



Holston Army Ammunition Plant (HSAAP) Industry Day #1

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HSAAP Industry Day Agenda



- 0800 – 0845: Participants Log into Meeting
- 0845 – 0900: Final Audio/Visual Check
- 0900 – 1000: Acquisition Strategy
 - Opening Remarks
 - HSAAP Overview
 - Acquisition Strategy
 - Contract Terms & Conditions
- 1000 – 1030: BREAK
- 1030 – 1730: One-on-One Discussions
- Facility Tour will be Scheduled When Conditions Allow

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Disclaimer



- Industry Day is for information and planning purposes only and does not constitute a formal solicitation or Request For Proposal (RFP)
 - The Government does not intend to award a contract on the basis of Industry Day or otherwise pay respondents for participation in this event
 - Milestones, timeframes, and quantities are estimates only; Do not rely on information presented today in formulating proposals
 - Should an RFP be issued, any information contained within the RFP supersedes the information presented here
 - No Government personnel, except for the Contracting Officer, can make any commitments on behalf of the Government
- Questions and Comments
 - This briefing package, along with all information, questions and answers (Q+A) will be posted to beta.SAM.gov
 - Since all Q+A will be posted to beta.SAM.gov, no proprietary information should be included
- No pictures or recording of briefing information is permitted

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Industry Day Objectives



- Provide potential offerors with a general program overview
- Initiate dialogue with industry during one-on-one sessions
- Solicit input and comments from industry for use in finalizing a strategy that will ensure a mutually beneficial contract for Government and industry
- Provide attendees the ability to identify potential partners
- Encourage open and continuous exchange of information and ideas throughout this process

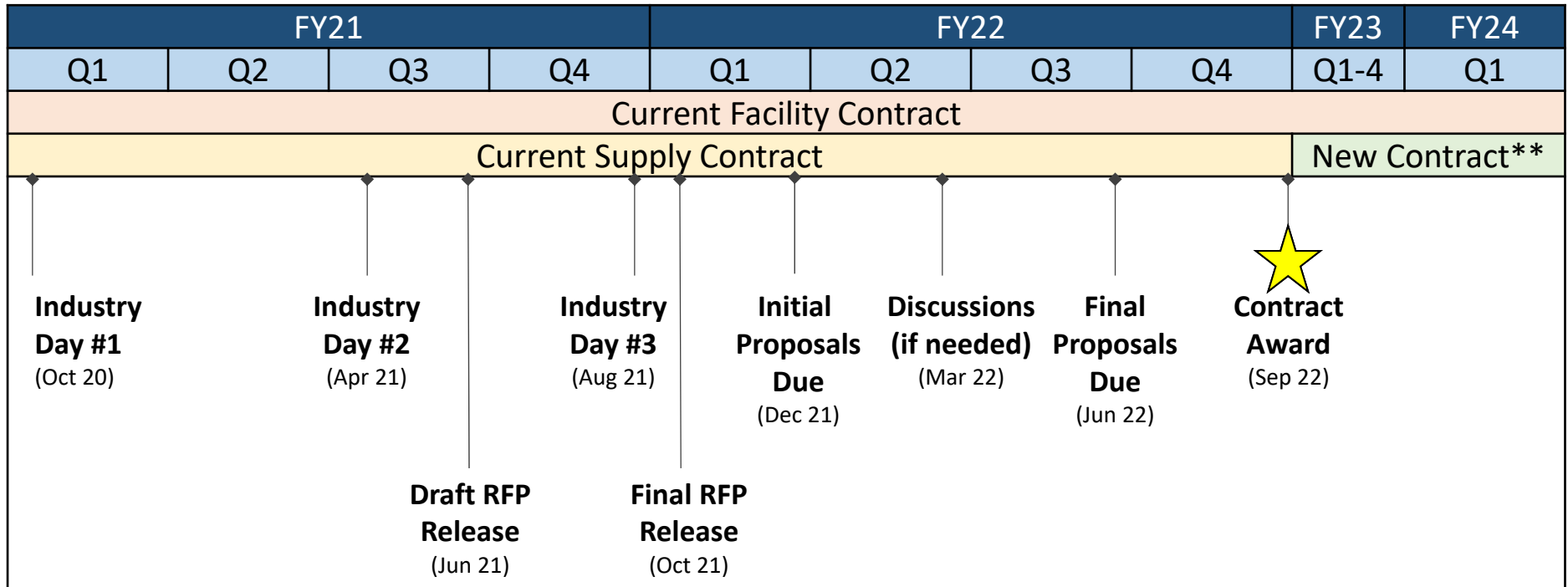
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Acquisition Milestones*

Subject to Change



*Government Fiscal Year is 1 Oct to 30 Sep.

