



DEPARTMENT OF THE NAVY
FLEET LOGISTICS CENTER SIGONELLA
CODE 200
PSC 817 BOX 50
FPO AE 09622-0050

IN REPLY REFER TO:

J&A No. 16-014

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

1. Contracting Activity.

Commander, Naval Supply Systems Command (NAVSUP), Fleet Logistics Center (FLC) Sigonella, Detachment Naples, Site Rota.

2. Description of the Action Being Approved.

Approval to issue a bilateral contract modification to Indefinite Delivery Indefinite Quantity (IDIQ) Contract N00189-13-D-0049 to increase the Contract Line Item Number (CLIN) maximum total Euro (€) amount on a non-competitive basis for ordering ship repair services and supplies under CLINs 2001 (PLANNING), 2002 (EXECUTION LABOR) and 2004 (TRAVEL & OTHER DIRECT COSTS (ODCs) in option period 2. Contract N00189-13-D-0049 was awarded on September 25, 2013 to Navantia Reparaciones San Fernando on a Firm-Fixed Price plus Award Fee basis with a performance period of 01 November 2013 through 31 October 2014 with six (6) one-year Option periods. At the time of award the contract included the best available CLIN maximum amounts, but these amounts are insufficient given the extent of advanced/execution planning, execution labor, materials and ODCs necessary to execute planned and emergent availabilities in Rota, Spain at a Spanish Navy Installation. The proposed modification will allow the agency to continue issuing delivery orders under the IDIQ Contract for critical ship repair services and supplies in support of the four (4) DDG-51 class Forward Deployed Naval Forces - (FDNF) Rota Maintenance Program through 31 October 2016. Of note, the J&A does not request approval to upwardly adjust the CLIN 2003 (MATERIALS) ceiling amount but rather the CLIN 2003 ceiling amount has been reduced based on anticipated requirements through the end of option period 2. The proposed modification does not change the scope of work, tasking or period of performance. Fiscal years 2016/2017 Operation and Maintenance (O&M) funds will be obligated at the delivery order level based upon the required services and/or supplies. The requiring activity for this work in support of the FDNF Maintenance Program is the Forward Deployed Regional Maintenance Center (FDRMC) Detachment Rota.

The following table provides the prevailing CLIN maximum amounts in Euros (€) along with the proposed changes to the CLIN maximum amounts in Euros under the subject J&A for option period 2 from 01 November 2015 - 31 October 2016:

CLIN	DESCRIPTION	CURRENT MAX AMT	CURRENT AWARD FEE (3%)	CURRENT CLIN TOTAL	REVISED MAX AMT	REVISED AWARD FEE (3%)	REVISED CLIN TOTAL
2001	PLANNING	€ 1,325,442.32	€ 39,763.27	€ 1,365,205.59	€ 2,264,950.00	€ 70,050.00	€ 2,335,000.00
2002	EXECUTION LABOR	€ 26,394,425.67	€ 791,832.77	€ 27,186,258.44	€ 41,967,050.00	€ 1,297,950.00	€ 43,265,000.00
2003	MATERIAL	€ 8,865,339.99	N/A	€ 8,865,339.99	€ 3,410,000.00	N/A	€ 3,410,000.00
2004	TRAVEL & ODC	€ 2,128,122.75	N/A	€ 2,128,122.75	€ 10,990,000.00	N/A	€ 10,990,000.00
			TOTAL	€ 39,544,926.77		REVISED	€ 60,000,000.00
						DELTA	€ 20,455,073.23

As noted in the table above, the increases to the maximum total Euro (€) amount under CLINs 2001, 2002 and 2004, in conjunction with the reduction to the CLIN 2003 amount, will increase the potential maximum value of the Contract in option period 2 by €20,455,073.23 (\$22,604,788.63¹) from €39,544,926.77 (\$43,700,880.51) to €60,000,000.00 (\$66,305,669.13). As seen in the following table the total ceiling increase of €20,455,073.23 (\$22,604,788.63) in option period 2 results in a total estimated Contract value increase for a potential of seven (7) years from €187,987,172.12 (\$207,743,587.27) to €208,442,245.04 (\$230,348,375.56):

