



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
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CJ&A No: 54,102

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CLASS JUSTIFICATION AND APPROVAL
TO PROCURE USING OTHER THAN FULL AND OPEN COMPETITION

1. **Contracting Activity.**

The Naval Sea System Command (NAVSEA), Surface Systems Contracts Division (SEA 025).

2. **Description of the Action Being Approved.**

The use of other than full and open competition for a class of orders to procure MK 46 OSS and MK 20 EOSS, associated hardware, spares, repairs, overhaul, and engineering services with Kollmorgen Electro-Optical Corporation of Northampton, MA. Authority to act under this CJ&A expires 07 January 2016.

3. **Description of Supplies/Services.**

The proposed acquisition is to establish a Basic Ordering Agreement (BOA) for a class of orders to provide the supplies and services necessary to support the life cycle sustainment of the MK 46 OSS and the Mk 20 EOSS for the period of January 2011 thru January 2016. This BOA will procure the following types of services (to support the Product Improvement Program, Gun Weapon System Replacement Program, US Coast Guard and FMS Cases): Teardown, Inspection and Evaluation (TIE), overhaul, repair/modification, testing/calibration, maintenance, engineering, depot support and other acquisition life-cycle support services. Other orders placed on this BOA will procure the following types of supplies: replacement components, repair/spare parts, and engineering change kits with associated technical data.

Orders issued under the BOA will be either firm fixed price (FFP) or cost plus fixed fee (CPFF) based upon the discretion of the Contracting Officer (CO) issuing the individual order.

The total estimated value of orders to be placed under this BOA is not to exceed \$31,223,000 over a five (5) year period, and will utilize OPN, O&MN, and FMS funding. The Government's minimum needs have been verified by the certifying technical and requirements personnel.

Funding required to support these efforts is as follows, but may be adjusted depending upon requirement needs and budgetary appropriations:

Estimated Dollar Value (Funds in thousands of Dollars)

	FY11	FY12	FY13	FY14	FY15	Totals
Product Improvement Program (OPN)	\$6,208	\$2,949	\$3,032	\$3,094	\$3,145	\$18,428
Gun Weapon System Replacement Program (OM&N)	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$5,307
USCG (OPN)	\$179	\$179	\$345	\$352	\$359	\$1,414
Foreign Military Sales (Japan & Korea)	\$750	\$772	\$795	\$820	\$844	\$3,981
MK 20 EOSS In-Service(O&MN & OPN)	\$133	\$273	\$419	\$500	\$768	\$2,093
Total Ownership/Life Cycle Support Cost	\$8,290	\$5,213	\$5,652	\$5,848	\$6,220	\$31,223

4. Statutory Authority Permitting Other Than Full and Open Competition.

10 U.S.C. 2304(c)(1) Only one responsible source and no other supplies or services will satisfy the agency's requirements.

5. Rationale Justifying Use of Cited Statutory Authority.

Use of other than full and open competition is justified in this case because there is only one responsible source for these services, as defined under FAR 6.302-1(a)(2)(iii). To fit under this exception, the services must be acquired with a follow-on contract for Life Cycle Support Services, and the award to another source will most likely result in either, A) Substantial duplication of cost to the Government that is not expected to be recovered through competition, or B) Unacceptable delays in fulfilling the agency requirements.

In this case, Kollmorgen Electro-Optical Corporation is the only qualified supplier of the MK 46 OSS since the first OSS delivered to the US government in 1990. Due to the unique MK 46 OSS design tailored to meet system performance requirements in Weapon Specification 33609-B and its complex integration with the MK 160 Gun Computer System; award of this work to any other company would result in a substantial duplication of cost to the Government that is not expected to be recovered through competition, as well as significant schedule delays.

The Government does not have the technical data package necessary to compete this procurement. The Government would have to purchase the level 3 drawing packages for both the MK 46 OSS and MK 20 EOSS from Kollmorgen Electro-Optical Corporation. Based on past experience with similar procurements, it would take approximately 6 months to execute a contract modification to procure the drawings from the current manufacturer. Preparation of Level 3 drawings would take 12 months before beginning a competitive procurement. Once the TDP is complete it would take approximately 12 months to compete this work and award a contract. The first 2J replenishment spares would need physical configuration audits that would take approximately 3 months for the audit and to adjudicate any findings. This would result in a total delay of approximately 35 months in supplying spares to the fleet. Such a significant delay in meeting the fleet's requirement for spares would impact the fleet's ability to resolve CASREPS and reduce military readiness.

Additionally, PEO IWS 3C estimates award of this work to a new company would result in approximately \$10,400,000 in duplicated non-recurring costs for both systems. This figure is based on cost estimates for naval systems of similar complexity and includes the following:

- [REDACTED] to buy technical data package, including level 3 drawings
orgen
- [REDACTED] to conduct Configuration Audit
- [REDACTED] to develop new software source code
- [REDACTED] to develop and verify the Tech Manuals
- [REDACTED] for depot change
- [REDACTED] for training

The cost estimate above assumes the competing supplier has adequate facilities in place and that a cadre of engineering and technical experts in naval electro-optical technologies is already employed at the company.

It is unlikely that the \$10.4 million in duplicated cost could be recouped through competition. A new contractor would have to achieve approximately 30% cost savings, which is unrealistic even in a competitive market.

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

This proposed contract was synopsisized on 28 October 2010 in both the Federal Business Opportunities (FEDBIZOPS) website located at <http://www.eps.gov> and the Navy Electronic Commerce Online (NECO) website located at <http://www.neco.navy.mil> in accordance with FAR 5.201. A formal market survey was not conducted. In this case, the FEDBIZOPS synopsis performs the same function as a market survey, advising industry of the proposed acquisition and soliciting inquiries from interested parties. To date no responses expressing interest in this requirement have been received.

The Naval Sea Systems Command (NAVSEA) PEO IWS3, the Navy's Center of Excellence for shipboard GWS optical sight systems, maintains in-depth knowledge of shipboard GWS optical sight systems development and the shipboard GWS optical sight systems industrial base. This includes insight into technologies that individual companies are focused on and their technical and production capabilities. PEO IWS3 representatives maintain this knowledge through routine review of industry journals and attendance at industry symposia and conferences. They also periodically visit industry facilities for briefings on companies' independent research and development efforts. Based on its knowledge and expertise, PEO IWS3 has determined that no companies other than Kollmorgen Electro-Optical Corporation have the knowledge and technical capability required to provide the supplies and services to support the MK 46 OSS and MK 20 EOSS. To date, no other companies have expressed interest in becoming qualified to compete for the items to be acquired under the proposed contract.

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 the J&A will be fair and reasonable.

8. **Actions to Remove Barriers to Competition.**

For the reasons set forth in Paragraph 5, Naval Sea Systems Command has no plans at this time to compete future contracts for the types of supplies/services covered by this BOA. If another potential source emerges, Naval Sea Systems Command will assess whether competition for future requirements is feasible.

The circumstances surrounding the need to obtain the required supplies/services without providing full and open competition will be reviewed annually by the Procuring Contracting Officer (PCO).

