DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
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WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO:

J&A Number: 54,106
Code: SEA 025
P.R. Number:
N00024-11-MR-43656

JUSTIFICATION AND APPROVAL
FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

JUSTIFICATION

1. Contracting Activity

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

2. Description of the Action Being Approved

The use of other than full and open competition to award a contract for the Rolling Airframe Missile (RAM) FY 12 production requirement of All Up Round (AUR) Block 2 MK-44 Mod 4 Tactical Guided Missile Round Packs (GMRPs) and an option to award the FY13 RAM AUR Block 2 GMRP production requirement, in support of the RAM program, to Raytheon Missile Systems (RMS), Tucson, AZ.

3. Description of Supplies/Services

The purpose of this acquisition is for the contractor to produce, assemble, test and deliver ninety (90) AUR Block 2 MK-44 Mod 4 Tactical GMRPs with an estimated value of $80,800,000. This acquisition will also contain an option to procure ninety (90) additional AUR Block 2 GMRPs. The estimated value of the option is $82,400,000.

The total estimated value for this acquisition is $163,200,000.

The Government's minimum needs have been verified by the certifying technical and requirements personnel.

NAVSEA will utilize FY 12 WPN funds for the base requirement and FY13 WPN funds for the option.

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 agency requirements.

5. Rationale Justifying Use of Cited Statutory Authority

The effort covered by this J&A represents the requirements of the Rolling Airframe Missile Program Office (IWS3BR). RMS (and previously through its predecessors, Hughes Missile systems Company and General Dynamics) is the original producer of the RAM weapon system, which began in 1976. All previous RAM GMRP contracts were awarded sole source. RMS possesses the unique insight and capability resulting from thirty-four years of technical experience, facilities, equipment, personnel, and business arrangements with German industry necessary to produce the GMRP in accordance with the U.S. Government's requirements. It would require substantial investment in both time and money to qualify an additional source. The delay in missile deliveries resulting from establishing a second source would [redacted] in meeting US Navy ship-fill inventory. Even without considering the time required to develop and establish a production facility and staff and train personnel, a conservative estimate to establish a fully functioning second source would be at least [redacted] months. That is the minimum lead time required to manufacture and qualify the highly specialized RAM test cells for the Mk 698, test station. The unique RAM test cells provide the capability to test RAM's cryogenics optics, dual IR/RF seekers, analog and digital interfaces and control section in a rolling environment. The missile's requirement to roll during acceptance testing is very specific to RAM, is not required on any other missile system and is very difficult to implement. Because of these unique requirements, Raytheon is the only company that currently possesses the Mk 698 configured to RAM testing.

The historical manufacturing knowledge of the GMRP and technical expertise possessed by RMS in the areas of optics, infrared signal processing, radio frequency processing, flight algorithm software development, and missile integration uniquely qualifies them to provide the best value to the Government. Raytheon also possesses unique program insight through their efforts as the RAM Guided Missile Weapon System Design Agent, RAM System Integrator, and RAM

Software Support Agent for both the GMRP as well as the Guided Missile Launching System (GMLS). The expertise resident in these areas provides the contractor a global end-to-end perspective to anticipate and resolve production issues in the most timely and effective manner to support Government requirements. Separating these areas of expertise from the missile producer would require additional burden on the Government for program coordination and would result in the loss of synergy now resident within the program.

Additionally, Raytheon retains the necessary tooling and test equipment as well as the technical expertise necessary to manage, maintain and upgrade them to meet missile configuration changes which are essential for successful missile production. RAM missile production testing is performed on the Mk 698 Test Equipment that is common to all the Standard Missile variants and ESSM. [redacted] While the RAM program has leveraged TE development, maintenance, and long term support with the other Navy missile systems, RAM alone has invested over [redacted] in support of our production TE efforts. The cost to duplicate this equipment at a second source and provide long term maintenance on a stand-alone basis is conservatively estimated to be over [redacted]. This figure does not include the cost impact to other missile programs that would now be forced to assume a larger share of their common TE support. In addition to common test equipment, RAM production also shares factory assembly areas, tooling and test fixtures with the Sidewinder program. These also would require duplication at a second source and the RAM would forfeit the benefit of sharing resources with this Navy program as well.