	CLIN 0001	CLIN 0002	CLIN 0003	CLIN 0004	Total Per Annum	Per Annum Increases
Awarded Base Year	€ 775,994.42	€ 7,643,542.42	€ 2,487,633.65	€ 766,686.20	€ 11,673,856.69	
Revised Base Year	€ 1,702,994.42	€ 17,025,951.30	€ 2,487,633.65	€ 4,046,686.20	€ 25,263,265.57	€ 13,589,408.88
Awarded Option Year 1	€ 1,072,046.25	€ 10,018,456.18	€ 1,603,235.91	€ 2,599,204.31	€ 15,292,942.65	
Revised Option Year 1	€ 2,308,965.46	€ 15,436,482.66	€ 2,396,130.35	€ 3,041,935.55	€ 23,183,514.02	€ 7,890,571.37
Awarded Option Year 2	€ 1,365,205.59	€ 27,186,258.44	€ 8,865,339.99	€ 2,128,122.75	€ 39,544,926.77	
Proposed Option Year 2	€ 2,335,000.00	€ 43,265,000.00	€ 3,410,000.00	€ 10,990,000.00	€ 60,000,000.00	€ 20,455,073.23
Awarded Option Year 3	€ 1,248,830.67	€ 13,725,606.62	€ 4,480,168.16	€ 938,622.05	€ 20,393,227.50	
Awarded Option Year 4	€ 1,420,284.47	€ 28,286,490.79	€ 9,242,095.00	€ 1,784,251.05	€ 40,733,121.31	
Awarded Option Year 5	€ 827,316.27	€ 14,242,907.06	€ 4,639,942.25	€ 1,282,493.75	€ 20,992,659.33	
Awarded Option Year 6	€ 517,373.78	€ 12,394,513.67	€ 4,025,947.81	€ 938,622.05	€ 17,876,457.31	
					Original Total Contract Value	€ 166,507,191.56
					Revised Total Contract Value	€ 208,442,245.04

¹ Euro (€) to U.S. Dollar (\$) conversions are based upon the revised FY2016 U.S. Treasury Budget Exchange Rate (BER) of 0.9049€ = \$1.00.

The proposed increases to the option period 2 CLIN maximum amounts are required as the CLIN maximum amounts for CLINs 2001, 2002, and 2004 are insufficient considering the actual and scheduled ship repair, maintenance and alteration requirements during option period 2 in Rota, Spain. This includes previously unplanned but U.S. Navy mandated execution of significant ship alteration (SHIPALT) requirements during option period 2 onboard each vessel during the FDNF ships' respective Selected Restricted Availabilities (SRAs) in Rota, Spain including [REDACTED]

Accordingly, the most significant work in option period 2 includes executing the following maintenance availabilities in Rota, Spain:

- (1) The [REDACTED] Chief of Naval Operations (CNO) Selected Restricted Availability (SRA) in Rota, Spain from [REDACTED] - [REDACTED];
- (2) The [REDACTED] CNO SRA in Rota, Spain from [REDACTED] - [REDACTED]; and
- (3) The [REDACTED] in Rota, Spain from [REDACTED] - [REDACTED].

Each of the three (3) aforementioned SRAs will be executed at the estimated amount of [REDACTED] per event. With each SRA estimated at [REDACTED] the total amount of these three (3) SRAs, i.e. [REDACTED] will exceed the current total ceiling amount of €39,544,926.77 under contract for option period 2. Moreover, this does not include the three (3) scheduled Continuous Maintenance Availabilities (CMAVs) estimated at [REDACTED] per event and the various Windows of Opportunity (WOOs) - scheduled and unscheduled - which will vary in scope and complexity during the option period. The following table provides a summary of the scheduled and projected maintenance events during option period 2 and the estimated amounts for each event corroborating the increase in contract ceiling amounts:

US Navy Vessel	Work Description	Amount	Performance Period
	SRA Execution		
	SRA Planning		
	CMAV		
	WOO		
	SRA Execution		
	SRA Planning		
	CMAV		
	WOO		
	CMAV		
	SRA Execution		
	WOO		
	WOO		
TOTAL			

The estimates for the above requirements include advanced/execution planning, execution labor, materials³, ODCs and a likely 10% increase for growth and new work. The total estimated amount includes award fee amounts which comprises 3% of the total amount for CLIN 2001 (PLANNING) and CLIN 2002 (EXECUTION LABOR) under each delivery order.

