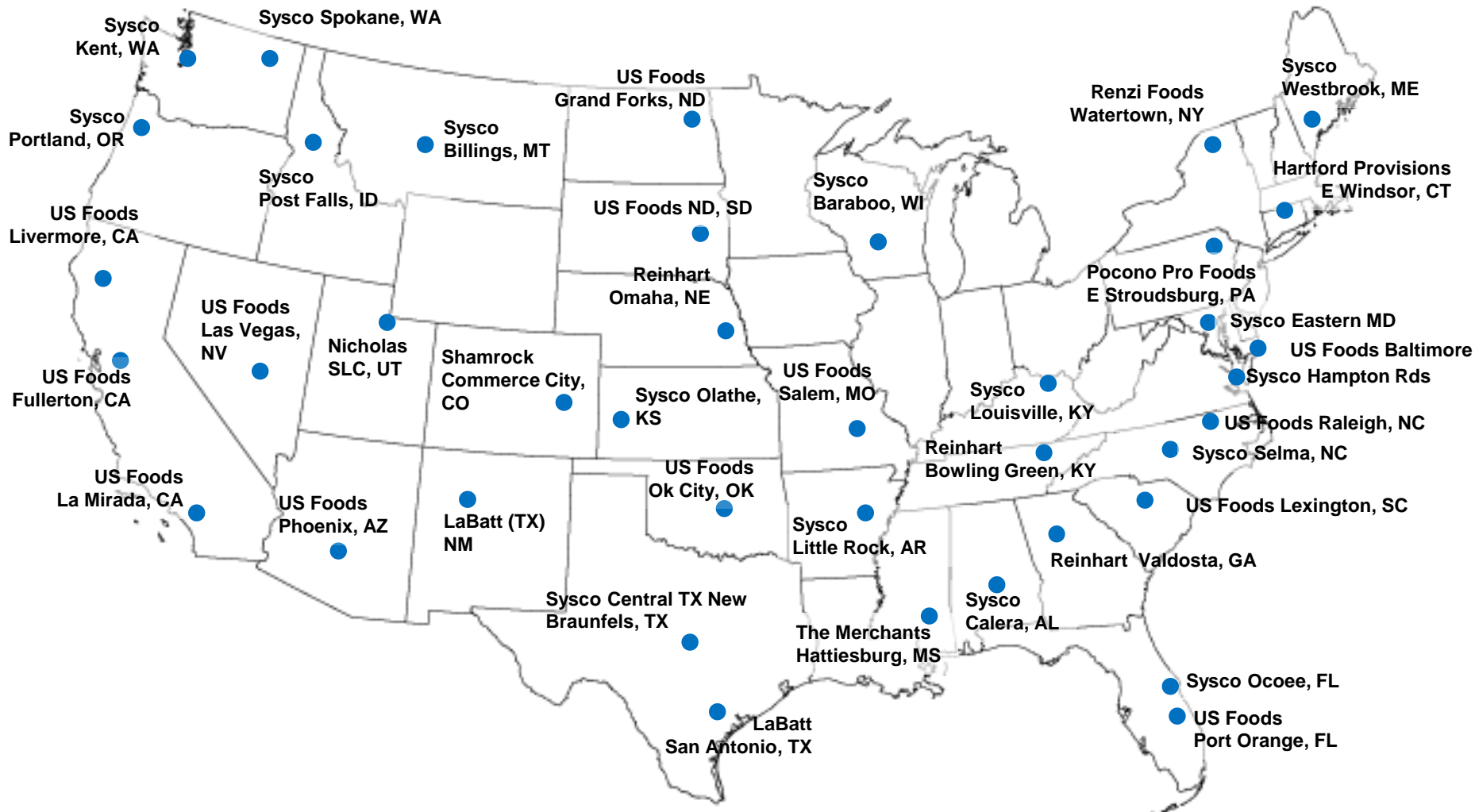
Subsistence Prime Vendor

CONUS	OCONUS
Existing commercial full-line food service distributor	Third Party Logistics (3PL) companies developed food distribution infrastructure
Multiple customers in mature industry	Government sole customer
41 contracts... 4th generation in place	13 contracts
10 prime vendors • Sysco, US Foods, etc.	11 prime vendors • ANHAM, Ebrex, TWI, etc.
Supports Service Dining Facilities (DFACs), ships, Job Corps, Coast Guard, and other non-DoD	Supports DFACs, Forward Operating Bases (FOBs), Mobile Kitchen Trailers (MKTs), GFM storage and distribution (e.g., MRE)
\$767 M FY16 sales	\$661 M FY16 sales



