

Just-In-Time Systems Contracting Guideline - 5.11.G (04/03/02)

[Last Update: \(04/03/02\) BDenman:kma - 5.11.G.0](#)

[Precontractual Considerations - 5.11.G.1](#)

[JIT Agreement – Documentation of Requirement - 5.11.G.2](#)

[Evaluation and Selection Process - 5.11.G.3](#)

[Administration of a JIT Contract - 5.11.G.4](#)

[Period of Performance - 5.11.G.5](#)

[Applicable Clauses - 5.11.G.6](#)

[References - 5.11.G.7](#)

[Policy - 5.11.P](#)

**Last Update: (04/03/02) BDenman:kma -
5.11.G.0**

This guideline has been revised to update the JIT process.

Definitions

Just-In-Time Contracting is the use of systems contracting to provide delivery of Maintenance Repair and Operating (MRO) supplies and services at a specified price within a specified time on a Firm-Fixed Price (FFP) basis. These contracts typically are awarded for a three (3) year period with options for extension to achieve total contract duration of 5 to 10 years.

Service level is the percentage of line items filled within the required delivery interval as

specified in the JIT contract.

Systems Contracting is a contracting method that is normally used for purchasing commercial, off-the-shelf, repetitive-use material.

Stock items are SNL specified items that are ordered on a frequent basis and the Contractor agrees to have available for delivery within an expeditious period of time.

Nonstock items are items other than stock, offered in the Contractor's normal course of business that are infrequently ordered and allowed a longer delivery period. A list of all items specified in the JIT contract by a specific delivery interval and pricing level, is known as an "Attachment or Price Schedule."

Catalog is a systematized list of items offered by the Contractor. This may include both stock and nonstock items (e.g., Office Supply Catalog).

Precontractual Considerations - 5.11.G.1

The SCR shall review Guideline 2.1 - Solicitation Document, before initiating a JIT contract.

JIT Approval - 5.11.G.1.a

The Systems contract itself is approved by the appropriate level based on the estimated volume of procurements that will be placed against the Systems contract; however, no approval above that of the Director of Procurement and Logistics will be secured.

JIT Agreement - Documentation of Requirement - 5.11.G.2

The SCR will make a determination if a JIT contract should be issued. The Procurement files shall document the reasons for that decision. Criteria may include, but are not limited to the following:

- Is the product an off-the-shelf unmodified commercial product?
- What volume of actions and dollars has been expended on a historical basis?
- Have the top users been surveyed as to whether they want the value-added services of JIT?

- Have users requested it?
- Have all SCRs been consulted as to impact or other issues/concerns?
- If a JIT is established, is the commitment/support from the original equipment manufacturer present?
- Potential sources?
- Have the implications of the impact on small, small disadvantaged, and women-owned businesses been considered?
- Has the Supplier Relations and Supply Chain Management Department been consulted?
- Have other M&Os/commercial businesses been contacted as to how they procure items (i.e., lessons learned)?
- Would the overall process be cost effective and what are the benefits to standardization and long-term contracts?
- Are these items available through General Services Agreements (GSA), Lockheed Martin Corporate Agreements, Integrated Contractor Purchasing Team (ICPT) Agreements, and how do the terms and pricing compare to JIT/commercial?
- Should there be a review/buy-off from major stakeholders (i.e., ES&H, Quality, or Computer Operations, etc.)?
- If a solicitation is initiated by the SCR, then the SCR develops the list of items for attachments utilizing:
 - the usage report,
 - information provided by the primary users, and
 - requirements provided by the oversight organizations; (i.e., ES&H, Quality, etc.).

The SCR should consider the guidelines detailed in Guideline 2.1 - Solicitation Document when preparing a solicitation for a JIT Systems contract.

JIT Pricing Arrangement - 5.11.G.2.a

All JIT contracts are awarded on a FFP basis (see Guideline 1.4 - Contract Types). Methods of FFP pricing include, but are not limited to:

- discount from published price list, and
- costs to acquire with economic adjustment factors added on in accordance with FAR 16.202 and 16.203.

JIT Solicitation Approval - 5.11.G.2.b

SCR shall obtain the appropriate solicitation approvals in accordance with the PAS commitment levels in Guideline 10.4 - Procurement Action Summaries.

JIT Solicitation/Contract Information - 5.11.G.2.c

The following clauses should typically be included in Section I:

- Statement of Work,
- Period of Performance,
- Unfunded Agreements Clause,
- Pricing,
- Price Revisions for Items on the Contract,
- Pricing for Item(s) Added to the Contract,
- Contract Coordinator,
- Releases,
- Delivery,
- Service Level,
- Payment,
- Implementation Schedule,
- Contract Cancellation,
- Variations in Quantities,
- Government-Furnished Property,
- Disposition of Government-Furnished Property, and
- Conflict Resolution.

Other clauses may be required depending on the value, classification, access and other characteristics of the procurement.