**New contract will include both Supply and Facility. Overlap with Current Facility Contract represents 15-month transition period.

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Overview of HSAAP

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Holston AAP (HSAAP) Kingsport, TN (est. 1942)



Mission: Explosives production
Contractor: BAE - Ordnance Systems Inc.
Size: 6,024 acres, 325 buildings, 128 igloos
Employees: 1 Military, 22 Department of Army Civilians
ARMS Tenants: 9
Current Contract: 25-year Facility Use Contract ends December 2023
Major Customers: Air Force, Navy, Army

Core Capabilities:

- Large-volume synthesis and manufacture of high explosives
- Production and development of insensitive munitions explosives
- Recrystallization and purification from organic solvents
- Explosives performance testing
- Full-spectrum explosives research and development capability

Production Base Support (PBS):

- Government funding for improvement projects in:
 - Infrastructure, Environmental, Quality of Work Environment (QWE), and Production Efficiencies
- Available to Contractor-Operated facilities that support ammo production, but is a competitive process amongst those facilities
- Projects may be awarded to operating contractor, US Army Corps of Engineers, or a 3rd party for execution
 - Operating contractor support needed regardless of party executing

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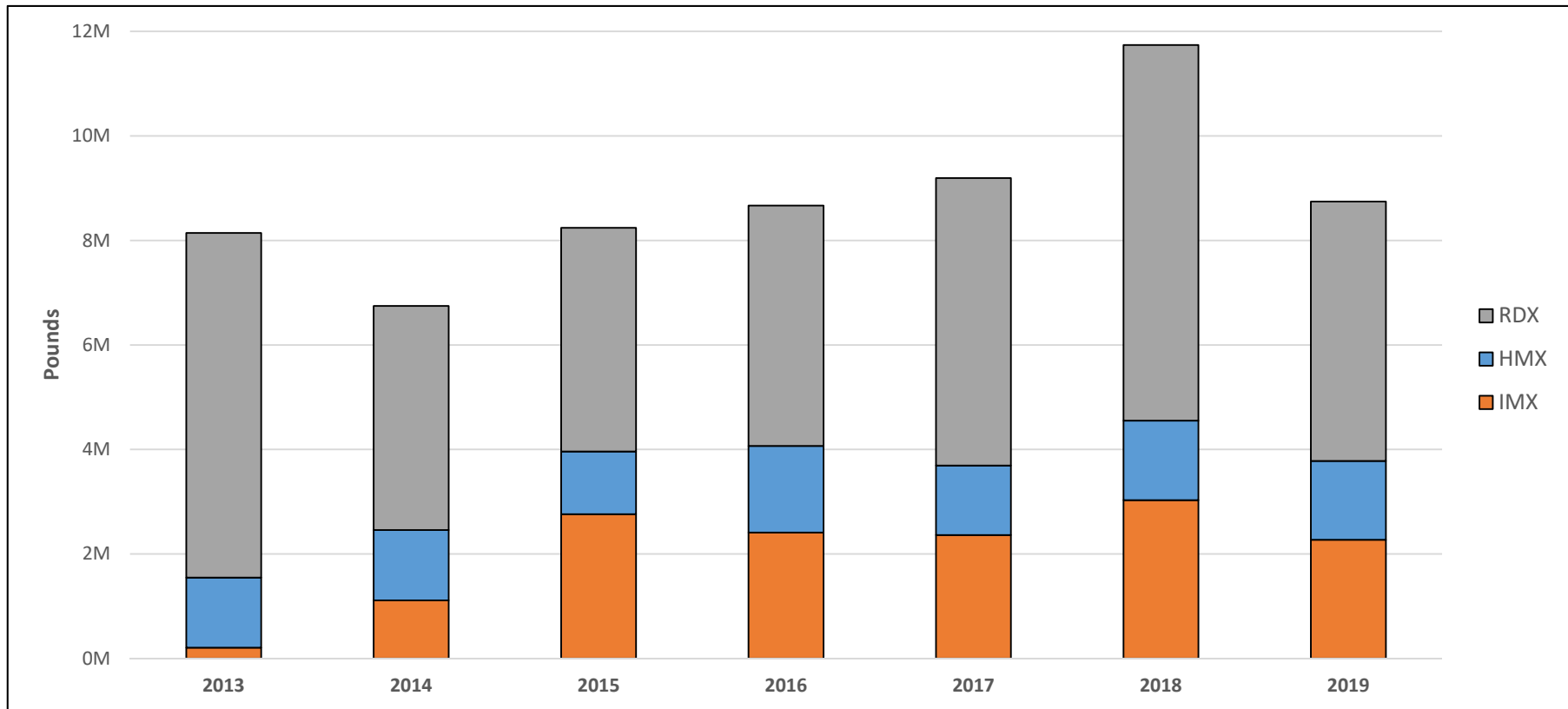
Description of HSAAP Facilities and Operations

