



DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
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FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

DLSC-LS

MAY 08 2000

MEMORANDUM FOR NAVAL SEA SYSTEMS COMMAND (SEA04)

SUBJECT: Shipyard Support Initiative

The enclosed Memorandum of Agreement (MOA) provides the details of a support initiative intended to enhance DLA support for the naval shipyards. Capturing demand from shipyard "buy around" actions will improve the accuracy of DLA forecasts and consequently increase DLA's ability to provide timely support for future requirements. Upon approval by the Navy, DLA will take action to implement the terms of the MOA.

My point of contact for this initiative is John Alphin, DLSC-LS, DSN 427-1522.

WILLIAM J. KENNY
Executive Director
Logistics Policy and
Acquisition Management

Attachment



**MEMORANDUM OF AGREEMENT
BETWEEN
THE DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-L)
AND
THE NAVAL SEA SYSTEMS COMMAND (SEA04)**

1. SUBJECT: DLSC / NAVSEA Test of Demand Recording Using "DHA" Documents

2. REFERENCE:

a. DoD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), Chapter 3.

3. PURPOSE:

The purpose of this Memorandum of Agreement (MOA) is to document test procedures for a support initiative utilizing MILSTRAP document identifier "DHA" transactions to record demand in DLA files. This demand information will be considered in the requirements determination process used to set support levels and project future requirements. The participants in this test are the DLA Defense Supply Centers (DSCs) and the naval shipyards: Portsmouth Naval Shipyard, Norfolk Naval Shipyard, Puget Sound Naval Shipyard and Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility.

4. BACKGROUND:

In general, DLA's automated systems forecast future requirements by capturing demand from funded requisitions received from the Services. If a Service does not use DLA to fill a requirement, DLA does not have visibility of this demand and therefore does not consider it when projecting future requirements. MILSTRAP contains procedures for submitting demand information utilizing a document identifier "DHA" transaction. This is an unfunded document that may be used by a Service to transmit demand information to an inventory control point (ICP).

5. DISCUSSION:

This MOA outlines procedures for a "DHA" support initiative test between the Navy and DLA. The use of "DHA" transactions to record demand requires DLA to assess both the potential for improved customer support and the potential for increased financial risk by the DLA DSCs. "DHA" transactions are unfunded. Therefore, there is neither an immediate financial impact nor a future financial risk on the part of the Service submitting the document. Recording "DHA" demand does involve a financial risk for DLA. To the extent that "DHA" demand drives increased support levels, DLA will expend additional funds. If future demand does not materialize, DLA will have invested resources in inapplicable inventory. Investment in inappropriate inventory has a broad negative impact on DLA's financial resources and consequently on customer support. In view of the financial risk, DLA has elected to "test" the use of "DHA" demand transactions using a conservative incremental approach. In this test, the DLA DSCs will record demand received on "DHA" documents submitted by the four naval shipyards. These documents will be processed through a logic filter prior to demand recording. This filter will compare the quantity on the "DHA" document with the DLA on hand inventory. If DLA has sufficient stock on hand to have filled a requisition with the "DHA" quantity, the "DHA" demand will not be recorded.

6. AGREEMENTS:

DLA: On a test basis, the DSCs will accept "DHA" demand documents from the four naval shipyards. The demand from documents that pass system edits will be recorded in the DSC's demand history and will be used by the automated requirements determination process to determine support levels. The DLA primary point of contact for the "DHA" test is John Alphin, DLSC-LS, DSN 427-1522.

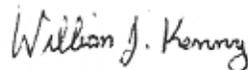
Navy: The use of a "DHA" transaction indicates the following:

- a. The submitting activity would have used DLA as the source of supply if DLA had been able to support the requirement.
- b. The submitting activity intends to use DLA as the initial source of supply for future requirements. If DLA can support future requirements, the activity will submit funded requisitions.

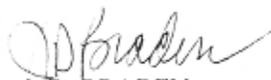
The Navy primary point of contact for the "DHA" test is Ed Lamarine (MSSD), DSN 684-1615.

7. EFFECTIVE AND TERMINATION DATES:

This agreement covers an indefinite period and is effective upon mutual agreement to the terms of the MOA as indicated by the authorized signatures. The MOA may be terminated by written notice of either party. The results of the test will be periodically monitored, and test procedures may be modified as mutually agreeable to both parties.



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