



UNITED STATES MARINE CORPS

MARINE CORPS LOGISTICS COMMAND

814 RADFORD BOULEVARD
ALBANY, GEORGIA 31704-1128

5215
L13

MAR 08 2004

From: Adjutant, Marine Corps Logistics Command
To: LogCom Operations Office

Subj: DIRECTIVES REVIEW

Ref: (a) MCO 5215.1H

1. According to our records, the following directive was promulgated by your office:

Bs 4140.1 Marine Corps Replenishment Parts Purchase or Borrow Program 15 Jul 91
(Number) (Title) (Date)

2. Per the reference, this directive requires review for the reason(s) indicated below. Please complete the review, endorse this letter and return it to the Command Adjutant's Office by 30 MAR 04.

Annual Review

A reference in the directive has been revised, changed, or cancelled.

The directive will be 9 years old this year.

The directive is 9 or more years old and must be revised or cancelled.

N. M. Bohannon
N. M. BOHANNON

Date _____

FIRST ENDORSEMENT

From: _____
To: Adjutant, Marine Corps Logistics Command

The review of _____ has been completed. The results of the review are as follows:

Current; no changes required.

Requires change or revision. Estimated date of completion _____.

No longer required and may be cancelled.

Signature: _____

Print name: _____

OIC initials: _____



OFFICIAL FILE COPY

UNITED STATES MARINE CORPS

MARINE CORPS LOGISTICS BASE

ALBANY, GEORGIA 31704-5000

BO 4140.1

803-3

15 Jul 91

BASE ORDER 4140.1

From: Commanding General
To: Distribution List

Subj: MARINE CORPS REPLENISHMENT PARTS PURCHASE OR BORROW (RPPOB) PROGRAM

Ref: (a) MCO 4140.6

Encl: (1) Form Letter to Potential Suppliers
(2) Criteria for Assignment of Parts to RPPOB Program
(3) Potential Supplier Eligibility Requirements
(4) Request for Reservation of Purchase or Bailment Materiel
(5) Availability/Reservation/Cancellation/Issue of Bailment Materiel

1. Purpose. To implement the RPPOB Program, provide guidance to all pertinent directorates and/or divisions, and ensure that bailment requests; i.e., requests from domestic business concerns to buy or borrow spare parts, are processed per the reference.

2. Background. The reference was developed to implement Section 1216(a) of Public Law 98-525 (Defense Procurement Reform Act of 1984). This section, which was codified as Title 10 USC 2320(d), states: "The Secretary of Defense shall establish programs which provide domestic business concerns an opportunity to purchase, borrow, or view replenishment parts from the United States for the purpose of design replication or modification, to be used by such concerns in the submission of subsequent offers to sell the same or like parts to the United States..." For the purpose of this Order, the term "Bailment Program" will encompass the three methods noted in the reference as to the use of bailment and sale techniques for provision of replenishment parts to the contractors. Many of the procedures involved with the operation of both techniques are identical.

3. Information

a. Only domestic businesses may participate in the RPPOB Program.

b. The Marine Corps will make sample parts available to domestic businesses for the purpose of design replication/modification or development and submission of a data package to obtain approval to sell like replenishment parts to the government per the reference and this Order.

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(10) Coordinate with the Materiel Divisions (Codes 870/B800) to facilitate viewing of replenishment parts by potential suppliers and obtain cost estimates of accessorial and other administrative costs.

(11) Provide a form letter to bailment contractors to be returned (see enclosure (1)) with a certified check to assist the Executive Director for Financial Management (EDFM) (Code 430) to differentiate between a bailed and bought component.

(12) Provide bailment agreements which have been signed by contractors to the Contracts Directorate (Code 905) for execution. Effect distribution of executed bailment agreements and maintain the official file.

(13) Coordinate contractor requests for time extensions on bailed items with the EDLO (Code 808-2), which in turn coordinates with the ILSD Inventory Manager and the Contracts Directorate.

(14) Notify the EDFM (Code 430) of refund status of suppliers' advance including accessorial and other administrative costs within 90 days of receipt of a borrowed item by the Materiel Divisions (Codes 870/B800).

c. Head, Performance Assessment Branch (Code 808); EDLO

(1) Request reservation of components for the RPPOB Program if an asset is available and notify the CAO (Code 812) of availability status per enclosure (4).