DELIVER THE RIGHT SOLUTION ON TIME, EVERY TIME

Subsistence CONUS Prime Vendor Locations





Prime Vendor OCONUS

18
platforms!

Country PV location (Black)
Country PV serves (Green)

- **Ebrex** – Italy, Bulgaria, Azores, Portugal, Spain, Kosovo, Greece, Turkey, Romania, North Africa
- **TWI** – Germany, Belgium, Netherlands, Hungary, Bosnia, Croatia, UK

- **Anham** – Kuwait, Afghanistan, Iraq, Jordan
- **Ocean Fair International** – Qatar, Bahrain, Saudi Arabia
- **Seven Seas** – UAE, Kenya, Djibouti, Oman

- **Pacific Unlimited** – Guam
- **Coastal Pacific** – Japan, Philippines, Singapore, Diego Garcia
- **Y. Hata** – Hawaii
- **FSI** – Okinawa
- **USFI** – Korea
- **Sysco** – Alaska



DLA Subsistence AbilityOne Program Overview



AbilityOne Food Manufacturing for DoD

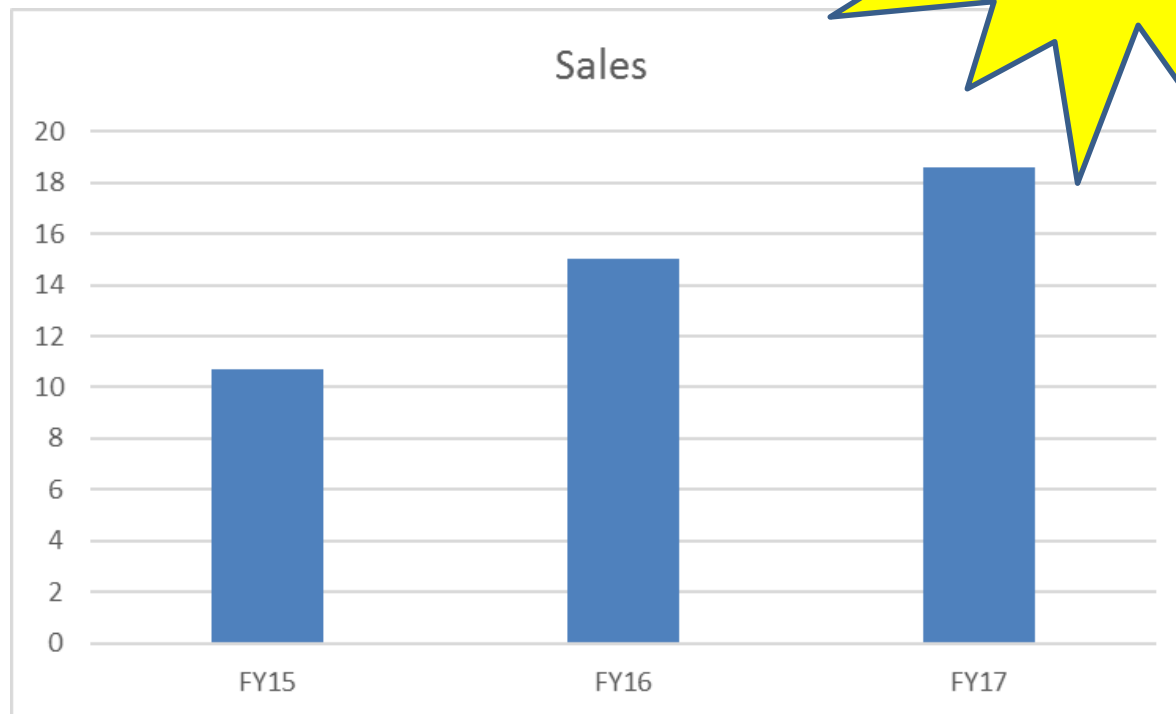
- Nonfat Dry Milk
 - Dry Mixes (cake & pancake)
 - Spices
 - Coffee (Maxwell House, S&D)
 - Military Ration Components (spices & dairy shakes)
 - Rice (white)
 - Nuts (June 2017)
 - Gravy Mixes
- DLA holds formal face to face meetings with Research & Development Associates and AbilityOne at least once annually for each organization, or more frequently, on an as-needed basis.





