



DEPARTMENT OF THE NAVY

CRANE DIVISION
NAVAL SURFACE WARFARE CENTER
300 HIGHWAY 361
CRANE INDIANA 47522-5001

IN REPLY REFER TO:

J&A Number: 11-076

Code: GXQ

P.R. Number: N00164-11-R-GQ36

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

JUSTIFICATION

1. Contracting Activity: The Naval Surface Warfare Center, Crane Division, Crane, IN.
2. Description of Action Being Approved: Award of a firm fixed price contract to ARMAG Corporation, Bardstown, KY 40004-2113 on a sole source basis for optional features of armories that must be installed during the manufacturing process. It is anticipated this action will action will be processed utilizing the FAR 13.5 procedures.
3. Description of Supplies/Services: This contract will procure optional features for armories that are currently on order and scheduled for manufacturing. Contract N00164-08-D-GQ10 is an indefinite delivery indefinite quantity five year contract awarded via competitive procedures to ARMAG Corporation, Bardstown, KY 40004-2113 on 29 Sep 2008 in the amount of \$49.9M. This contract procures portable field armories for weapons storage of various sizes and configurations that are utilized by the Department of Defense and other governmental agencies in theatre and various other locations around the globe. The immediate requirement is to procure optional features that will be incorporated into the armories during the manufacturing process. The optional features are not within the scope of N00164-08-D-GQ10. The specific items and quantities to be ordered include the following:

Item Name	Quantity	Item Name	Quantity
Air Comp Line	3	HVAC Conversion	13
Barrel Storage Rack	1	Issue Door	9
Ceramic Coating	17,384 sq ft.	Lightning Protection Kit	5
Crane Rental	1	Line X Coating	1,382 sq ft
Crane Service	3	Metal Double Doors	1
Dehumidifier	26	Metal Exterior Door	1
Ductwork	1	Motion Sensor Light	1
Electrical Power	13	Panic Bar	9
Electrical Service	6	Parts Cleaner	4
Emergency Light	14	Phase Converter	1
Entrance Ramp	1	Ramp	2
Exhaust System	1	Range Hood	4
Exterior Light	36	Shelving	275
Handling Package	9	Steel Door	1
HAZMAT Cabinet	1	Sun Shield	2420
HVAC	12	Termite Treatment	16,620 sq ft

The total estimated cost for the optional features is \$455,000. It is anticipated that FY11 funding as shown below will be utilized for this procurement.

██████████	\$261,552.98
██████████	\$6,365.00
██████████	\$11,290.00
██████████	\$6,812.38
██████████	\$47,501.00
██████████	\$2,781.00
██████████	\$118,340.28

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: The items being procured are items that must be installed during the armory manufacturing process. The items must match form, fit and function of the specific requirements of the armories and can only be accomplished at the time of manufacturing by the original equipment manufacturer (OEM) ARMAG.

If the items being procured on this contract are awarded to another vendor or a separate vendor for every item, the Government would be responsible for stopping the production of the armories at different stages. Costs greatly exceeding the price of each item will be added to the overall cost several times due to the shipping costs of the armories to and from other vendors not just once but each time a different item had to be installed by a different vendor. The armories may weigh between 20,000 and 70,000 pounds each; cost to ship would vary from \$8,000 to as much as \$60,000 per trip/shipment.

The cost to ship the armories is dependent upon size, weight and location. Due to the size and weight of the units a crane is also often required to off/on-load the armories onto the truck. For example, assume a small armory (shipping cost of \$8,000) being manufactured requires an air compressor and a HVAC unit. Also assume a vendor other than the OEM is tasked to purchase and install the compressor and HVAC unit. In addition to the item and installation cost, the cost to the government would include shipping to and from a vendor for the air compressor work (\$16,000) and shipping to and from a separate vendor for the HVAC installment (another \$16,000). As the armories must be built under qualified government supervision to specific security and safety requirements or they cannot be used to store weapons, this would also cause the Government to incur additional travel and per diem costs for Government Qualified Inspectors to be at each vendor's site to certify the particular item(s) being installed. The end result would be, in most cases, the additional costs associated with utilizing multiple vendors would exceed the cost of the items being purchased and installed not to mention the time and logistical problems associated with all the movement. The cost to utilize other than the OEM to purchase and install the optional features of the armories would result in exorbitant costs that the government could not afford or determine fair and reasonable. The end result of using multiple vendors to install the optional features would be Government caused delay(s) resulting in extreme unnecessary costs and excessive time delays which could add months, which could exceed a year, to the manufacturing of each armory instead of weeks to complete. These delays would prevent the Warfighter from receiving the armories in theater or anywhere else in the time required.

If the Government were to procure all of the required items and provide as Government Furnished Equipment (GFE) to ARMAG for ARMAG to install (as opposed to ARMAG shipping the armories to the various suppliers to have equipment installed), the Government would still assume responsibility for stopping the production of the armories at different stages in the event that some items are not available when needed for installation. This would cause unacceptable schedule

risk. It is in the best interest of the Government for the armory prime contractor to assume the responsibility of procuring the required components and managing the required delivery schedules of the components.

Additionally, the ARMAG contract includes a [REDACTED] standard commercial warranty. ARMAG will only warrant the work they perform. In the past ARMAG has warranted their work well beyond the [REDACTED] period in some instances. ARMAG would not be responsible for work performed outside their control. If multiple vendors were utilized for outfitting the armories to the customer's specifications, the government would have multiple vendors to deal with if there were problems—it could be difficult to determine which vendors work/effort was at fault since the work would be completed during the manufacturing process. Many of parts being procured generally included a manufacturer's warranty for 1 year after date of purchase; the government would not get the full benefit of the manufacturer's warranty if purchased by the installer months in advance of the installation.

6. Description of Efforts Made to Solicit Offers from as Many Offerors as Practicable: A synopsis of the proposed contract was posted to fedbizops on 22 Aug 2011. To date, two responses have been received. One response offered information on one of the optional features (weapon storage systems) being installed in the armories; the second response was a construction contractor that didn't fully understand the requirement. Competition has been sought for the armories and the optional features over the past twenty 20 years. The technical community has spoken with many interested vendors and no other vendor has been able to meet the Government's requirements. For the reasons identified in paragraph 5 above it is not practical or in the Government's best interest to compete the purchase and installation of the optional features with other vendors.
7. Determination of Fair and Reasonable Costs: The Contracting Officer will determine that the anticipated cost to the Government for the supplies and installations covered by this J&A will be fair and reasonable prior to award.
8. Actions to Remove Barriers to Competition: A follow-on to contract N00164-08-D-GQ10 is currently in progress. The follow-on contract is planned to include the optional features of the armories and is currently planned to be a competitive procurement.

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, except as noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

[Redacted signature block]

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

REQUIREMENTS COGNIZANCE:

[Redacted signature block]

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 block]

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.

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 Contracting Officer, 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 signature] J. M. [Redacted] 8/29/11
Signature Name (Print) Date

