



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AUG - 3 2009

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
(ATTN: ACQUISITION EXECUTIVE)
COMMANDER, U.S. TRANSPORTATION COMMAND
(ATTN: ACQUISITION EXECUTIVE)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
DIRECTOR, ARMY CONTRACTING AGENCY

SUBJECT: Preservation and Storage of Tooling for Major Defense Acquisition Programs (MDAPs)

The Duncan Hunter National Defense Authorization Act for FY 2009 (P. L. 110-417, Title VIII, Subtitle B, Section 815), hereinafter Section 815, requires the Secretary of Defense to issue guidance requiring that unique tooling associated with the production of hardware for an MDAP be preserved and stored through the end of the service life of the related weapons system. Section 815 also allows the Secretary to waive this requirement in the interest of national security, with notice to the congressional defense committees.

This memorandum provides Department of Defense (DoD) policy for the implementation of the requirements of Section 815. For DoD purposes, unique tooling shall mean special tooling as defined in Federal Acquisition Regulations 2.101(b), only as such tooling relates to the production of MDAP hardware.

MDAP Program Managers shall include a plan for preservation and storage of unique tooling as an annex to the Life Cycle Sustainment Plan (LCSP) submitted for Milestone Decision Authority (MDA) approval at Milestone C. The unique tooling annex shall include the identification of any contract clauses, facilities, and funding required for the preservation and storage of such tooling and shall describe how unique tooling retention will continue to be reviewed during the life of the program. Unique tooling designated for preservation and storage in the LCSP or prior to Milestone C in the Systems Engineering Plan will be considered DoD serially managed and must meet the requirements of IUID as directed in DoDI 8320.04, "Item Unique Identification (IUID) Standards for Tangible Personal Property."

If, at any point in the service life of the end item, an MDA other than the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L))

determines that the preservation and storage of unique tooling is no longer in the best interest of the Department, the MDA shall notify the USD(AT&L) within 60 days. The USD(AT&L) will notify the congressional defense committees of the waiver upon receipt from the MDA.

This policy shall be included in the next update to DoDI 5000.02 to ensure Program Managers plan, program and budget for preservation and storage of unique tooling associated with the production of hardware for an MDAP (including nonrecurring). Associated implementation guidance will be captured in the Defense Acquisition Guidebook. In the interim, the guidelines in the attachment shall be used to implement the Section 815 statutory requirements.

My point of contact is Mr. Robert Leibrandt at 703-602-8019 or Robert.Leibrandt@osd.mil.

A handwritten signature in black ink, appearing to read 'Ashton B. Carter', written in a cursive style.

Ashton B. Carter

Attachment:
As stated

ATTACHMENT

IMPLEMENTATION GUIDANCE: P. L. 110-417 SECTION 815, PRESERVATION AND STORAGE OF TOOLING FOR MAJOR DEFENSE ACQUISITION PROGRAMS

1. REFERENCES.

- a. The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (P. L. 110-417, Title VIII, Subtitle B, Section 815, Preservation and Storage of Tooling for Major Defense Acquisition Programs.
- b. DoD Instruction 5000.2, "Operation of the Defense Acquisition System" December 8, 2008.
- c. DoD 4140.1-R, "DoD Supply Chain Material Management Regulation," May 23, 2003.
- d. DoD 4140.27-M, "Shelf-Life Item Management Manual," May 5, 2003.
- e. DLAI 4145.4/AR 740-3/AFJMAN 23-231/NAVSUPINST 400.100/MCO 4450.15, "Stock Readiness," January 6, 2003.
- f. Military Standard (MIL-STD) 129, "Military Marking for Shipment and Storage," latest version.
- g. Military Standard (MIL-STD) 130, "Identification Marking of U.S. Military Property," latest version.
- h. DoDI 8320.04 "Item Unique Identification (IUID) Standards for Tangible Personal Property," June 16, 2008.
- i. DoD Instruction 5000.64, "Accountability and Management of DoD-Owned Equipment and Other Accountable Property," November 2, 2006.

2. DEFINITIONS.

- a. Accountable Property Record. The record contained within the accountable property system of record defined as the system used to control and manage accountable property records; a subset of existing organizational processes

- related to the lifecycle management of property; the system that is integrated with the core financial system. (DoD Instruction 5000.64).
- b. Care of Supplies in Storage (COSIS). A program composed of a set of processes and procedures whose purpose is to ensure that materiel in storage is maintained in ready-for-issue condition or to prevent uneconomic deterioration.
 - c. Cyclic Inspection. The regularly scheduled periodic physical process of determining compliance with established control measures. (DoD 4140-27-M).
 - d. Integrated Materiel Management (IMM). The exercise of total DoD-level management responsibility for a federal supply group or class, commodity, or item for a single agency. It normally includes computation of requirements, funding, budgeting, storing, issuing, cataloging, standardizing, and procuring functions. (JP 1-02).
 - e. Inventory Control Point (ICP). An organizational unit or activity within a Department of Defense supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Service or for the Defense Department as a whole. Materiel inventory management includes cataloging direction, requirements computation, procurement direction, distribution management, disposal direction and, generally, rebuild direction. (JP 1-02).
 - f. Item. A generic term meaning any article produced, stocked, stored, issued, or used. (DoD 7000.14-R, Volume 12, Chapter 7)
 - g. Item Manager. An individual within the organization of an inventory control point or other such organization assigned management responsibility for one or more specific items of materiel. (JP 1-02).
 - h. Packaging. The processes and procedures used to protect materiel from deterioration, damage, or both. It includes cleaning, drying, preserving, packing, marking, and unitizing. (MIL-STD-129).
 - i. Preservation. The processes and procedures used to protect materiel against corrosion, deterioration, and physical damage during shipment, handling, and storage; application of protective measures, including cleaning, drying, preservative materials, barrier materials, cushioning, and containers when necessary. (DoD 4140.1-R).
 - j. Regulated Item. Any item whose issue to a user is subject to control by an appropriate authority for reasons that may include cost, scarcity, technical or hazardous nature, or operational significance. Also called controlled item. See also critical supplies and materiel. (JP 1-02).
 - k. Serially Managed. A tangible item used by DoD, which is designated by a DoD, or Service Item Manager, to be uniquely tracked, controlled or managed in maintenance, repair and/or supply by means of its serial number. DoD