AbilityOne FY Sales Trend

Forecasted
74% increase
over FY15





NPA Sales (FY17)

MPL Vendor Name	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	TOTAL SALES
CW Resources	\$ 364,260.99	\$ 380,912.86	\$ 352,561.05	\$ 429,277.98	\$ 377,561.83	\$ 439,365.26	\$ 2,343,939.97
DePaul Industries	\$ 27,480.90	\$ 11,985.75	\$ 13,903.59	\$ 16,446.88	\$ 3,703.31	\$ 8,761.91	\$ 82,282.34
KCARC, Inc	\$ 67,521.45	\$ 67,443.91	\$ 58,598.84	\$ 71,174.01	\$ 54,036.82	\$ 61,749.27	\$ 380,524.30
TVS	\$ 87,924.39	\$ 92,862.84	\$ 94,177.70	\$ 88,577.48	\$ 112,124.62	\$ 106,555.73	\$ 582,222.76
Unistel	\$ 606,306.30	\$ 618,110.93	\$ 576,726.16	\$ 658,377.23	\$ 617,755.37	\$ 658,157.63	\$ 3,735,433.62
Vision Corps	\$ 220,692.83	\$ 212,417.31	\$ 202,522.85	\$ 223,800.68	\$ 213,888.73	\$ 226,754.43	\$ 1,300,076.83
Grand Total	\$ 1,374,186.86	\$ 1,383,733.60	\$ 1,298,490.19	\$ 1,487,654.26	\$ 1,379,070.68	\$ 1,501,344.23	\$ 8,424,479.82

MPL Vendor Name	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	6 MONTH SALES
CW Resources	\$ 265,184.92	\$ 201,914.62	\$ 218,255.15	\$ 253,095.18	\$ 260,546.62	\$ 339,108.92	\$ 1,538,105.41
DePaul Industries	\$ 86,683.68	\$ 94,486.70	\$ 46,961.30	\$ 26,200.45	\$ 63,187.04	\$ 69,867.57	\$ 387,386.74
KCARC, Inc	\$ 76,207.05	\$ 54,030.18	\$ 56,794.13	\$ 66,844.02	\$ 64,291.98	\$ 68,867.04	\$ 387,034.40
TVS	\$ 77,425.21	\$ 66,957.22	\$ 73,066.40	\$ 72,917.63	\$ 71,850.43	\$ 87,772.26	\$ 449,989.15
Unistel	\$ 556,708.18	\$ 505,755.73	\$ 486,694.54	\$ 562,243.41	\$ 598,005.01	\$ 590,981.97	\$ 3,300,388.84
Vision Corps	\$ 59,365.32	\$ 60,370.46	\$ 71,675.14	\$ 161,501.16	\$ 181,139.31	\$ 183,889.56	\$ 717,940.95
Grand Total	\$ 1,121,574.36	\$ 983,514.91	\$ 953,446.66	\$ 1,142,801.85	\$ 1,239,020.39	\$ 1,340,487.32	\$ 6,780,845.49



DLA Improvements to AbilityOne Program

- Contract Language:
 - AbilityOne Items are not Special Order items for the SPV
 - 30 days of stock required in CONUS contracts; more days of stock in OCONUS contracts.
 - One pallet Minimum Order from the NPA
 - No monthly minimum case requirement for MPL items
 - Changes in MPL published on DLA Subsistence Website



DLA Improvements to AbilityOne Program (continued)

