



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



DLA Troop Support - Subsistence NAPA/MPA Program Update

May 24, 2017



NAPA/MPA Special Session

Date: May 24, 2017

Time: 10:45 AM to 12:00 PM

Location: Burwell Ballroom

AGENDA

Welcome and Opening Remarks – (Please sign- in)

MPA Overview

Future of NAPA Program

Global Pricing Agreement Discussion (GPA)

Final Discussion and Q&A with Industry



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 Materiel



History of the MPA Program

- Agreements between DLA and manufacturers to set monthly pricing for products purchased by OCONUS Subsistence Prime Vendors (SPVs)
 - FF&V and Local Market Ready (LMR) items are excluded
- Goal: 80% of total contract dollars for each OCONUS SPV, minus FF&V and LMR
- Allow DLA transparent visibility of the actual FOB Origin product price based on commercial price list
- MPA priced products shall be used when an MPA is available in a product category, but MPA is not required to sell product to the PV



Why Change the MPA Program?

- Net benefit to government has decreased
- Shift away from original intent of Program has occurred
 - Not enough transparency
 - Unauthorized cost elements being added to product price
 - Too many “middle-men” adding extra layers of cost
 - Companies with no commercial sales and government price list
- Thousands of LSNs created with no demand
- Perception
 - PVs requiring manufacturer to obtain MPA to support customer



Previous MPA Improvements

- Deletion of 1500 LSNs with no usage
- Stated customer need for item
- Requirement for Specifications and Labels
- Stricter nutritional requirements IAW DoD Menu Standards
 - Sodium limitations
 - No trans fats/hydrogenated oils
 - No soy, TVP or MSG
- MPA Protein adds being evaluated against DoD Menu Standards and Services' buying guides
- Market Research conducted



MPA Qualifications

- FAR 2.101 - Catalog price means “a price included in a catalog, price list, schedule, or other form that is **regularly maintained** by the manufacturer or vendor, is either **published** or otherwise available for inspection by customers, and states **prices at which sales are** currently, or were last, **made to a significant number of buyers constituting the general public;**”
- Government-only list without commercial sales does not meet definition
- Will not accept National Delivered Price if FOB Origin price is available



MPA Qualifications

Group I

- **Manufacturers with Published Commercial Price List**
- **Significant commercial sales**
- **FOB Origin for OCONUS**
Will accept better pricing where available
- **Fair and Reasonable Pricing**

Group II - Protein Items

- **FOB Origin Pricing**
- **Stricter quality requirements - USDA Commodity Purchase Program**
- **Must meet customer description for Grade and quality**
- **High confidence in Supplier**
- **Fair and Reasonable Pricing**

Group III

- **No published commercial price list**
- **FOB Origin pricing**
- **Individual items with substantial Government sales**
- **Based on government demands**
- **Fair and Reasonable Pricing**



MPA Implementation

- Phase Out/Phase In of MPAs
- Group I
 - Manufacturers with Published Commercial Price List and significant commercial sales
- Group II
 - Protein items
- Group III
 - Items with significant government sales that do not fall into Group I or II or customer has approved for use and has current requirement, e.g. MLL
- Maintain existing LSNs, where applicable
- MPA holders in any Group will sign new agreement
- Implementation begins June 2017; expected completion December 2017



Group II - Proteins

- Protein = Federal Supply Class (FSC) 8905 items (beef and pork (subprimal, portion cuts and further processed), chicken, turkey, and seafood items)
- Must meet item descriptions in Service Buying Guide
 - quality, grade, nutritional (where applicable), freezing, and packaging requirements
- Suppliers will be prequalified by USDA
 - In-plant capability assessment
 - Vendor must demonstrate it can make product IAW description
- Will mirror USDA Commodity Purchase Program
 - Audit process to ensure continued quality of item
- Supplier must be prequalified to establish an MPA for proteins



Future of NAPA Program

- No immediate change to NAPA Program
- Will occur after OCONUS is implemented
- Transition from Discount Allowance to Global Pricing Agreement (GPA) program
- Will solicit feedback from industry
- www.dla.mil/TroopSupport/Subsistence/FoodServices/mpanapa.aspx



Manufacturer Pricing Agreement and Global Pricing Agreement Comparison

Manufacturer Pricing Agreement

- LSN connected to SKU
- Linked to price list
- Customer requirement to get LSN
- Specifications and Labels required to obtain LSN
- Faster add process
- Multiple suppliers of same or similar item

Global Pricing Agreement

- LSN connected to SKU
- Specifications and Labels required to obtain LSN
- Customer requirement to get LSN
- Multiple suppliers of same or similar item
- Faster add process
- Price Transparency
- Auditability
- Stronger Pricing Agreement Language
- High Confidence in Supplier
- Qualified Supplier of proteins



What if I don't have a MPA/GPA?