3. Description of Supplies/Services.

The agency currently orders ship repair, maintenance and alteration requirements in support of the FDNF Rota Maintenance Program under a single award IDIQ Contract with Navantia Reparaciones San Fernando (Cage Code 539BB). Specifically, the Contractor is required to accomplish planning and execution functions for the four (4) homeported DDG-51 class ships' Chief of Naval Operations (CNO) mandated repair and maintenance availabilities, including SRA's Emergent Maintenance (EM), Continuous Maintenance (CM), WOO's, and CMAV's in

² Although the [REDACTED] SRA EXECUTION, [REDACTED] SRA PLANNING and [REDACTED] CMAV requirements have been awarded by the Government, the final amounts of these events are not available due to unknown earned award fee amounts and final cost settlements. The amounts listed in the table for these three events reflect the award amounts plus the Government's estimate for final settled cost of each event. The Government does not anticipate the final cost amount for any of three aforementioned events to exceed the amount listed in the above table. These amounts are not estimates but rather ceiling amounts.

³ Although the subject sole source J&A reduces the ceiling amount of CLIN 2003 (MATERIALS), the amounts for each availability includes the anticipated ceiling amount for materials purchased. Typically material values in the delivery orders are significantly less than the planning and execution labor amounts in the delivery orders. Nonetheless, the material amounts must be considered for each availability estimate.

Rota, Spain. The IDIQ Contract allows for the issuance of delivery orders on a Firm- Fixed-Price plus Award Fee basis for Execution Planning (CLIN 2001) and Execution Labor (CLIN 2002) and on a Cost Reimbursement basis for Materials (CLIN 2003) and Travel/ODCs (CLIN 2004).

4. Statutory Authority Permitting Other Than Full and Open Competition.

10 U.S.C. 2304(c)(1), as implemented by FAR 6.302-1, only one responsible source and no other supplies or services will satisfy agency requirements.

5. Rationale Justifying Use of Cited Statutory Authority.

Pursuant to FAR 6.302-1(a)(2)(ii), the incumbent is the only source for this work as the Contractor has an existing single award IDIQ Contract to provide ship repair services and supplies to the FDNF ships in Rota, Spain. The Contract was initially awarded on a competitive basis by NAVSUP Fleet Logistics Center (FLC) Norfolk. Modifying the existing IDIQ Contract to increase the CLIN maximum total Euro (€) amounts for ordering ship repair service and supplies is the most cost-effective and least disruptive approach to ensuring the FDNF Rota maintenance, repair, emergent and modernization requirements are fulfilled in a timely manner. Re-solicitation and award of a new Contract for work exceeding the current CLIN maximum amounts for option period 2 would result in unacceptable delays in fulfilling FDNF Rota shipboard requirements and would adversely impact the United States Navy in maintaining and repairing these critical forward deployed assets in a time-critical environment. Re-solicitation would cause substantial duplication of cost that would not be recovered through another competition.

Specifically, multiple scheduled availabilities in FY-2016 including the [REDACTED] SRA, the [REDACTED] CMAV and the [REDACTED] CMAV, all of which are scheduled to commence prior [REDACTED] cannot be awarded without increasing CLIN maximum total amounts for the current option period. Additionally, Navantia has been tasked under Delivery Order [REDACTED] to date (subject to increase) to provide advanced and execution planning in support of the [REDACTED] SRA. Re-soliciting the requirements and awarding a new Contract would not only jeopardize the effective planning of these major availabilities but would also require the US Navy to delay, reduce or potentially cancel the execution of work during the scheduled availabilities. Navantia Reparaciones San Fernando has the existing infrastructure, equipment,

suppliers and personnel supporting the work at Naval Base Rota to meet scheduled and unscheduled requirements expeditiously. If the agency awards a new contract to a new vendor there would need to be a period of time required for familiarization and production/personnel "start-up" to be ready for performance. Thus, only the incumbent contractor can meet the required schedule. In addition to the delays in fulfilling requirements during a new source selection process, the agency does not anticipate a cost savings would be achieved.

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

No additional efforts have been made since the original Contract award to solicit offers from other commercial ship repair vendors to execute scheduled availabilities of the size, scope and complexity at Naval Base Rota in support of the FDNF Rota Maintenance Program. The only exceptions would be the relatively small repair packages awarded for visiting US vessels to Naval Base Rota which have been awarded by NAVSUP FLC Sigonella Site Rota under the authority of FAR Part 13 (Simplified Acquisition Procedures) for requirements less than \$150,000. These emergent requirements have been critical but significantly smaller in scope, complexity, magnitude and value than the availabilities executed in Rota in support of the FDNF. Additionally, quotes received in response to solicitations for these smaller requirements have been limited, i.e. in many cases only one (1) acceptable quote was received. However, for procurement history, it is noted the IDIQ Contract was awarded in a competitive environment and pre-award actions were executed in accordance with federal regulations which notified industry of the prevailing ship repair, maintenance and alteration requirements in support of the FDNF Rota Maintenance Program.