- AbilityOne Program Brief at Post Award Conferences
- Competing Items Monitoring
- Mitigation SOPs developed and implemented
- Personnel Training
- DLA Direct Contact with NPAs
- Post Award Audits check MPL compliance
- Coordination with JSPB and Natick for new cobranded products



Contractual Requirements

- Clause - 52.208-9 - Contractor Use of Mandatory Sources of Supply or Services.
 - (a) Certain supplies or services to be provided under this contract for use by the Government are required by law to be obtained from nonprofit agencies participating in the program operated by the Committee for Purchase from People Who Are Blind or Severely Disabled (the Committee) under 41 U.S.C. 8504. Additionally, certain of these supplies are available from the Defense Logistics Agency (DLA), the General Services Administration (GSA), or the Department of Veterans Affairs (VA). The Contractor shall obtain mandatory supplies or services to be provided for Government use under this contract from the specific sources indicated in the contract schedule.
 - (b) The Contractor shall immediately notify the Contracting Officer if a mandatory source is unable to provide the supplies or services by the time required, or if the quality of supplies or services provided by the mandatory source is unsatisfactory. The Contractor shall not purchase the supplies or services from other sources until the Contracting Officer has notified the Contractor that the Committee or an AbilityOne central nonprofit agency has authorized purchase from other sources.
 - (c) Price and delivery information for the mandatory supplies is available from the Contracting Officer for the supplies obtained through the DLA/GSA/VA distribution facilities. For mandatory supplies or services that are not available from DLA/GSA/VA, price and delivery information is available from the appropriate central nonprofit agency. Payments shall be made directly to the source making delivery. Points of contact for AbilityOne central nonprofit agencies are:



Competing Items

Any other commercial equivalent product with “essentially the same” product characteristics cannot be sold to the DLA Troop Support customers under this contract. The contractor is not authorized to submit catalog changes containing other commercial equivalent products with “essentially the same” product characteristics as those items on the MPL.

The following criteria should be used in determining if a commercial product is “essentially the same” as an AbilityOne MPL item:

1. It has effectively the same form, fit and function.
2. The AbilityOne and commercial products may be used for the same purpose.
3. The AbilityOne and commercial products are relatively the same size and a change in size will not affect the use or performance.
4. The appearance, color, texture, or other characteristic of the AbilityOne product and commercial product are not significantly different from one another.

