



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVENUE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY REFER TO

CJ&A Number: 20,834

Code: 02211

P.R. Number: N0002412NR98658

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 (SEA 022).

2. Description of the Action Being Approved

The use of other than full and open competition to award follow-on contract actions to General Dynamics Electric Boat Corporation (EB) for construction of the Fiscal Year (FY) 14, FY15, FY16, FY17 and FY18 VIRGINIA Class Submarines and Non-Propulsion Long Lead Time Material (LLTM) for the FY19 and FY20 ships, with Huntington Ingalls Industries-Newport News Shipbuilding (HII-NNS) as a subcontractor in accordance with paragraph 5 below. Authority to act under this CJ&A expires 31 July 2025.

3. Description of Supplies/Services

The proposed acquisition is for a class of contractual actions that will provide for all efforts and materials for construction of the FY14 through FY18 VIRGINIA Class Submarines and Non-Propulsion LLTM for the FY19 and FY20 ships. This includes LLTM, Advance Construction efforts, Post Shakedown Availability (PSA), spare and repair parts, technical manuals, construction support, all design and other related engineering efforts (including participation of HII-NNS in the design/build), construction planning and construction efforts. The FY14 through FY18 VIRGINIA Class construction procurement will be for nine, or, potentially ten ships. These efforts will be performed by EB, Groton, Connecticut and HII-NNS, Newport News, Virginia.

The estimated value for the contractual actions is indicated in the following table:

Table with 4 columns: Fiscal Year, 9-Ship SCN Funding (In Millions), 10-Ship SCN Funding (In Millions), LLTM for Block V SCN AP Funding (In Millions). Rows include 2014, 2015, 2016, 2017, 2018, and Total. The data cells for 2014-2018 and Total are redacted with a black box.

The period of performance for this effort shall be from contract award through final acceptance (typically the completion of the PSA) for the FY18 VIRGINIA Class Submarines. The Government's minimum needs have been verified by the certifying technical and requirements personnel.

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 contract for the continued production of VIRGINIA Class submarines. Construction of VIRGINIA Class Submarines can only be accomplished by a nuclear-qualified shipyard. The only nuclear-qualified shipyards in the United States capable of constructing VIRGINIA Class Submarines are EB and HII-NNS. Via prime contracts with EB, nine VIRGINIA Class Submarines have been delivered between the two shipyards, with HII-NNS as the major subcontractor to EB. As the lead design yard, EB will continue to maintain the class design. A summary of applicable Congressional authorization language pertaining to VIRGINIA Class construction is provided for reference.

- FY98 Department of Defense Authorization Act (Public Law 105-85), Section 121(b), required that the Navy award the first four VIRGINIA Class Submarines to one of the two eligible shipyards as the prime contractor on the condition that the prime contractor enter into one or more subcontracts (under such prime contract) with the other of the two eligible shipbuilders as contemplated in the New Attack Submarine Team Agreement. Section 121(b) further specified that the two eligible shipbuilders are Electric Boat and Newport News.
- FY01 Department of Defense Authorization Act (Public Law 106-398), Section 123(c), provided that the Shipbuilding Teaming paragraphs of Section 121(b) of Public Law 105-85 were applicable to the FY03-FY06 VIRGINIA Class Submarine construction procurement.
- FY02 Department of Defense Authorization Act (Public Law 107-107), Section 121, modified the FY01 Authorization Act language by specifying that up to seven VIRGINIA Class Submarines could be purchased in the FY03-FY07 VIRGINIA Class Submarine construction procurement. Awards were made for six submarines.
- FY04 Department of Defense Authorization Act (Public Law 108-136), Section 123(a), provided authority for multiyear procurement of VIRGINIA Class Submarines beginning in FY04. Section 123(c) of Public Law 108-136 stipulated that the shipbuilder teaming paragraphs of Section 121(b) of Public Law 105-85 shall apply to the multiyear contract.
- FY08 Department of Defense Authorization Act (Public Law 110-181), Section 121(a) provided authority for multiyear procurement of VIRGINIA Class Submarines beginning in FY09.

The preceding provisions were created through Congressional mandate and demonstrate that the current teaming arrangement for VIRGINIA Class construction is well-established. EB, teaming with HII-NNS as its primary subcontractor, has developed the unique knowledge and engineering expertise to construct the VIRGINIA Class Submarine. Furthermore, this arrangement has produced substantial cost reductions resulting in an estimated average \$2B submarine cost (in FY05 dollars) for the FY12 submarines.

The program previously

estimated that the cost to restore competition to the VIRGINIA Class Program would be in excess of \$1.4 billion. These costs include the cost to facilitate HII-NNS and EB, in addition to the increased ship cost due to loss of learning, separate material purchasing, and duplicate overhead. These duplicative costs would not be required if the teaming approach is maintained.

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

There are no known viable sources other than the two shipbuilders who are currently teaming. The proposed contract was synopsisized on the Federal Business Opportunities (FEDBIZOPS) website on 24 July 2012 in accordance with FAR 5.2. No additional market research was conducted because it is not practicable, for the reasons discussed in paragraph 5 above, for any company other than EB to provide the required supplies and services. No responses have been received; however, any that are received will be evaluated prior to award.

7. Determination of Fair and Reasonable Costs

In accordance with FAR 15.402(a), the Contracting Officer must ensure all supplies and services are procured at a fair and reasonable price. The contractor will submit cost and pricing data in accordance with FAR 15.402-4. Analysis of the proposals will be performed by technical analysts and contract specialists, with the assistance of the SUPSHIP analysts and Defense Contract Audit Agency auditors. The Contracting Officer will use cost and pricing analysis to determine that the final price is fair and reasonable.

8. Actions to Remove Barriers to Competition

For the reasons set forth in Paragraph 5, the Naval Sea Systems Command 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.

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. NSSN AP 94-002 REV. 22-12, 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 (NMCAG 5206.303(90))

[Redacted]

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

[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(s) 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 (RD&A)

[Redacted Signature]

Name (Print)

4 OCT 12

Date