(2) Coordinate the bailment request with the ILSD (Codes 830/840) using enclosure (5).

(3) Notify the CAO (Code 812) of return and condition code (C/C) of the RPPOB assets with an information copy to the EDFM (Code 430).

(4) Assign bailment items to the M99 account.

(5) Initiate and forward estimated repair costs within 90 days of receipt of the item to the EDFM (Code 430) and the CAO (Code 812) after notification of a returned item in a C/C other than "A."

(6) Assign a block of project codes to the RPPOB Program.

(7) Process all Quality Deficiency Reports (QDR) and Reports of Discrepancy (ROD) received from the Materiel Divisions (Codes 870/B800) after notification of returned materiel in a C/C other than "A."

(8) Track status of bailed items on a quarterly basis.

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(10) Remove the Limited Rights Legend when notified by the CAO (Code 812).

f. Executive Director for Financial Management (Code 40)

(1) Send a collection voucher to the CAO (Code 812) when the bailment check is received.

(2) Deposit funds in the appropriate accounts as determined using the completed bailment form letter received with a bailment check from the potential supplier and notify the EDLO (Code 808-2) upon receipt and deposit of the bailment check.

(3) Return funds to the contractor for bailed items after performing deductions for any repair, accessorial, and administrative costs as identified by the EDLO (Code 808-2) and the CAO (Code 812).

(4) Record a cash sale at the standard unit price and deposit the suppliers' advance to the appropriate account for Stores Account Code 1 (stock fund) items which are returned in a C/C other than "A."

(5) Record sale of an item using Document Identifier Code "D7Z" (cash sale) and deposit the suppliers' advance to the appropriate account and notify the EDLO (Code 808-2) upon completion of the transaction.

g. Principal Director, Contracts Directorate (Code 90)

(1) Forward unsolicited proposals for bailment and involving bailment to the CAO (Code 812) for review.

(2) Review all government bailment agreements to ensure that the potential supplier has not previously been awarded or is under consideration for award of a contract for the requested item, and that the supplier is not currently debarred, suspended, or otherwise prohibited from engaging in government procurement.

(3) Execute all government bailment agreements.

h. Directors, Materiel Divisions (Codes 870/B800); Storage and Distribution Directorate

(1) Provide cost estimates on a case-by-case basis of specific RPPOB related expenses as requested by the CAO (Code 812).

(2) Provide potential suppliers access to RPPOB items when properly escorted by a representative from the CAO (Code 812) for the purpose of viewing the item upon written request from the CAO (Code 812).

(3) Ship RPPOB materiels "Freight Collect" to a potential supplier.

FORM LETTER TO POTENTIAL SUPPLIERS



UNITED STATES MARINE CORPS
MARINE CORPS LOGISTICS BASE
ALBANY, GEORGIA 31704-5000

IN REPLY REFER TO
4140
Code 812
March 4, 1991

ABC Company
Attn: J. Binotz
1234 West Main Street
Albany, GA 31707

Gentlemen:

You have expressed an interest in the Marine Corps Replenishment Parts Purchase or Borrow Program which creates a bailment of government property. The objective of this program is to enhance competition and lower costs by developing and locating alternative sources of supply and manufacturing, which is mandated by Public Law 98-525, "Defense Procurement Reform Act of 1984."

The Marine Corps has issued Marine Corps Order (MCO) 4140.6 to implement this law. One of the major requirements of MCO 4140.6 is that a bailed component must either be secured by a deposit, sold to the requesting business concern, or be inspected for the purposes of familiarization. The deposit covers the costs to crate, pack, and repair the item if damaged or acquisition costs to reprocure the item if lost or destroyed, as well as certain other charges such as any requested recalibration or retesting. However, all unearned fees are refunded when the item is returned to the government.

In order to buy or borrow an item, a potential supplier must submit a written request. The written request must state the intent to borrow or purchase the part to replicate for a subsequent offer of sale to the government, specify the duration of time a borrowed part is required, and provide the National Stock Number of the desired part.