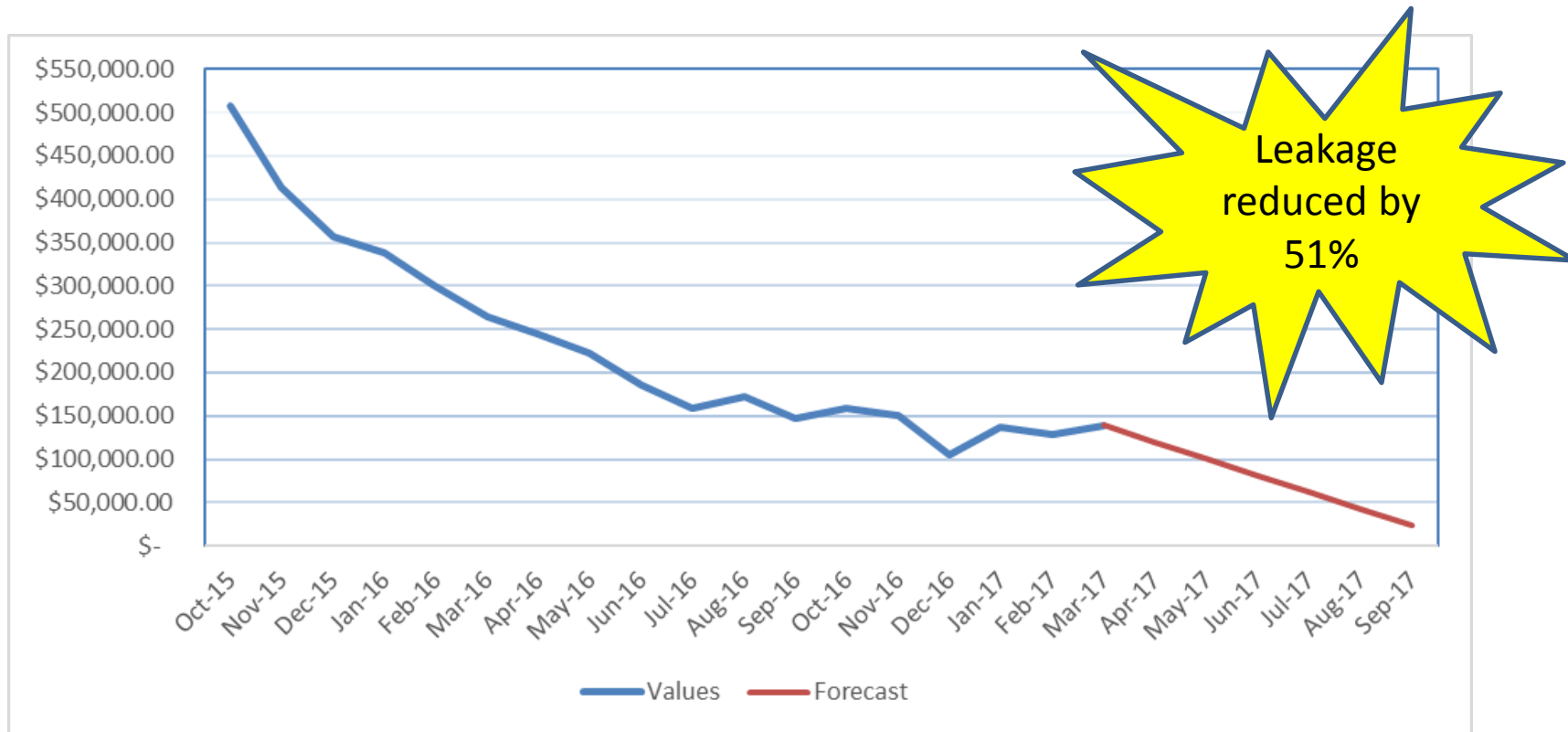
The only potential exception to this requirement is identified in the paragraph below.

If the Prime Vendor is requested to carry items commercially equivalent to MPL items but with unique packaging requirement provided by the supplier but not currently provided by the MPL source, the Prime Vendor must notify the Contracting Officer. Contracting Officers will notify the Subsistence AbilityOne Team.



MPL Competing Sales

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	FY YTD
Competing Total Monthly Sales	\$ 158,605.57	\$ 150,123.63	\$ 105,030.33	\$ 136,766.53	\$ 128,316.91	\$ 139,277.13	\$ 818,120.10
	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	6 MONTH FY16 COMPETING SALES
Competing Total Monthly Sales	\$ 508,346.49	\$ 414,459.99	\$ 357,368.16	\$ 337,707.59	\$ 299,430.50	\$ 264,843.94	\$ 2,182,156.67





Accountability and Transparency

- Controlling costs is everyone's business
- Multi-class centralized distribution network for all SourceAmerica and NIB items- still a question
- In the interim, negotiate the best freight rates from at least three freight providers and be able to support with documentation
- Document (email, memo) quantity choices and methods/timings for reorder points and RDDs
- Educate the SPVs on minimum orders and advantageous least cost shipping method options.



DLA Concerns

- SPV supply chain management
 - Mandatory item to be treated as any other commercial item with some exceptions (e.g. no case minimum and maintaining DoS shelf stock)
 - Buy-around mandatory products by the SPV
- High Freight Costs
 - DLA Approves Only the Product Pricing based on “Fair Market Pricing” for items on the MPL (FOB Origin).
 - NPAs should offer SPVs choices on delivery methods/timing and costs upfront (for transparency and audit readiness).
 - NPAs must retain and be able to provide freight invoice requests and report SPV sales monthly.
- AbilityOne Image (Optics)
 - Berry Amendment compliance when providing AbilityOne Products
 - Overcoming image of past quality issues
 - Enhance Image with Marketing/outreach to SPVs and customers



AbilityOne & DLA Partnership

- **DLA Troop Support Points of Contact**

- (215) 737-7445
- (215) 737-9506
- (215) 737-8484

- **Contractual Reference Document for Commission Announcements, Mandatory Products, and Pricing**