serially managed items include reparable items down to and including sub-component reparable unit level; life-limited, time-controlled, or items requiring records (e.g., logbooks, aeronautical equipment service records, etc.); and items that require technical directive tracking at the part level. (DoD Guide to Uniquely Identifying Items, latest version).

- l. Service Life. A general term used to quantify the average or standard life expectancy of an item or equipment while in use. When a shelf-life item is unpacked and introduced to mission requirements, installed into intended application, or merely left in storage, placed in pre-expended bins, or held as bench stock, shelf-life management stops and service life begins. (DoD 4140-27-M).
- m. Shelf-Life. The total period of time beginning with the date of manufacture, date of cure (for elastomeric and rubber products only), date of assembly, or date of pack (subsistence only), and terminated by the date by which an item must be used (expiration date) or subjected to inspection, test, restoration, or disposal action; or after inspection/laboratory test/restorative action that an item may remain in the combined wholesale (including manufacture's) and retail storage systems and still be suitable for issue or use by the end user. Shelf-life is not to be confused with service-life (see definition). (DoD 4140-27-M).
- n. Stock Readiness. A Department of Defense program involving the tasks needed to assure that the proper condition of materiel in storage is known and reported, that the condition is properly recorded, and that the materiel is properly provided with adequate packaging protection to prevent any degradation to lower condition codes. Stock Readiness concerns itself with the in-storage inspection, minor repair, testing, exercising of materiel, and packaging aspects associated with these efforts. Stock Readiness includes the elements of COSIS plus the functions related to the receipt, identification, classification, and packaging of materiel during the receipt process. Stock Readiness excludes those actions that fall under the area of general warehouse care and depot maintenance, including the use of proper storage aids, identification of materiel/storage locations, and re-warehousing actions. (DoD 4140-27-M).
- o. Storage Activity. The organizational element of a distribution system which is assigned responsibility for the physical handling of materiel to its check-in and inspection (receipt), its keeping and surveillance in a warehouse, shed, tank, or open area (storage), and its selection and shipment (issue). (DoD 4140.1-R).
- p. Storage Life. The length of time for which an item of supply, including explosives, given specific storage conditions, may be expected to remain serviceable and, if relevant, safe. (JP 1-02).

- q. Storage Standards. Mandatory instructions for the visual inspection/laboratory testing and/or restoration of items in storage. These standards provide guidance on storage criteria and time-phasing of inspections during the storage cycle to determine the materiel serviceability and degree of deterioration which has occurred. (DoD 4140-27-M).
- r. Unique Tooling. Special tooling consisting of jigs, dies, fixtures, molds, patterns, taps, gauges, and all components of these items including foundations and similar improvements necessary for installing special tooling, and which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof. (As cited in FAR 2.101(b)).

3. PROCEDURES.

- a. Unique tooling will be designated for preservation and storage in the LCSP or prior to milestone C in the Systems Engineering Plan. This tooling will be considered DoD serially managed and therefore must meet the requirements of IUID as directed in reference h and development of program and technical documentation must reflect these requirements.
- b. Program Managers shall document the plan for preservation and storage of unique tooling as an annex to the LCSP submitted for MDA approval at MS C.
 - i. Each item of unique tooling shall be fully described by manufacturer, part number, serial number, unique item identifier (UII), national stock number (NSN), unit of measure and quantity by line item and entered on an Accountability Property Record (APR). The MDAP Program Manager shall be accountable to the APR until such time as the MDAP transitions to a commander of a systems, logistics, or materiel command, at which time the APR becomes accountable to the cognizant commander.
 - ii. After Milestone C, the PEO or a direct reporting PM responsible for the MDAP shall review at least annually the LSCP annex to assure the planning remains adequate for the preservation and storage of unique tooling and report the results of the review to the MDA.
 - iii. After transition of MDAP management to a commander of a systems, logistics, or materiel command, the commander shall review at least annually the status of unique tooling in storage to assure that its preservation and storage remains adequate and in the best interest of the Department.
- c. The tooling annex to the LCSP shall address the following:

- i. Methods of identifying each item of unique tooling (ref g and h)..
 - ii. Designating each item of unique tooling as a regulated item.
 - iii. Determining any shelf life for the unique tooling.
 - iv. Determining the methods of preservation and packaging (ref f).
 - v. Determining storage standards.
 - vi. Determining the storage activity (Contractor or ICP).
 - vii. Developing Stock Readiness, COSIS and cyclic inspection requirements.
 - viii. Identifying contracts, budget requirements, and facilities.
- d. Unique tooling shall be refurbished if it has reached the end of its service life prior to its preservation and storage, as required.
- e. If, at any time before the end of the life cycle of the weapon system that the unique tooling supports, the Designated Authority determines that retaining the unique tooling in storage is not in the best interest of the Department; that authority shall submit a waiver request to the USD(AT&L) with a written determination, which provides justification for either of the following waiver criteria:
- i. The unique tooling can no longer be economically maintained to meet its storage standards.
 - ii. The unique tooling can be replaced, should the need arise for its use in MDAP production, with either more technologically advanced, efficient or less costly unique tooling.