



DEPARTMENT OF THE NAVY

NAVAL AIR SYSTEMS COMMAND
ADM WILLIAM A. MOFFET BUILDING
47123 BUSE ROAD, BLDG 2272
PATUXENT RIVER, MARYLAND 20670-1547

IN REPLY REFER TO:

4200

CJ&A 11-22377

CLASS JUSTIFICATION AND APPROVAL FOR OTHER THAN FULL AND OPEN COMPETITION

1. **Contracting Activity:** Naval Air Systems Command (NAVAIR)
2. **Description of Action Being Approved.** This Class Justification and Approval (CJ&A) authorizes and approves the issuance of orders against Basic Ordering Agreement (BOA) N00019-12-G-0006, hereinafter referred to as the V-22 Program BOA. The V-22 Program BOA will cover orders issued during the authorized ordering period. Orders will be placed on a sole source basis with the Bell Boeing Joint Project Office (Bell-Boeing) for procurement of supplies and services in support of the V-22 program. Authority to award orders pursuant to this CJ&A commences upon CJ&A approval and expires on 31 December 2017.
3. **Description of Supplies/Services.** Actions in support of ongoing V-22 production, reliability/sustainability improvements and/or continuing expansion of the V-22 flight envelope authorized by this CJ&A include the following:
 - a) Development, manufacture and installation of engineering change proposals for upgrades, forward fit and/or retrofit kits, including, but not limited to, associated production assessments/life cycle analysis, non-recurring engineering, systems engineering, integrated logistics support, production support, prototyping, validation and verification of changes, development, validation and verification of technical publications, manuals, changes, directives, associated logistics impacts, testing of retrofit safety and test equipment changes, spare and repair parts for aircraft, subsystems, training devices and support equipment and related software efforts;
 - b) Software Development and Infrastructure Support related to systems and subsystems originally developed and integrated by Bell-Boeing, including, but not limited to, avionics and vehicle management systems upgrades, training device upgrades and avionics support and any hardware upgrades required to implement software updates;
 - c) Testing, including but not limited to, bench testing, avionics system testing, qualification testing, characterization testing, airworthiness, ground and fatigue engineering, modeling and simulation, wind tunnel, ground and flight testing, data reduction and analysis of flight test data, technical publication source data, flight clearance recommendation and tactics development;
 - d) Obsolescence management efforts, including, but not limited to, obsolescence trade studies, obsolescence component testing and bridge or life-of-type buys;
 - e) Support to in-service V-22 aircraft, including, but not limited to, service life assessment support, service life extension support and studies; and
 - f) Requalification efforts for subsystems or parts.

Quantity and delivery requirements will be established in each order. The estimated total value of orders placed against the V-22 Program BOA is \$1.877 billion to be funded by the appropriations set forth below. Of note, FY-17 through FY-19 represents incremental funding or funding for exercise of pre-priced options set forth in delivery orders issued during the authorized ordering period.

(*) Incremental funding or exercise of pre-priced options

4. Statutory Authority Permitting Other Than Full and Open Competition. The statutory authority permitting other than full and open competition is 10 U.S.C. §2304(c)(1) as implemented by the Federal Acquisition Regulation (FAR) 6.302-1, "Only one responsible source and no other supplies or services will satisfy agency requirements."

5. Rationale Justifying Use of Cited Statutory Authority. Since full scale development, Bell-Boeing has been the sole designer, developer, integrator, manufacturer and producer of the first-of-type V-22 Tilt-Rotor Aircraft through ten Low Rate Initial Production contracts, the first Full Rate Production contract following Milestone III approval in October 2005, and the first Multi-Year Production contract issued in FY08. Bell-Boeing possesses the unique engineering data, technical skills, established tooling, support equipment, facilities and requisite knowledge of the design, fabrication, and production of the V-22 aircraft required to perform the efforts contemplated under the V-22 Program BOA. In addition, Bell-Boeing is the only source with the requisite knowledge of the design, structural loads, safety factors, aerodynamic and structural appraisal of fatigue effects databases, unique operational performance, maintenance and support characteristics of the V-22 aircraft to meet the Government's retrofit requirements. Further, Bell-Boeing performs the non-recurring engineering and thereafter completes the production cut-in of ECPs under the production contract. Further still, as V-22 aircraft are currently deployed in support of national tasking(s), the selection of another source for the efforts contemplated under this BOA would jeopardize and delay the ability to support those taskings. Specifically, aircraft modifications are planned and synchronized with operational deployments with those aircraft available only for a limited period of time to accomplish the necessary and mission critical V-22 aircraft modifications. Having multiple contractors involved with modifications and installation will result in an unnecessary increase of technical and schedule risk. Any delay would result in V-22 aircraft deploying without incorporation of mission critical modifications as well as result in missing retrofit installs on the aircraft going through depot-level planned maintenance intervals. Therefore, the cumulative effect of delays would degrade the operational readiness, effectiveness, safety, and/or performance of V-22 assets.

Based on the foregoing, Bell-Boeing is the only responsible source capable of meeting the Government's requirements and it would be ineffective from a cost, schedule and performance perspective to have any source other than Bell-Boeing perform the types of efforts contemplated under this BOA.

6. Description of Efforts Made to Solicit Offer from as Many Offerors as Practicable.

A synopsis of the Government's intent to issue a V-22 Program BOA was published on 23 April 2012. To date, no responses have been received. Additionally and in accordance with FAR 5.201, orders will be individually synopsisized on the FedBizOpps website. The Contracting Officer will evaluate any responses received prior to award of each order. Additionally, parties interested in subcontracting opportunities will be referred to Bell-Boeing to maximize competition in subcontracted efforts. For the reasons set forth in paragraphs 4 and 5 above, a market survey was not performed.

7. Determination of Fair and Reasonable Costs. In accordance with FAR 15.402(a), the Contracting Officer must ensure that all supplies and support are procured at a fair and reasonable price. Analysis of the proposal will be performed by technical analysts and contract specialists, with the assistance of DCMA analysts and DCAA auditors as needed. The Contracting Officer will analyze the various cost elements that are presented in the proposal, as well as review the actuals from previous procurements. The Procuring Contracting Officer (PCO) will use Government expertise, including DCMA, DCAA, the PMA and other Government resources, to evaluate the proposal's material, labor, and subcontract positions. A detailed report developed as part of the Government evaluation will be utilized to establish a NAVAIR position. While there is not currently a rate agreement in place between Bell or Boeing and DCMA for the timeframe covered under this BOAs ordering period. The PCO will work with DCMA and DCAA to establish a Bell rate position and a Boeing rate position, to include escalation, for negotiation of each contract action under this BOA. As discussed in this paragraph, the PCO will use cost and price analysis as the basis for negotiating a fair and reasonable price for the supplies/support covered by this CJ&A.

8. Actions Taken to Remove Barriers to Competition. For the reasons set forth in paragraph 5, NAVAIR has no plans at this time to compete contracts for the efforts contemplated under this BOA. However, as the V-22 program continues transitioning from production into life cycle sustainment, NAVAIR will conduct robust market research to assess the viability of future competitions.