



**DEPARTMENT OF THE NAVY**

NAVAL SEA SYSTEMS COMMAND  
1333 ISAAC HULL AVE SE  
WASHINGTON NAVY YARD DC 20376-2020

CJ&A Number: 20,599.2  
Code: NAVSEA 02232  
PR No: N00024-08-NR-71077

**(CLASS) JUSTIFICATION AND APPROVAL  
FOR USE OF OTHER THAN FULL AND OPEN COMPETITION**

JUSTIFICATION

1. Contracting Activity

The Naval Sea Systems Command Shipbuilding Contracts Division, NAVSEA 022.

2. Description of the Action Being Approved

Contracting for construction of Littoral Combat Ship (LCS) Class ships without providing for full and open competition by limiting acquisition to General Dynamics-Bath Iron Works Corporation (BIW) and Lockheed Martin - Maritime Systems & Sensors (LM). Authority to act under this CJ&A expires 30 September 2010.

3. Description of Supplies/Services

Class J&A No. 20,599.1, dated 24 October 2008, authorized the award of contracts for construction of two (2) Fiscal Year (FY) 2009 and three (3) FY 2010 LCS Flight 0+ ships using competitive negotiation procedures and limiting competition to LM and BIW, the two current LCS prime contractors. The proposed action will modify this authorization with respect to the negotiation and award of contracts for construction of the two (2) FY '09 ships, post delivery support, additional crew and shore support, configuration management services, affordability efforts, and special studies to permit separate (sole source) negotiations with each prospective contractor.

The Navy solicited competitive proposals for the above stated requirements and received fully responsive proposals from both offerors on 17 November 2008. The Navy then evaluated these proposals, conducted detailed discussions with each offeror, and received Final Proposal Revisions (FPRs) on 23 December 2008, with an objective of competitively awarding a contract, or contracts, based upon the specified evaluation and award criteria set forth in the solicitation.

However, by memorandum dated on 22 December 2008, the Under Secretary of Defense (Acquisition, Technology and Logistics)

(USD (AT&L)) issued an Acquisition Decision Memorandum (ADM) stating that, in order to be granted authority to enter into contracts for construction of FY '09 LCS Flight 0+ ships, the Navy must take certain specific additional actions to "reduce LCS costs" in order to "demonstrate to the Defense Acquisition Executive that the price for the FY 2009 ships, combined with further actions by the Navy, provides a path toward achieving the [Congressionally mandated \$460 million] cost cap." These actions include implementing a "phased plan for cost reduction[s]" on the FY 2009 ship construction contracts, to include possible reductions in material costs, labor and overhead rates, construction and integration labor expenses, government furnished equipment, and affordability changes to reduce the cost of future LCS Class ships. In this regard, the Navy was directed to "identify at the lowest level necessary the specific direct material and labor cost drivers, and the specific indirect cost drivers in the program."

The FY 2009 limited competition structure authorized under CJ&A No. 20,599.1 does not allow the Navy the flexibility to negotiate a comprehensive cost reduction program with each offeror that is tailored to the specific material, labor, and indirect cost drivers applicable to each offeror's unique ship design. Each offeror's proposal is based upon construction of a ship that is dramatically different in design from that of its competitor.

LM will construct a follow-on to its USS FREEDOM (LCS 1) design, a semi-planing steel monohull with an aluminum superstructure that is 378.3 feet in length, displaces approximately 3,000 metric tons and is powered by 2 Rolls Royce MT 30 36 MW gas turbine engines, 2 Colt-Pielstick diesel engines, with 4 steerable Rolls Royce waterjets. The ship's electrical power is provided by 4 Isotta Fraschini V1708 diesel engines with Hitzinger 1800 KW generator units. Its armament includes the BAE Systems MK 110 57mm Gun, RIM-116 Rolling Airframe Missiles, and Honeywell MK 50 torpedoes.

The BIW ship, based upon its USS INDEPENDENCE (LCS 2) design, is a total aluminum trimaran hull that is significantly longer (417 feet) yet lighter (2800 metric tons) than the LM ship, and has a different propulsion system, different auxiliary power systems, and carries different armament than its competitor.

These ships also will be constructed in different shipyards, each with its own unique physical/facilities capabilities and limitations, labor force constraints and economic conditions that will dictate the areas in which each shipbuilder will be able to achieve producibility improvements and cost reductions.

These and other unique conditions and circumstances affecting each offeror make it impracticable for the Navy to negotiate in a competitive environment the type of detailed, tailored terms and conditions necessary to implement the cost reduction measures required by the USD (AT&L) memorandum. Consequently, negotiations for the proposed class of contracts for construction of the FY 2009 LCS Flight 0+ ships will continue with each industry team on a sole source basis.

All other authorizations included in Class J&A No. 20,599.1 remain unchanged and in full force and effect.

4. Statutory Authority Permitting Other Than Full and Open Competition

10 U.S.C. 2304(c)(3). Full and open competition need not be provided for when it is necessary to award the supplies or services required to a particular source or sources to prevent the loss of the existing LCS suppliers. Award of these contracts to the current providers is necessary to maintain and stabilize the current LCS shipbuilding workforces and production facilities and capabilities. To award this effort to any other source would cause the loss of vital U.S. Navy shipbuilding industrial base capabilities for construction of LCS Class ships.

5. Rationale Justifying Use of Cited Statutory Authority

As stated in paragraph 3, above, the unique conditions and circumstances affecting each offeror make it impracticable for the Navy to negotiate in a competitive environment the type of detailed, tailored terms and conditions necessary to implement the cost reduction measures required by the USD (AT&L) memorandum. Accordingly, the proposed class of contracts for construction of FY 2009 LCS Flight 0+ ships will continue with each industry team on a sole source basis.

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

Not applicable.

7. Determination of Fair and Reasonable Costs

The Contracting Officer has determined that the anticipated cost to the Government for the supplies/services covered by this CJ&A will be fair and reasonable.

8. Actions to Remove Barriers to Competition

Not applicable.

CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION (FAR 6.303-2(b))

I certify that the facts and representations under my cognizance, which are included in this justification and its supporting acquisition planning data, including Acquisition Strategy Report, approved on 30 October 2008, except as noted herein, are complete and accurate to the best of my knowledge and belief.

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REQUIREMENTS COGNIZANCE

[Redacted signature block]

Signature Name (Print) and Title (Code) Phone No. Date

LEGAL SUFFICIENCY REVIEW (NMCAG 5206.303(90))

I have determined this justification is legally sufficient

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I certify that this justification is accurate and complete to the best of my knowledge and belief.

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APPROVAL BLOCK (FAR 6.304 for Approving Official)

Upon the basis of the above justification, I hereby approve, as Senior Procurement Executive of the Navy the solicitation of the proposed procurements described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c)(3).

(TITLE OF APPROVING OFFICIAL)

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Signature

*SJSTACKLEY*  
Name (Print)

*25 FEB 09*  
Date