7. Determination of Fair and Reasonable Cost.

IDIQ Contract No. N00189-13-D-0049 was awarded with firm-fixed-price labor rates under CLINs 2001 and 2002. Only the contracted labor rates under CLINs 2001 and 2002 were determined fair & reasonable by the contracting officer at contract award. Despite the fixed price labor rates, the contractor must still propose the number of hours and the labor mix under CLINs 2001 and 2002 at the delivery order level to complete specific task(s). In addition, CLINs 2003 and 2004 were awarded under the IDIQ contract on a cost reimbursement basis. Consequently, there was no fair & reasonable determination on CLIN pricing for the cost reimbursement items at contract award since the contracting Parties simply agreed to a maximum line item cost for the cost reimbursement CLINs. As the contractor will propose labor hours and labor mix against the contracted fixed labor rates under CLINs

2001 and 2002, along with proposing costs for line items under CLINs 2003 (Materials) and 2004 (Travels/ODCs), the contracting officer will make a fair & reasonable determination at the delivery order level based on the requirements for each delivery order. The contracting officer will conduct price analysis in accordance with FAR 15.404-1(b) and cost analysis in accordance with 15.404-1(c) to derive a fair and reasonable price for each delivery order issued under IDIQ Contract No. N00189-13-D-0049. The determination of a fair & reasonable price includes delivery orders for ship repair, maintenance and alteration requirements issued within the adjusted CLIN maximum total Euro (€) amounts referenced in the subject sole source J&A.

8. Actions to Remove Barriers to Future Competition.

The IDIQ Contract under which the bilateral modification has been proposed was awarded on a competitive basis. The agency intends to issue orders under the same Contract for the duration of Option period 2 and potentially extend the term of the Contract by exercising follow-on Contract option periods in accordance with FAR 17.207. Should the Government have a continuing need for ship repair, maintenance and alteration in support of the FDNF Rota Maintenance Program in Rota, Spain upon completion of IDIQ Contract No. N00189-13-D-0049, the agency intends to use competitive procedures to award a new Contract. Upward adjustments to the CLIN maximum amounts in Option Periods 3-6 have not been proposed under the subject J&A due to the potential for change in scope and magnitude of work under the contract in those remaining option periods. [REDACTED]

[REDACTED] thereby significantly increasing the amount of maintenance, repairs and alteration under the subject contract. [REDACTED]

[REDACTED] Follow-on modifications and associated J&As for increases to the CLIN maximum amounts for option periods 3-6 listed in the Contract are feasible as is the possibly of not exercising all option periods under the contract and, instead, re-soliciting and awarding a new (follow-on) contract.

9. Contracting Point of Contact.

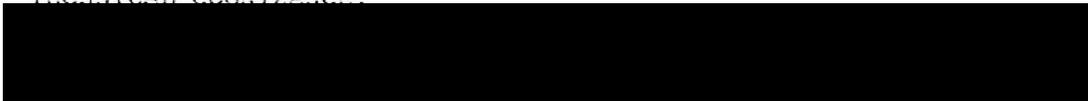
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CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION

I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, except as noted herein are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:



Signature Name (Printed) Phone No. Date

REQUIREMENTS COGNIZANCE:



Signature Name (Printed) Phone No. Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.



Signature Name (Printed) Phone No. Date

CONTRACTING OFFICER CERTIFICATION

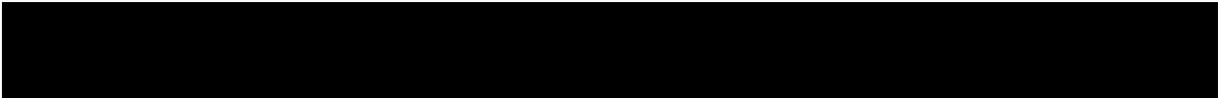
I certify that this Justification is accurate and complete to the best of my knowledge and belief.



Signature Name (Printed) Phone No. Date

COMPETITION ADVOCATE APPROVAL

Upon the basis of the above justification, I hereby approve, as Competition Advocate, with the proposed modification of the Contract described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c)(1).



Signature Name (Printed) Phone No. Date

HEAD OF CONTRACTING ACTIVITY (HCA) APPROVAL (> \$13,500,000)

Upon the basis of the above justification, I hereby approve, as HCA, the proposed modification of the Contract described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c)(1). Additionally, as the HCA, I hereby waive the requirement at DFARS PGI 206.302-1(d) to post a request for information or a sources sought notice when utilizing the authority of FAR 6.302-1.