- You still have an opportunity to sell product to the PV
 - You **MUST** have an MPA/GPA with well-defined quality requirements to sell beef, pork, chicken, turkey and seafood to the military.
- You will have to provide specifications and labels and proof of customer need to PV with the New Item Request Form (NIRF).
 - Will take longer to evaluate all items.
- Fair and Reasonable pricing is always required
- Adhere to contract requirements regarding elements of product price



What we want to leave you with

- Opportunities exist to sell to the Government
 - MPA is NOT required to sell to PV
- Improved Quality for protein items
 - Prequalified supplier
- Choice of Suppliers
- LSN will remain the same
- Change to MPA Program first, then NAPA program
 - Both programs transition to GPA program
- Transparency



Final Discussion and Wrap-Up

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Back-Up

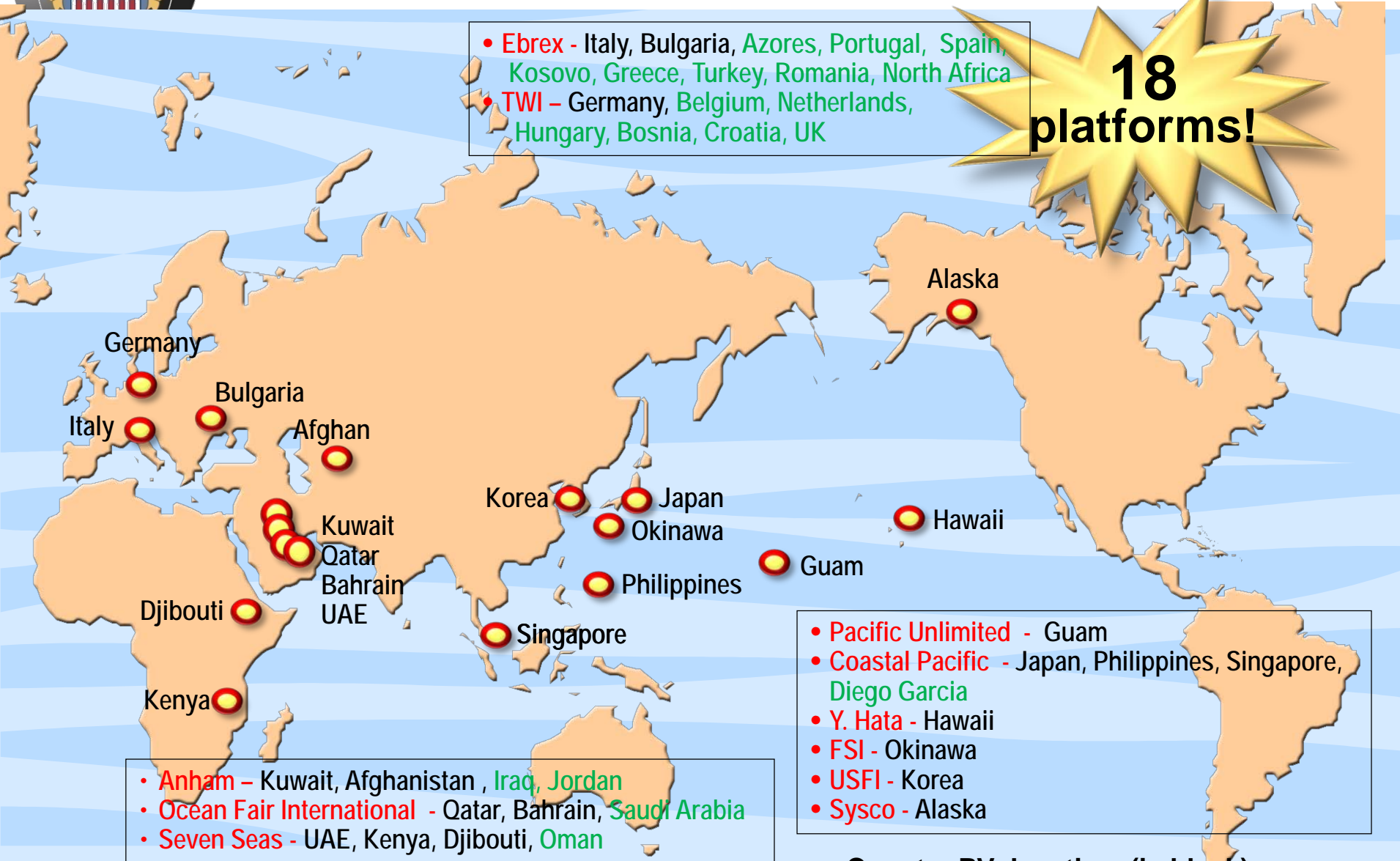


Prime Vendor OCONUS

We're located where our customers are!



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



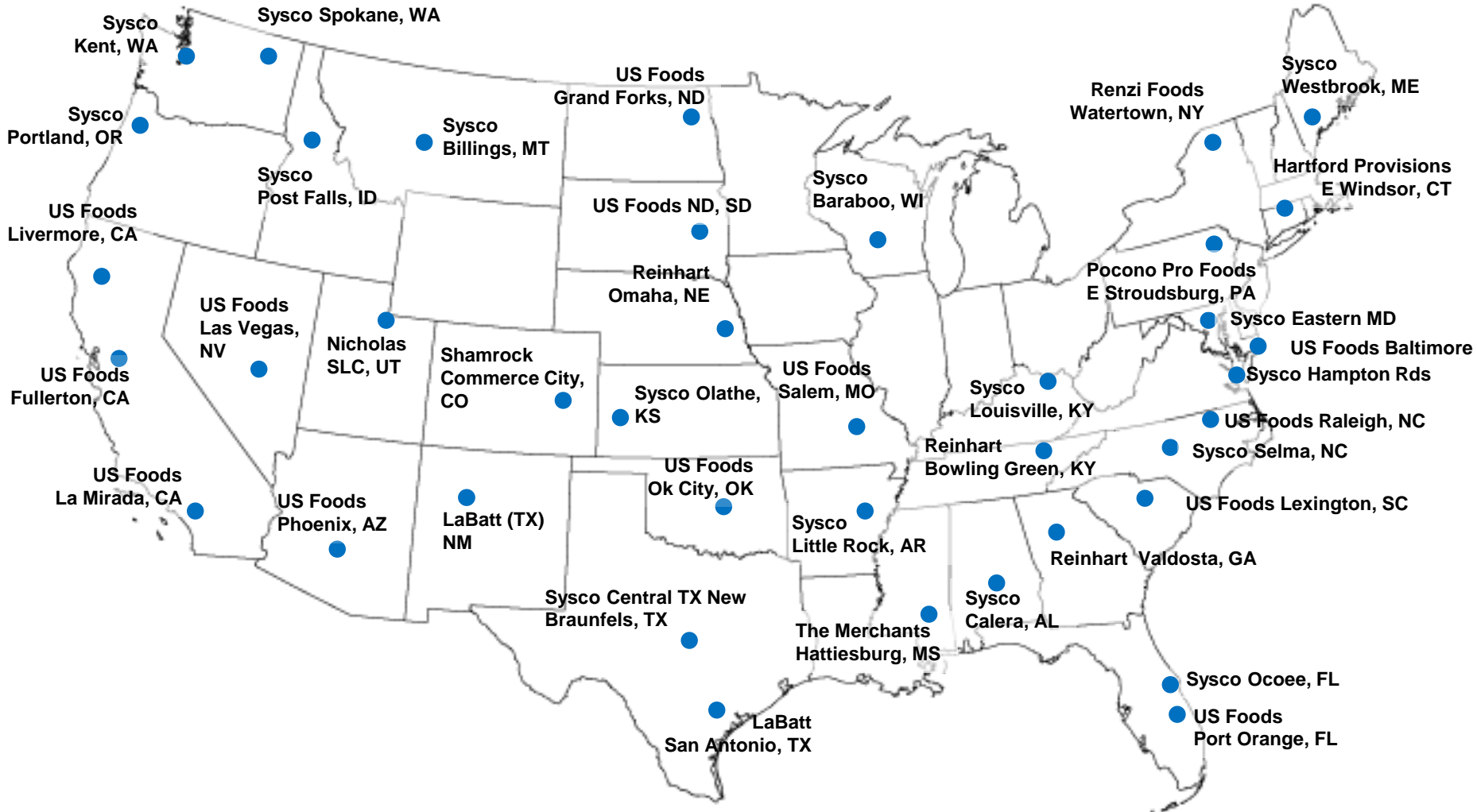
- **Anham** - Kuwait, Afghanistan, Iraq, Jordan
- **Ocean Fair International** - Qatar, Bahrain, Saudi Arabia
- **Seven Seas** - UAE, Kenya, Djibouti, Oman