- **Current mandatory products are listed at:**

<http://www.dla.mil/TroopSupport/Subsistence/FoodServices/AbilityOne.aspx>



Final Discussion and Wrap-Up



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Back-Up



Disclaimer

- **DLA notes that any discussion of requirements and possible future procurements does not constitute a commitment by DLA and should not be relied upon in planning future courses of action. DLA will provide public notice of procurements using means such as FedBizOpps.gov in accordance with applicable law and regulation.**
- **Any discussion of current contracts does not constitute a change to the terms or conditions of those contracts, including performance requirements. If anyone in attendance at this meeting believes that the discussion indicates a change in a current contract's terms and conditions or a need for such change, please contact the contracting officer for that contract.**

- DLA General Counsel



Class I Executive Agent (EA)

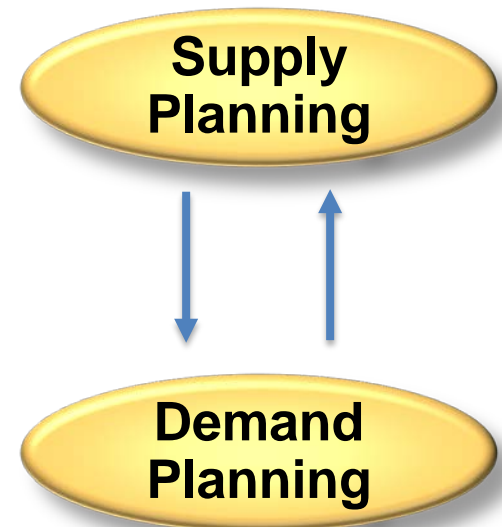
- Background:
 - Office of the Secretary of Defense (OSD) designated DLA as EA for Subsistence Sept. 2004
 - DLA delegated authority to DLA Troop Support Dec 2004
- Mission:
 - (DODD 51.01.10) ... Directs development and implementation of plans, procedures and DLA resource requirements for Subsistence support
 - War reserve stocks, Joint Subsistence Policy Board (JSPB), improve supply chain integration



Partnering with Customers & Industry

- AbilityOne Mandatory Items
- Subsistence Worldwide Customer Conference & Food Show
- Joint Subsistence Policy Board (JSPB)
- United States National Guard
- Natick Labs/JSORF
- United States Department of Agriculture/Commerce/State (USDA/USDC/DoS)
- Research and Development Associates for Military Food and Packaging Systems, Inc. (R&DA)
- Prime Vendor Food Shows
- US Army Public Health Command

**Networking =
understanding
requirements
& capabilities**





DEFENSE LOGISTICS AGENCY
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MEMORANDUM FOR ALL SUBSISTENCE PRIME VENDORS

SUBJECT: AbilityOne Suppliers On Subsistence Prime Vendor Contracts

As the Commander of DLA Troop Support, I am calling upon you to support the ABILITYONE program not only because it is a requirement in your contract based on a federal statute, but because it has my personal commitment and frankly it is the right thing to do.


Currently there are five community-based, nonprofit agencies from Source America (formerly NISH) identified in your contract as the mandatory source for various spices, roll mixes, coffee, nuts and non-fat-dry milk. There are also two agencies from NIB identified as mandatory sources for certain food service operating supplies. In the near future, we expect to add a NIB agency as a mandatory source for certain rice items.

The orders you submit to AbilityOne generate many positives to a deserving segment of the population. A real plus for those of us in the Department of Defense is the Wounded Warrior programs active at a number of the AbilityOne agencies including one operated by CDS Unistel which is the mandatory source for various spices.

Unfortunately, it appears that these mandatory sources are not getting all the business that they should be receiving.

In support of this effort, I simply ask two things. First, comply with your contract. Second, please communicate any suggestions on how to improve our mutual support for AbilityOne.

The Point of contact at DLA Troop Support is Mr. Michael McCall who can be reached on 215-737-2323 or Michael.McCall2@dla.mil.


STEVEN A. SHAPIRO
Brigadier General, USA
Commander