The item is reverse engineered by the business concern at their own expense to produce a Production Technical Data Package (TDP). The TDP is submitted to the Marine Corps for review and evaluation of form, fit, and function characteristics. If the TDP is approved and accepted, the potential suppliers may retain technical data rights for a specified period of time to be determined by the Marine Corps for each case (normally 3 years or three subsequent buys of the item). At the end of the specified period, the TDP will be provided to the Marine Corps without charge with unlimited rights.

Detailed information on reverse engineering is contained in MIL-HDBK-115(ME), which is available from the Standardization Documents Order Desk, Building 4D, 700 Robins Avenue, Philadelphia, PA 19111-5094. The Product Drawings and Associated Lists making up the TDP will be prepared as specified in MIL-T-31000, DoD-STD-100, MIL-STD-12, and ANSI Y14.5M. Engineering drawings not meeting these requirements may be rejected.

ENCLOSURE (1)

BAILMENT AGREEMENT FOR GOVERNMENT PROPERTY

BAILMENT AGREEMENT FOR GOVERNMENT PROPERTY 1. DATE OF AGREEMENT

2. LOANED/SOLD BY (Name of Activity) 3. BORROWED/PURCHASED BY
(Full name & business address of borrower)

MARINE CORPS LOGISTICS BASE
ALBANY, GA 31704-5000

4. The borrower/purchaser acknowledges receipt of the following government property in the condition noted below for use as a sample.

QUANTITY	ITEM DESCRIPTION	CONDITION CODE
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5. The borrower has pledged _____ payable to the Treasurer of the United States for the return of the government property in the same condition as when loaned.

6. PROVISIONS OF LOAN AGREEMENT:

- a. Title of the government property will remain in the government unless property is purchased outright.
- b. The contracting officer has determined that the borrower/purchaser is a prospective manufacturer or furnisher of supplies as described above and that the loan of the government property to be used as a sample is necessary in the interest of national defense.
- c. The borrower/purchaser, upon conclusion of evaluation of government property, will submit to the contracting officer a written report concerning his capability to manufacture or furnish the required item.
- d. Retransfer of the parts or technical data to other parties or firms within the United States or to foreign firms is prohibited.
- e. If borrowed, the borrower agrees to return this property in the same condition as when loaned to _____ within ___ calendar days after its receipt.

Encl (1)

ENCLOSURE (1)

15 Jul 91

CRITERIA FOR ASSIGNMENT OF PARTS TO RPPOB PROGRAM

1. The part has limited or reduced sources for supply due to non-availability of a TDP, an incomplete TDP, or a TDP that contains limited rights data. Any technical data that contains limited rights will not be released to potential suppliers.
2. Potential life-cycle savings exceed the cost (including evaluation and testing) of making the part available. The economic evaluation phase of the DFARSS No. 6 will be used to determine cost savings.
3. Loaning, viewing, or selling the part is not prevented by law; i.e., patent rights or security classification.
4. Loaning or selling the part does not adversely affect or deplete required supply quantities.
5. If the part is engineering critical or unstable, it may be made available only upon approval of the acquisition project officer for the end item.
6. Once developed, the TDP for the part will not disclose critical military technology.
7. A potential supplier may not borrow items under warranty. The government will not sell items under warranty unless the same item not under warranty is not available. In the instance where a warranted item is sold, the warranty does not transfer with the sale. A warranted item will not be precluded from being viewed.

ENCLOSURE (2)

15 Jul 91

POTENTIAL SUPPLIER ELIGIBILITY REQUIREMENTS

1. A potential supplier must submit, in writing, a request to buy or borrow an item. The written request must contain the information listed below.

a. Purchase of the Part by the Potential Supplier. This is the preferred method since it minimizes the management and administrative impact of the government. The cost of the part will be the current standard price. As specified in paragraph 035960-035964 of NavCompt Manual, Volume 3, a potential supplier will also pay administrative and accessorial charges such as packing, crating, and handling costs. The potential supplier will make payment prior to delivery of the materiel to the potential supplier. There is no limitation on the dollar value of parts that may be purchased; however, parts costing less than \$100 will almost always be sold rather than loaned.