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

Country PV location (in black)
Country PV serves (in green)

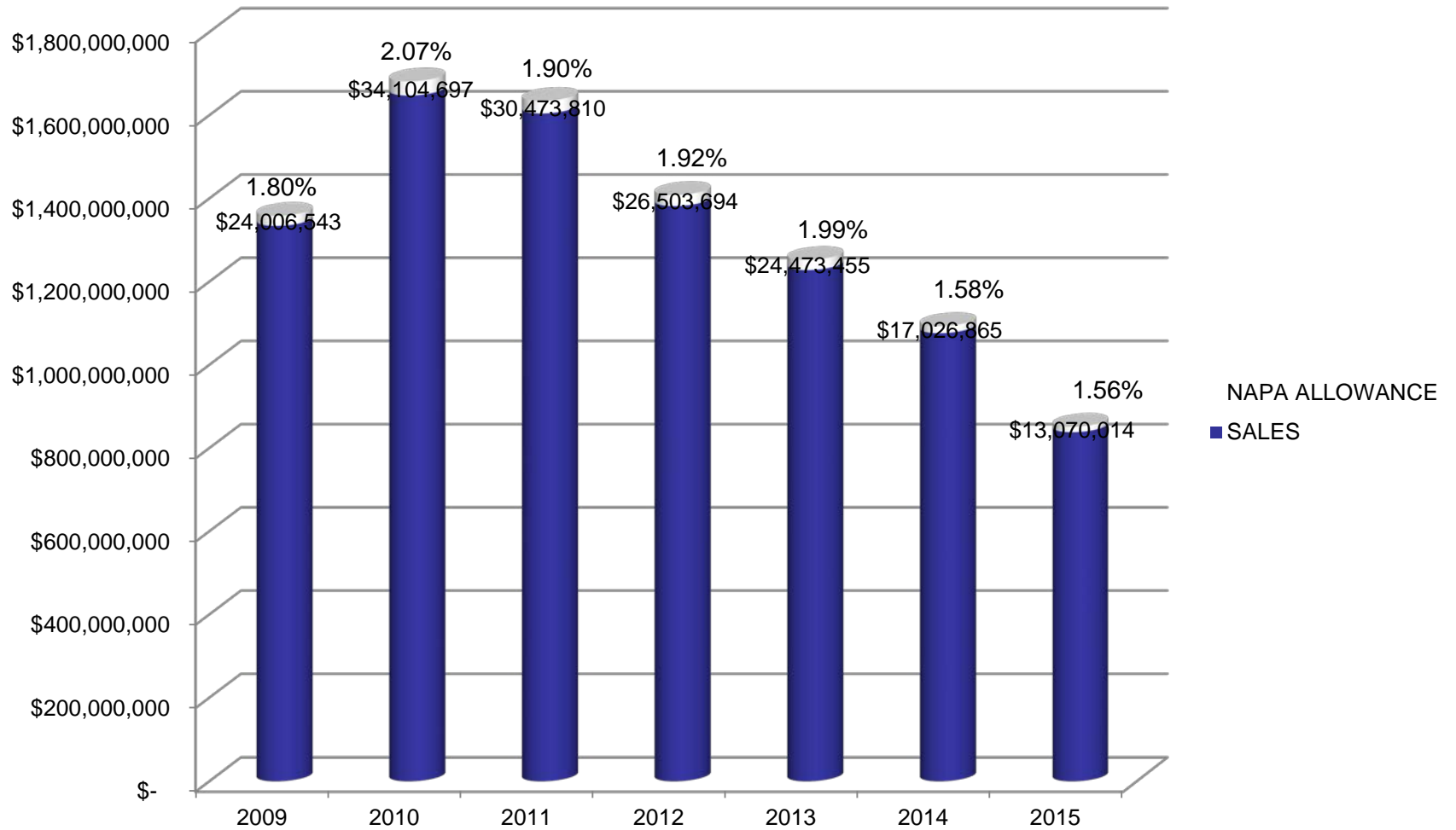


Subsistence CONUS Prime Vendor Locations





NAPA Sales





National Allowance Program Agreement (NAPA)