JIT Catalog - 5.11.G.2.d

This document lists all items requested to be made available by the supplier on a regular basis. If applicable, SNL oversight organizations will be given the opportunity to review and approve items contained in the catalog (e.g., ES&H, ADP, etc.). Information included in the catalog is as follows:

- brief description,
- manufacturer/brand name, if applicable,
- price,
- item number,
- unit of measure, and
- other information as determined by the SCR (e.g., price/cost data).

Evaluation Criteria - 5.11.G.2.e

The SCR decides the technical/price evaluation criteria which best suits the JIT product/family. Evaluation Criteria should be developed in accordance with Policy and Guideline 2.1 - Solicitation Document.

Evaluation and Selection Process - 5.11.G.3

Technical Evaluation Team - 5.11.G.3.a

The SCR may form a Technical Evaluation Team that includes members from a primary line organization (if applicable), SNL's ES&H, Quality, and Computer organizations and top customers (based on usage) of the preceding contract, if appropriate.

The SCR may:

- schedule site visits, if required,
- request formal supplier surveys, if required, and
- provide guidance to the Evaluation Team, if requested.

Contractor Selection - 5.11.G.3.b

The SCR shall take into consideration the guidance provided in Guidelines 3.1 - Best-Value Source Selection/Commercial-Like Practices, and 3.2 - Contract Price/Cost Considerations when selecting a JIT Contractor.

Negotiation of Inventory Handling - 5.11.G.3.c

The SCR shall negotiate items eligible for buy-back which must be listed via separate letter to

the Contractor stating the specific requirements of quantities to be ordered and inventoried. Only items which have received prior written approval will be considered. **Note:** Listing of items in an "Attachment" does not constitute written approval.

Administration of a JIT Contract - 5.11.G.4

Price Increase/Decrease - 5.11.G.4.a

The SCR may allow price increases or decreases as provided for in the contract.

Nonstock-to-Stock Conversion - 5.11.G.4.b

Depending on the commodity being procured, the SCR may negotiate conversions from nonstock-to-stock when the:

- nonstock item(s) is ordered on a continued/repetitive basis,
- SCR recommends it,
- Contractor recommends it, or
- line customer requests it.

Note: Conversion of nonstock items to stock items will be per contract clause: "Pricing for Items Added to the Contract." In order for items to be ordered under a JIT contract, they must be entered into the Oracle Item Master.

Deletion of Contract Items - 5.11.G.4.c

The SCR may authorize/negotiate deletion of stock items when the:

- stock item is no longer available,
- stock item is no longer being ordered in sufficient quantities to maintain equitable pricing for the Contractor,
- SCR recommends it,
- Contractor recommends it, or
- line organization requests it (i.e., ES&H, Security, etc.),

Note: Conversion of a stock item to a nonstock item will be per contract pricing clause.

Price Audits - 5.11.G.4.d

The SCR/Sandia Contract Administrator shall audit prices for adherence to the contract and to ensure prices are still fair and reasonable in the market place. Audits will be performed on an annual basis or as designated by the Rapid Procurement Department Manager.

Period of Performance - 5.11.G.5

JIT contracts are nonfunded and therefore the period of performance can exceed five (5) years. If a JIT contract will exceed five (5) years, it must include the Cancellation Clause SC 895-JIT.

In some instances there may be a business need to extend a JIT contract which is about to expire. In these instances the SCR may revise the contract, prior to the expiration date, to add option years and/or extend the period of performance. This should be done only if the SCR can justify that it is cost effective and/or is in SNL's best interest to do so.

All JIT contracts must be evaluated prior to award of an option year. This section contains a brief description of the evaluation process.

Option Years for JIT Contracts - 5.11.G.5.a

Recommendation of an option year must be documented with the following:

- Procurement Action Summary to include:
 - price analysis results--justifying that prices are fair and reasonable,
 - recommendation for award (service level data should be referenced), and
 - any additional pertinent information used in making the determination.
- Blanket Purchase Agreement revision.

Note: All documentation is proprietary to Sandia and is not to be released to the general public.

JIT Contract Closeout – 5.11.G.5.b

The SCR shall:

- Negotiate for the buy-out and return/transfer to follow-on supplier for any items of a special design nature for which the Contractor has received advance written authorization from the SCR agreeing to the stocking of these items in specified quantities.

- Coordinate with the Property, Transportation and Reapplication Department for the return or transfer of all Government-Furnished Property.
 - Notify the top Requesters by letter.
 - If a follow-on contract is awarded, place notification in the Sandia Daily News to advise of the termination date of the current contract and the implementation date of the new contract.
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Applicable Clause - 5.11.G.6

- SC 895-JIT - Contract Cancellation (JIT)
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References - 5.11.G.7

- Policy and Guideline 1.4 - Contracts Types
 - Policy and Guideline 2.1 - Solicitation Document
 - Policy and Guideline 3.2 – Contract Price/Cost Considerations
 - Policy and Guideline 10.4 – Procurement Action Summaries
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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.



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