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HSAAP Explosives Production History



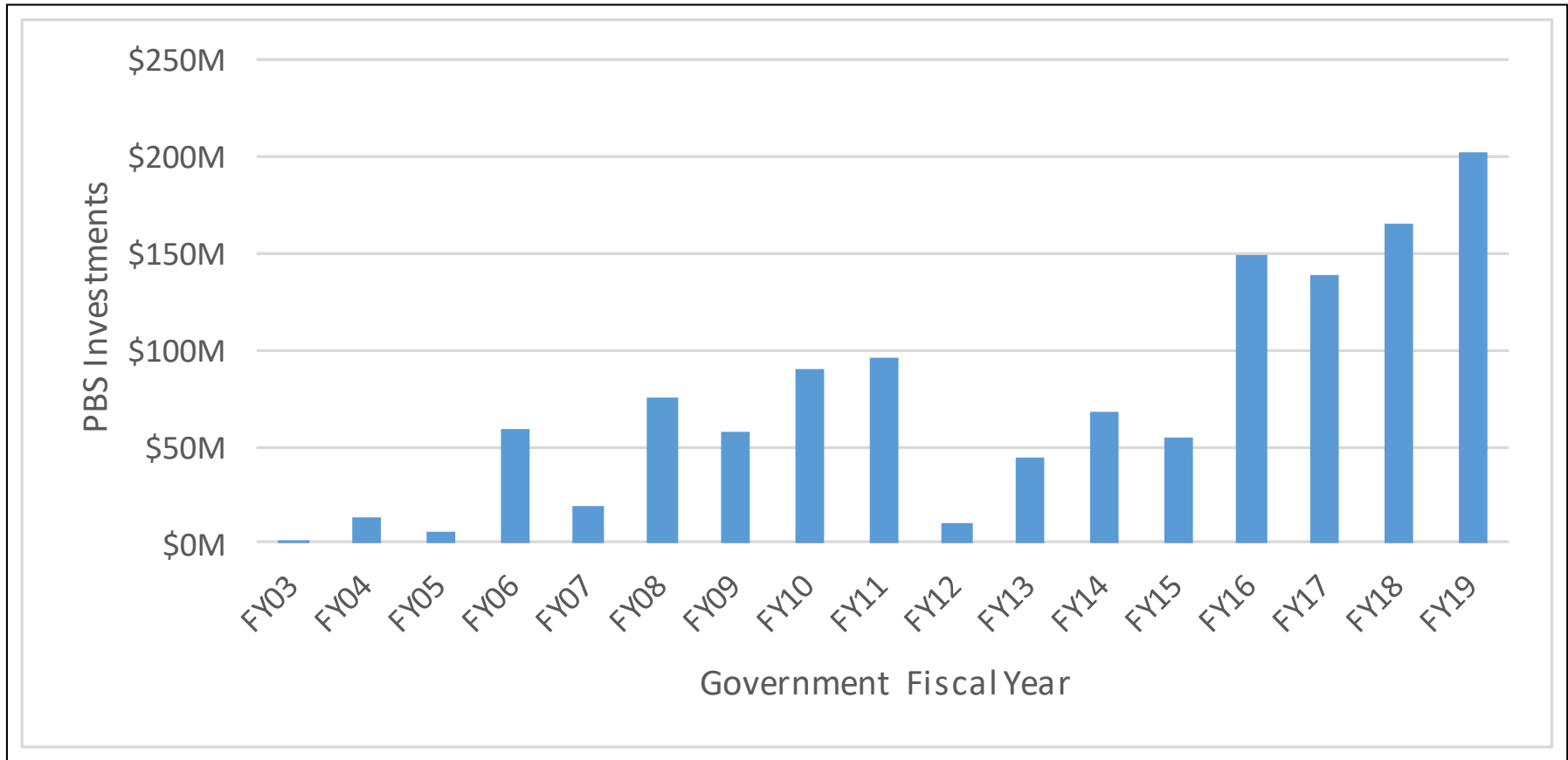
- Includes production orders from all U.S. Government customers
 - Government -> Operator
 - Government -> 3rd-party -> Operator
- Excludes non-Government sales
 - Commercial Buyer -> Operator