- DLA implemented NAPA as part of the Subsistence Prime Vendor Program. Under NAPA, DLA Troop Support enters into agreements with suppliers/manufacturers offering domestic products.
- Under the NAPA, Agreement Holders will authorize and consent to allow Contractors to distribute covered products to ordering activities under the Prime Vendor Program.
- Agreement holders will offer discounts on the delivered price of the product ordered under Prime Vendor contracts and the price to the customer will include the discount. The discounted price is the price that will be submitted via the 832 catalog transaction.



NAPA Definitions

- Agreement Holder: The supplier or manufacturer that has agreed to offer discounts to DLA on product under DLA Prime Vendor contracts.
- National Allowance Program: The program implemented by DLA to maximize the leverage of DLA's buying power and reduce the overall delivered price under Prime Vendor contracts to DLA's customers.
- National Allowance Program Agreements (NAPAs): Agreements between DLA Support and suppliers/manufacturers.



Manufacturer Pricing Agreement (MPA)

- The MPA language currently used in the 3rd generation OCONUS Prime Vendor Solicitations is consistent with other solicitations referencing the MPA Program.
- Solicitation defines the MPA Program and outlines the responsibilities incumbent upon the Prime Vendor in establishing commercial agreements with subject MPA holders.
- The standard language also stipulates that “it is anticipated that 75 to 80 % of the contract product price dollar value will be under agreement.”

Please see sample language contained in Solicitation SPE300-17-R-0018 (Subsistence Prime Vendor Afghanistan—Attachment 1) in the next Slide-2.



MPA

G. DLA TROOP SUPPORT MANUFACTURER'S PRICING AGREEMENT (MPA) PROGRAM:

1. A DLA Troop Support Manufacturer's Pricing Agreement (MPA) Program has been developed to maximize the leverage of DLA Troop Support's buying power and to obtain fair and reasonable product pricing under Subsistence Prime Vendor contracts for the customers of DLA Troop Support. The agreements between DLA Troop Support and manufacturers shall identify a fixed product price for specific items that will be cataloged by the Prime Vendor. The Prime Vendor will be responsible for purchasing MPA items from the MPA holders at the product price established by the MPA.
2. The list of MPA holders, the specific items under agreement, and the fixed product prices for those will be provided during contract implementation (ramp-up/ramp-down).
3. The Prime Vendor will be required to establish commercial agreements with the MPA holders for all MPA items cited for cataloging during the ramp-up phase of the contract. As the program is implemented, it is anticipated that 75 to 80 percent of the contract product price dollar value will be under agreement. This percentage pertains only to product shipped from CONUS manufacturers / consolidators, and does not include product such as Local Market Ready and water items, which are locally sourced. Currently, approximately 40% of the contract product price dollar value is under agreement.



MPA

4. Post implementation, the Prime Vendor must have a MPA Holder commercial agreement in place before a new MPA item may be added to the catalog. For existing cataloged items that are added to the MPA Program, the Prime Vendor must establish the MPA Holder commercial agreement within 30 days of receiving notice from the Contracting Officer. The Prime Vendor shall immediately bring to the attention of the Contracting Officer the names of MPA Holder(s) unwilling or unable to enter into a commercial agreement with the Prime Vendor, including an explanation for each. All MPA items are required to be placed on the catalog at the MPA established prices, unless otherwise approved by the Contracting Officer.

5. It is anticipated that MPA prices will remain fixed for a minimum of 30 days and a maximum of six months. Updated MPA listing will be issued to the Prime Vendor monthly via e-mail. The new MPA product prices shall be updated on the Prime Vendor catalog during the scheduled catalog update that immediately follows receipt of the new product into the Prime Vendor's inventory.

6. Information on the DLA Troop Support MPA Program is located at the following website:
<http://www.dla.mil/TroopSupport/Subsistence/FoodServices/mpanapa.aspx>