RMS is under contract through FY2014 to support Germany's [redacted] Block 1 Recertification program [redacted]. In support of this five year effort, RMS will manufacture [redacted] for Germany. The seeker is common to both the US Block 1 and Block 2 missile and the US Government will realize the cost benefit of combining our seeker requirements with the German procurement. Additionally, RMS has direct international commercial sales contracts for over [redacted] Block 1 missiles that will also be leveraged to further reduce the US missile procurement cost. If any source other then RMS were selected as the US producer, the Government would lose the cost benefit associated with these combined buys.

The LRIP Block 2 GMRPs procured under this contract are an upgrade to the Block 1 GMRP configuration currently in production at RMS. As with Block 1, RMS is the U.S. developer of the Block 2 missile in cooperation with German industry. The above justifying rationale for Block 1 is germane to the Block 2 procurement as well. In addition, under their Block 2 development contract, Raytheon will be building twenty-five (25) Block 2 DT/OT rounds. The experience and component qualification gained through this investment will be directly leveraged on the initial LRIP procurement to support timely fleet introduction of the more capable Block 2 missile. The FY12 procurement of 90 LRIP missiles will effectively build upon the efforts commenced under the RMS Block 2 development and allow for effective completion of production line qualification and the proofing of production processes. In addition, decoupling the initial production effort of a new configuration missile from the System Integrator and Design Agent efforts already resident at RMS would not be in the best interest of the Government.

RMS' experience and history on the RAM program uniquely qualifies them to provide the best value to the Government for continued production of RAM GMRPs. Accordingly, pursuant to 10 U.S.C. 2304(c)(1), award to RMS without full and open competition is hereby justified as it is the only firm capable of meeting U.S. Navy's requirements.

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

The proposed contract was synopsized on the Federal Business Opportunities (FEDBIZOPS) and Navy Electronic Commerce On-Line (NECO) websites on December 20, 2010 and only RMS expressed an interest in this requirement. No additional market research was conducted because it is not practicable, for the reasons discussed in paragraph (5) above, for any company other than RMS to provide the required supplies and services.

7. Determination of Fair and Reasonable Costs

The NAVSEA contracting office will use cost and price analysis to determine that the final price is fair and reasonable. Assistance from the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA) will be utilized to analyze, evaluate, and negotiate based upon detailed cost or pricing data, which will be

certified by Raytheon at the conclusion of negotiations. Raytheon will have produced 25 Developmental Testing/Operational Testing (DT/OT) Block 2 GMRPs that will provide baseline production cost data for negotiations. Block 2 GMRP utilizes the Mk 13 Mod 3 Electronic Safety-Arming Device (ESAD), Infrared (IR) seeker, Active Optical Target Detector (AOTD), Telemeter, Silicon-based Attitude Reference System (SiARs) and WDU-17/B warhead which are all common components with Block 1 missile procurements. Additionally, common Block 1 lower-level components for which historical cost data exists include the guidance section cover, radio frequency cable assembly, front and rear antenna sets, head coil assembly, pre-amplifier, dome housing, optics assembly and the IR electronics. Utilizing data from these common Block 1 components will allow the Navy to negotiate a fair and reasonable contract value for the initial Low Rate Production procurement.

8. Actions to Remove Barriers to Competition

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

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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 Plan No.007-Rev 004, except as noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

[redacted]

REQUIREMENTS COGNIZANCE:

[redacted]

LEGAL SUFFICIENCY REVIEW (NMCARS 5206.303(90))

I have determined this justification is legally sufficient.

[redacted]

CONTRACTING OFFICER CERTIFICATION (FAR 6.303-2(a) (12))

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

[redacted]

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 procurement described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c)(1).

Assistant Secretary of the Navy (Research, Development & Acquisition)

[redacted] Sean J. Stackley 10MAY11

Name (Print) Date