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Historical PBS Investments



Production Base Support investments are determined through an annual budgeting process that balances Holston AAP's facility needs, other AAP needs, Government priorities and available resources.

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Armament Retooling and Manufacturing Support (ARMS) Tenants



- HSAAP’s incumbent operating contractor executes an active ARMS Program that must be transitioned to the new operating contractor to retain existing ARMS Tenant Use Agreements (TUA)
 - ARMS Program was authorized by the ARMS Act of 1992 (10 USC Sections 7551-7555)
 - Scope provides for commercial, third party, and tenant use of facilities with USG approval
 - ARMS revenue is approved by PD JS for funding facility infrastructure improvements, renovations for tenants, and compensation to the operating contractor for performance of ARMS related activities

| Current Tenant | Industry | TUA Final Expiration Date |
|-----------------------------------|--------------------------------------------|---------------------------|
| Interactive GIS | GIS support for prime contractor | August 2021 |
| Steve Morgan Construction | Modernization support | December 2021 |
| McCurry Environmental Consultants | Environmental support for prime contractor | December 2021 |
| Transit Mix Concrete Company | Concrete manufacturing – In Area A | May 2022 |
| JTH Engineering | Maintenance and modernization support | October 2022 |
| Quesenberry's Construction | Modernization support | December 2023 |
| ShalePro | Natural gas supplier, pipeline support | December 2023 |
| Appalachian Railcar Services | Rail operations/maintenance | December 2023 |
| Holston Business Development Ctr | Business Development Incubator | August 2048 |

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Acquisition Strategy

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Holston AAP Acquisition Objective



- Award a Contract to a Responsive and Innovative Operator in order to:
 1. Safely and effectively operate, maintain and modernize the facility while ensuring production continuity.
 2. Deliver top quality product.
 3. Have assured and resilient production capabilities that can flex to multiple world situations.
 4. Have a focus on efficiency and continuous improvement.
 5. Ensure affordable, stable pricing for customers.

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Acquisition Strategy



- Acquisition Strategy has NOT been formally approved
 - Plan to finalize by next Industry Day
- Competition will be limited to U.S. companies and use a Best Value Tradeoff Source Selection
- Approach will be structured as One (1) RFP, One (1) Proposal, and One (1) contract:
 - Property Management: Costs for base support operations included in production item unit prices
 - Production: Firm-Fixed-Price (FFP) Indefinite Delivery, Indefinite Quantity (IDIQ) Production Items
 - Modernization Projects: FFP or Cost-Plus-Fixed-Fee dependent on scope/complexity/risk
- Modernization Projects may be awarded to the operating contractor, through US Army Corps of Engineers or directly to another 3rd-party
- Duration: 10 years (1 Oct 2022 – 30 Sep 2032)
 - 5-year base award and evaluated 5-year option awarded with base
 - Followed by 12-month transition (1 Oct 2032 – 30 Sep 2033)

| | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 |
|----------------|------------|------|------|------|------|---------------|------|------|------|------|--------------------|
| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| HSAAP Contract | Base Award | | | | | 5-year Option | | | | | Follow-on contract |

Transition in (under FY23-FY24)
Transition out (under FY32-FY33)

Seeking Industry Feedback

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Property Management Performance Work Statements (PWS)