b. Bailment of Parts to the Potential Supplier. A bailment agreement will be prepared and signed by both parties. The potential supplier will be required to provide a security deposit or bond per paragraph 032109 of NavCompt Manual, Volume 3, while the sample part(s) is (are) in the potential supplier's custody. The amount of the security deposit or bond will equal the sum of the anticipated administrative and accessorial charges as specified in paragraphs 035960-035964 of NavCompt Manual, Volume 3; the anticipated cost to test and certify the item prior to the loan and/or upon the items return to the government; and the part's standard price or the amount required by the bonding company when a bond is used.

c. Viewing of the Part. Potential suppliers may inspect parts for the purpose of familiarization. The parts will be displayed in Marine Corps-designated display areas. The Marine Corps will determine what parts are put on display. Viewing of the part is encouraged to eliminate unneeded purchase or bailment agreements.

2. The potential supplier must not be currently debarred, suspended, or otherwise prohibited from engaging in government procurement.

3. The potential supplier must demonstrate ability to duplicate the sample item. This demonstration may be accomplished by referencing past performance.

4. The potential supplier must not have previously been awarded a contract to provide the requested item to the government.

5. The Marine Corps will notify a potential supplier, in writing, if a request for bailment or purchase is denied or delayed.

ENCLOSURE (3)

15 Jul 91

REQUEST FOR RESERVATION OF PURCHASE OR BAILMENT MATERIEL

MC-Aib-4400/102 (5-91)

REQUEST FOR RESERVATION OF PURCHASE OR BAILMENT MATERIEL

NOTE: Prepare Original and Two Copies

FROM: COMPETITION ADVOCATE OFFICE (CODE 812) TO: MANAGEMENT CONTROL ACTIVITY (CODE 808-2)

ITEM BEING PURCHASED OR BAILED (POB)

NSN

NOMENCLATURE

QUANTITY

RDD

RPPOB Required

Reserve POB Materiel

MAB

MBB

Since potential supplier is located at

NSN

NOMEN

QTY

U/I

SUP

SAC

EXT U/PRICE

REMARKS:

Signature

Date

FIRST ENDORSEMENT

FROM: MANAGEMENT CONTROL ACTIVITY (CODE 808-2)

TO: COMPETITION ADVOCATE OFFICE (CODE 812)

Materiel has been reserved;

RPPOB will contain:

1. POB by NSN, NOMEN, QTY, SUP, and Extended Price
2. Required Return Date
3. Project Code _____
4. Return Shipping Data:
Ship to:
M/F:
5. Contractor will return the bailed materiel FOB destination in the same condition/configuration as received, normal wear expected. The Marine Corps reserves the right to inspect returned bailed materiel to determine condition. Should the Marine Corps determine that restoration is required, the borrower will forfeit a portion of the security deposit equal to the amount required to restore the bailed materiel to its original condition.
6. Contractor will be required to sign a loan agreement for government property prior to acceptance of the bailed materiel.

Insufficient assets - materiel not reserved. Request advise.

Signature

Date

ENCLOSURE (4)

AVAILABILITY/RESERVATION/CANCELLATION/ISSUE OF BAILMENT MATERIEL

MC-Aib-4400/103

AVAILABILITY/RESERVATION/CANCELLATION/ISSUE OF BAILMENT MATERIEL

NOTE: Prepare Original and Two Copies

FROM: MANAGEMENT CONTROL ACTIVITY (MCA)
(CODE 808-2) TO: ILSD (CODE) LMC _____

Encl: (1) _____
(2) _____
(3) _____

Request the following items being considered for bailment be assigned a project code and reserved in Purpose Code "K."

NSN NOMEN U/I QTY PRI SUP EXT U/PRICE SAC

RDD _____ FUND CODE _____ SIGNAL CODE _____ apply.

Advise MCA of attainment of materiel not later than _____.

Cancel above materiel on Project Code _____.

REMARKS:

Please respond to the MCA (Code 808-2) by _____.

Please assign Document Number _____.

Signature _____ Date _____

FIRST ENDORSEMENT

FROM: ILSD (CODE) TO: MCA (CODE 808-2)

Above materiel has been reserved in Purpose Code "K" for Project Code _____ except as indicated below.

Bailment materiel canceled per your request.

REMARKS:

Signature _____ Date _____

ENCLOSURE (5)