



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVENUE, S.E., M/S 2020
WASHINGTON NAVY YARD, DC 20376-2020

SEP 16 2011

Refer to:

J&A Number: 40,829

Code: SEA 02432

P.R. Number: N00024-11-NR-91611

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

JUSTIFICATION

1. Contracting Activity

The Naval Sea Systems Command Fleet Support Contracts Division (SEA 024).

2. Description of the Action Being Approved

The use of other than full and open competition to award a contract for supplies and services related to Planned Incremental Availabilities (PIA) for CVN 68 Class Aircraft Carriers in the San Diego, CA area. This effort will be acquired from Huntington Ingalls Industries, Inc. (HII) (formerly Northrop Grumman Newport News (NGNN)), located at 4101 Washington Avenue in Newport News, VA.

3. Description of Supplies/Services

This effort is for a Multi Ship Multi Option (MSMO) contract requiring the acquisition of supplies and services related to PIA for the USS NIMITZ (CVN 68), USS RONALD REAGAN (CVN 76) and USS CARL VINSON (CVN 70). Additionally, non-scheduled repairs and maintenance between CNO scheduled availabilities for CVN 68 Class Aircraft Carriers in San Diego, CA, are included. The contract will be for a five (5) year period.

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

The estimated value of this procurement, including options, is \$232.59 million, programmed as follows:

Estimated Dollar Value (\$M)

	FY12	FY13	FY14	FY15	FY16	FY17	Total
O&MN	\$55.99	\$8.1	\$27.85	\$120.95	\$11.3	\$8.4	\$232.59

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

This is a follow-on sole source acquisition to existing sole source contract N00024-07-C-4404 with NGNN (recently spun off to form HII) that has a period of performance from August 2007 through 27 August 2012.

The continuous planning and accomplishment of a PIA for a nuclear-powered Aircraft Carrier (CVN) is extremely complicated, involving both propulsion plant (i.e., nuclear) maintenance and “topside” (i.e., non-nuclear) work. Further, all non-nuclear work requires integration with the nuclear work aboard CVNs. For this contract, Puget Sound Naval Shipyard (PSNS) will serve as the Naval Supervising Activity (NSA) in San Diego, CA, and, therefore, will accomplish all propulsion work during the availability periods. HII will perform all non-propulsion (or “topside”) work and coordinate the integration of all work (propulsion and non-propulsion) with the NSA. PSNS has neither the capacity nor the resources during the period of performance of the contract to perform non-nuclear integration work. Only the Naval Shipyards and HII, as described below, have the requisite knowledge and expertise to perform the integration work on a CVN.

Integration, during both the PIA and subsequent upkeep periods, is necessary to ensure safe and sound performance of the maintenance work, as well as successful and timely return of the ship to the Fleet for training and readiness operations. The shipyard performing this integration function must have the requisite knowledge and experience to facilitate rapid and proficient solutions to any and all performance and schedule problems that may occur during the availability. The work is complex and specialized, executed through tight coordination of multiple organizations accomplishing thousands of tasks within a constrained time period, and requires expert knowledge of the intricate nature of nuclear-powered Aircraft Carriers. Exacerbating this complexity is the fact that CVN industrial availabilities and emergent repairs must be completed within stringent, allocated schedules due to ship and air-wing training requirements and global naval presence requirements. The interrelationships of an Aircraft Carrier’s complex systems (propulsion and non-propulsion), as well as the inflexible time schedule, require a PIA to be managed such that execution of the non-propulsion work package does not hinder critical propulsion maintenance.

HII is the sole designer and builder of every CVN 68 Class Aircraft Carrier, as well as the only private shipbuilder to conduct propulsion maintenance for nuclear-powered Aircraft Carriers. HII has unique, first-hand knowledge of nuclear-powered Aircraft Carriers and systems. Access to their technical databases, libraries and experienced project management personnel is critical to rapid, efficient management and execution of the work. This includes the ability to provide nuclear-propulsion plant interface with the NSA – PSNS. These are all critical factors to ensure a safe, successful and timely completion of the Aircraft Carrier availabilities in the San Diego, CA area. Therefore, HII is the only contractor capable of safely performing the required work, coordinating and maintaining an intensive integration schedule and returning ships to the Fleet without delay.

Whereas both the CVN Mid-Atlantic Region MSMO and the CVN PACNORWEST MSMO have local NSAs able to perform both the propulsion and integration work, PSNS is unable to dedicate the necessary resources to perform integration work in San Diego, CA for this contract. By having the NSA take on the integration role, the CVN Mid-Atlantic Region MSMO and the CVN PACNORWEST MSMO were able to allow other private shipyards the opportunity to compete for a contract for the performance of the remaining "topside" repair, maintenance and modernization requirements. For the present contract, competition by a private shipyard with comparable abilities cannot be established, because HII is the only contractor with the necessary knowledge, experience and skills to perform the integration role in the San Diego, CA area as the sole designer and builder of every CVN 68 Class Aircraft Carrier for the preceding 44 years.

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

No additional market research was conducted because it is not practicable, for the reasons discussed in paragraph 5 above, for any company other than HII to provide the required supplies and services. This requirement was synopsized on 27 June 2011 via posting to the Federal Business Opportunity Website (FEDBIZOPS) and stated the award will be made, on a sole source basis, to Huntington Ingalls Industries, Inc., in accordance with FAR 5.201. No other responses or expressions of interest have been received.

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. 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 Southwest Regional Maintenance Center (SWRMC) will be utilized to analyze, evaluate, and negotiate based upon detailed cost or pricing data, which will be certified by HII at the conclusion of negotiations. In addition, significant relevant historical CVN repair data exists for similar work performed by HII and two other MSMO contractors in the three Continental United States (CONUS) CVN repair regions. This data will be used as necessary for the Navy to negotiate a fair and reasonable contract value.

8. Actions to Remove Barriers to Competition

For the reasons set forth in Paragraph 5, the Naval Sea Systems Command, Fleet Support Contract Division 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, the Naval Sea Systems Command will assess whether competition for future requirements is feasible.

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 data, including Acquisition Plan No. 11-008 Rev 0, noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

[Redacted Signature Line]

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

REQUIREMENTS COGNIZANCE:

[Redacted Signature Line]

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

LEGAL SUFFICIENCY REVIEW (NMCARS 5206.303(90))

I have determined this justification is legally sufficient.

[Redacted Signature Line]

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

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 Signature Line]

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

APPROVAL BLOCK (FAR 6.304 for Approving Official)

Upon the basis of the above justification, I hereby approve, as Navy Senior Procurement Executive, the solicitation of the proposed procurement(s) using of other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c)(1).

(TITLE OF APPROVING OFFICIAL) Sean J. Stackley

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