- In consideration for exclusive use of HSAAP, the operating contractor provides property management, environmental compliance, safety, fire/emergency services, maintenance, and other support
 - Government includes these requirements in the form of PWS
 - The following PWS are currently under consideration:
 - ✓ Indirect: Shall be accomplished by contractor at no direct cost to Government (i.e., borne by the product)
 - ✓ Direct: Shall be subject to availability of funds, and may be cost reimbursable IAW FAR 52.216-11

| | | |
|----------|--------------------------------------------|------------------------------------|
| Indirect | 1. Facility Plans, Analyses and Strategies | 6. Fire and Emergency |
| | 2. Property | 7. Maintenance/Major Maintenance |
| | 3. Environmental/Energy | 8. ARMS |
| | 4. Safety | 9. Transition |
| | 5. Security | 10. Cyber Security |
| Direct | 11. ACO Staff Support (on-site Gov Staff) | 12. Ammunition Material Management |

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Product Price Matrix



- RFP will request FFP price matrix based on:
 - Individual product
 - Quantity range
 - Ordering period
- Price matrix will be applicable to Government direct buys and be applicable to third-party buys supporting Government products on a not-to-exceed basis
- Pricing required for all ten years
- Quantity ranges may be at the plant-wide or individual product level
- Specific details and products for price matrix will be developed for inclusion in final RFP



Product List

(Subject to change)



- Composition A-3
- Composition A-4
- Composition A-5 Class 1
- Composition B Type I Grade A
- Composition B4
- Composition C-4
- Composition D-2
- CXM-3
- CXM-7
- CXM-9
- CXM-10 Type 1
- CXM-10 Type 2
- CXM-10 Type 3
- CXM-11
- CXM-12
- CXM-AF-5
- CXM-AF-7
- Cyclotol
- HMX 80S
- HMX GRADE B CLASS 1
- HMX GRADE B CLASS 2
- HMX GRADE B CLASS 3
- HMX GRADE B CLASS 5
- IMX-101
- IMX-104
- LX-14-0
- LX-17
- NTO Coarse
- NTO Fine
- Octol 75/25
- PAX-2A, Type I
- PAX-2A, Type II
- PAX-3 Type III
- PAX-48
- PBX-9501
- PBX-9502
- PBXN-5 Type I Class 3
- PBXN-5 Type 2 Class 3
- PBXN-7 Type 1, Class 2
- PBXN-7 Type 2
- PBXN-9
- PBXN-10 Type I
- PBXN-10 Type II
- PBXN-11 Class I
- PBXN-12 Type I
- PBXN-12 Type II
- RDX TYPE II CLASS 1
- RDX TYPE II CLASS 3
- RDX TYPE II CLASS 5
- RDX TYPE 2 CLASS 7
- TATB Type I Class 2
- TATB Type II (DRY)
- TATB Type III Class 1
- TATB Type III Class 2

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Anticipated Contract Terms and Conditions

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General Terms & Conditions



- Contract to be executed through Army Contracting Command-Rock Island
 - Current contract expires for ordering purposes 30 SEP 2022
 - The current contract includes a 15-month transition period
 - Current operator will maintain full operational control through 31 DEC 2023
- Modernization Projects:
 - New Awardee to support execution of third-party and Corps of Engineers modernization projects
- Utilization of Facilities for Commercial Purposes:
 - HSAAP facilities may be allowed for commercial use with PCO approval and consideration
 - Government is considering including an evaluation factor for offeror's compensation to the Government for use of facility
 - Monthly reporting of all commercial and third party activities will be required

Seeking Industry Feedback

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General Terms & Conditions (continued)



- Capital Investment & Intellectual Property Rights:
 - Government to retain ownership of physical property and unlimited rights to intellectual property:
 - ✓ All Government furnished property
 - ✓ Modifications to Government furnished property
 - ✓ Property acquired by the contractor under this contract
- Safeguarding Permanent and Enduring Records:
 - Contractor responsible for capturing, cataloging, retaining, and preserving records that are necessary for the operation of HSAAP
- Contract Financing:
 - Progress Payments will be offered for production orders, predicated on an adequate accounting system
 - Performance Based Payments are planned for direct funded projects
- Economic Price Adjustments:
 - May be considered with appropriate justification
- Indemnification
 - Requests for Indemnification will be considered for this acquisition
 - Operating contractor must still maintain both usual and customary commercial insurance coverage for itself, its operations, and its employees

