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

IN REPLY TO
J&A Number: 54,204
Code: SEA 02546
PR: N00024-11-NR-43375

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

Award of a Cost Plus Fixed Fee (CPFF) contract on a sole source basis for engineering and technical services (ETS) in support of the STANDARD Missile Programs (SM-2, SM-3, and SM-6) to Raytheon Missile Systems (RMS).

3. Description of Supplies/Services

This requirement is a follow-on effort to N00024-07-C-5361 and N00024-09-C-5303. The planned acquisition will provide ETS in support of the STANDARD Missile programs for the U.S. Navy, Foreign Military Sale (FMS) customers, and Other Government Agencies (OGA). ETS services consist of: research and development efforts; design, systems, and production engineering; technical services; evaluation services; component improvement services; and production proofing services for missile producibility, missile production, and shipboard integration.

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

Acquisition Plan (AP) PEO IWS 11-001 incorporates this effort. The total estimated value of this J&A is $401.8 Million. Note that the AP estimate for this effort is $295.7 Million; the AP estimate was based upon PB12, while the estimate contained herein is based upon OSD 13 controls. The annual AP update will capture this budget change. A breakout of the anticipated funding (in Millions) follows:

	FY13	FY14	FY15	FY16	FY17	Total
RDT&E	50.7	68.2	51.5	12.0	11.0	**193.4**
WPN	9.2	12.2	12.0	9.0	8.0	**50.4**
FMS	30.0	31.2	31.8	32.5	32.5	**158.0**
Total	89.9	111.6	95.3	53.5	51.5	**401.8**

The Period of Performance (POP) for this effort will be five years from the date of award (base year plus four one-year options).

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

Previously, Hughes Missile Systems Company and RAYCO were the only qualified sources for production and development of the SM. In 1995, Hughes and RAYCO merged the STANDARD Missile portions of their businesses and created a new company, the STANDARD Missile Company (SMCo), to serve as the prime contractor for future SM requirements. In 1997, RAYCO purchased SMCo resulting in the formation of RMS.

RMS is the only company with the requisite engineering expertise, qualified sources and design, production and support capabilities to meet the Navy's requirements for STANDARD Missile ETS. Award to a source other than RMS would cause unacceptable program delays and substantial duplication of costs to the Government that are not likely to be recovered through competition.

As detailed in the following paragraphs, it is estimated that it would take 5 years and $258M to qualify a second source for SM ETS. These estimates are based on (1) SM historical qualification cost data, (2) current cost estimates, and (3) historical qualification and current time constraints.

a) In 1986, SM established Raytheon CO. (RAYCO) as a second source for SM-2 production at a cost of $311M in then-year dollars.

b) In order to support the on-going production configurations and product improvements, a new source would have to:

(1) Establish facilities (office space, labs, storage, production) for execution of the development, manufacture, integration, qualification, and analysis tasks required for the execution of production, development, in-service support and product improvement projects. The non-recurring cost impact associated with the allocation of facilities is estimated to be $3M.

(2) Provide duplicate tooling and special test equipment required for testing SM-2 and SM-6 circuit card assemblies, electronic assemblies, guidance sections, and missile rounds to support qualification and troubleshooting of production missile configuration changes as well as integration and test of new missile configurations being developed under the Research and Development (R&D) projects. Duplicate tooling and test equipment would be necessary for a source other than RMS because the existing tooling and test equipment would have to be maintained at RMS to support on-going production, and therefore could not be provided to the new contractor as Government Furnished Equipment (GFE). The non-recurring cost impact associated with new tooling and test equipment for SM-2 and SM-6 is estimated at $75M.

(3) Establish systems engineering baselines and develop software and tools to support simulation, software modifications, and facilities to develop, qualify, and analyze performance of new missile configurations. This would require development of duplicate Computer in the Loop/Hardware in the Loop (CIL/HIL) facilities at the new contractor facility. The non-recurring cost impact associated with developing software and system engineering capabilities is estimated at $115M.

(4) Develop system expertise on SM-2 and SM-6 missile systems. Some training/knowledge transfer from trained RMS engineers would be required. Initial development of training material and conduct of training is estimated at $10M.

(5) Be provided with Inert Operation Missile (IOM) hardware in order to integrate and test new missile

configurations for SM-2 and SM-6. IOMs would be procured from RMS and provided as GFE to the new contractor. The estimate for IOM hardware is $20M.

(6) Intangible support features including appropriate classification/certification of facilities and personnel, relocation of data and data management systems, technical data package transition, establishment of appropriate licenses for FMS customer interface, as well as program management costs are expected to add an additional $35M to the overall cost associated with standing up a new contractor.

c) Award to a source other than RMS would also cause delays associated with establishing facilities (2.5 years); procuring, installing and certifying special tooling and test equipment (2.5 years); establishing a SM systems engineering tooling and simulation capability (3.5 years); and developing the required expertise to successfully diagnose and solve development and production related problems on multiple complex missile configurations (5 years). While some of these capabilities can be developed in parallel, the SM Program Office estimates it will take five years before a new source could demonstrate the requisite engineering and production skills required to diagnose and solve development and production related problems. This five year estimate is consistent with the amount of time it took SM to qualify RAYCO on SM-2 production.

Should this contract not be awarded as scheduled, it would jeopardize critical ongoing SM ETS efforts, in particular, the Interrupted Continuous Wave Illumination (ICWI) Joint Universal Weapons Link (JUWL) program, the SM-6 Processor Replacement (PRP) program, the Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS) program, the Insensitive Munitions (IM) program, and SM-2/6 production. A delay on the ICWI/JUWL program will impact these critical weapons from being integrated into the Guided Missile Destroyer (DDG) 1000 ship class. A delay on the PRP program would disrupt critical flight tests and SM-6 deliveries to the Fleet. A delay on the JLENS program would make JLENS live fire testing demonstrations un-executable, making the Chief Naval Operations (CNO) directed Naval Integrated Fire Control-Counter Air (NIFA-CA) At-Sea Test Acceleration schedule unachievable. A delay on the IM program

would prevent the completion of critical design and testing needed to procure ballistic barrier transportation sets used to safely protect ordnance during CONUS transportation operations as directed by the Office of the Secretary of Defense (OSD). SM-2/6 production requires continuous engineering support for issues with obsolescence, design changes, and failure diagnosis/ analysis, which, if delayed, would have a significant impact on deliveries to the fleet.

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

These requirements were synopsized via Federal Business Opportunities (FedBizOpps) on 26 January 2012 in accordance with FAR 5.201. To date, no responses have been received. If any responses are received, they will be evaluated. 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 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. In accordance with FAR 15.402, the Contracting Officer shall ensure that all supplies and services provided under this contract are procured at a fair and reasonable price. RMS will submit a formal price proposal with certified cost or pricing data and sufficient information to support the accuracy and reliability of the estimate. RMS's proposal will be reviewed by experienced technical analysts, cost analysts and contract specialists with the aid of necessary field pricing support. The Contracting Officer will utilize cost and price analysis as the basis for negotiating a fair and reasonable price.

8. Actions to Remove Barriers to Competition

For the reasons set forth in Paragraph 5 above, 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.

J&A Number: 54,204

CERTIFICATIONS AND APPROVAL

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

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 Number PEO IWS 11-001, except as noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

[redacted]

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

REQUIREMENTS COGNIZANCE:

[redacted]

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

CONTRACTING OFFICER CERTIFICATION (FAR 6.303-2(b)(12)):

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

[redacted]

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 the 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).

[redacted] Sean J. Stackley 9 JUL 12

Signature Name (Print) Date