Seeking Industry Feedback on EPAs

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Cost Reporting



- Requirement for contractor to provide actual cost data on a quarterly or annual basis for production, facility management, modernization, etc.
- Cost reporting format to be grouped by operational relevancy rather than by activity type
 - Enable better estimation and tracking of the total cost of targeted facility operations
 - Contemplated cost reporting includes:

| COST AREAS | |
|--------------------------------|------------------------------------------------------|
| 1. PRODUCTION: | |
| A | Explosives Production (By Product) |
| B | Acid Area - Direct Labor Costs (By Product) |
| C | Acid Area Indirect Labor Costs |
| D | Acid Area Production Maintenance ("Inside") |
| E | Acid Area - Utility Consumption and Generation |
| F | Explosives Area - Direct Labor Costs (By Product) |
| G | Explosives Area Indirect Labor Costs |
| H | Explosives Area - Production Maintenance ("Inside") |
| I | Explosives Area - Utility Consumption and Generation |
| 2. MODERNIZATION: | |
| A | Modernization Projects |
| 3. FACILITY MANAGEMENT: | |
| A | Facility Plans |
| B | Property |
| C | Environmental and Energy |
| D | Safety |
| E | Security |
| G | Support of Onsite Gov't Staff |
| H | Fire & Emergency Services |
| I | Maintenance |
| J | ARMS |
| K | Material Management |
| 4. OTHER: | |
| A | To Be Determined |



Technical Data Libraries



- The Government plans to establish the following data repositories to post documents in support of proposal development:
 - Virtual Technical Library (VTL): Online library to include, but not be limited to:
 - ✓ Baseline Facility Assessment (BFA)
 - ✓ Baseline Environmental Conditions Assessment (BECA)
 - ✓ Manufacturing, operating, and inspection procedures
 - ✓ Maintenance procedures and records
 - On-Site Library (OSL): Physical library maintained at HSAAP to include documents and information deemed too sensitive to post online or which do not exist electronically
 - Neither library will include classified documents
- VTL and OSL are scheduled to be available to offerors prior to release of draft RFP
 - VTL/OSL rules and instructions will be posted to beta.SAM.gov

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Access to Controlled Information



- Classified Data:
 - The contract ***may require*** the generation, handling, and/or storage of classified material up to Secret
 - If required, contractors would need to obtain a Facility Security Clearance
 - Eligibility requirements can be found at: <https://www.dcsa.mil/mc/ctp/>
- Controlled Unclassified Information (CUI) (i.e. FOUO/Distribution Statement B - F):
 - The contract ***will require*** access to CUI
 - Firms within the US and Canada must be registered with the Joint Certification Program (JCP) via form DD2345 to receive drawings
 - ✓ Approximately 2-3 weeks is required for JCP certification
 - ✓ For information on becoming certified, please visit: <https://public.logisticsinformationservice.dla.mil/PublicHome/jcp/default.aspx>
 - For non-U.S. /non-Canadian firms, there are additional steps required to obtain CUI
- Contractors must obtain a beta.sam.gov vendor account to access TDPs

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System for Award Management (SAM)



- All contractors who provide goods/services to Department of Defense (DoD) must be registered in SAM. If you are not registered in SAM, you cannot be awarded a DoD contract
- Website for registering in the SAM is: <http://www.sam.gov>
- You may also contact the Federal Service Desk at www.fsd.gov, to request assistance with the SAM registration process

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Questions



- Based on today's presentation, industry is invited to provide comments/questions on the upcoming acquisition
- Submission of white papers is encouraged to support Industry recommendations on this acquisition strategy
- Comments/questions and white papers should be submitted to the PCO by 13 November 2020:
 - Comments/questions should be sent via the Q&A form on beta.sam.gov
 - White papers should be sent to the PCO and contract specialist
 - ✓ Contracting Officer benjamin.j.gillen.civ@mail.mil
 - ✓ Contract Specialist jacob.t.harrison15.civ@mail.mil

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Conclusion



- All information provided today is TENTATIVE and subject to change.
- All information regarding HSAAP acquisition, to include future industry day announcements, draft solicitation, Q&A will be posted on beta.sam.gov website
- Search beta.SAM.gov for Solicitation Number “W52P1J-19-R-0142”
- It is the responsibility of the contractors to check this website frequently for the latest information regarding this acquisition.
- Industry feedback is requested and valued