



**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. 14-035

**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 1001 (PLANNING), 1002 (EXECUTION LABOR), 1003 (MATERIALS) and 1004 (TRAVEL & ODCs) in Option Period 1. The proposed modification will allow the agency to issue orders under the IDIQ Contract for critical ship repair services and supplies in support of the Forward Deployed Naval Forces – (FDNF) Rota Maintenance Program through 31 October 2015 while not exceeding the maximum total Euro (€) amount under CLINs 1001, 1002, 1003 and 1004 of the Contract. The proposed modification does not change the scope of work, task or period of performance. The proposed modification will not obligate Contract level funds; instead, Operation and Maintenance (O&M) funds will be obligated at the delivery order level based upon the required service and/or supply. 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 1 from 01 November 2014 – 31 October 2015:

CLIN	DESCRIPTION	CURRENT MAX AMT	CURRENT AWARD FEE (3%)	CURRENT CLIN TOTAL	REVISED MAX AMT	REVISED AWARD FEE (3%)	REVISED CLIN TOTAL
1001	PLANNING	€1,040,821.60	€31,224.65	€1,072,046.25	€2,241,714.04	€67,251.42	€2,308,965.46
1002	EXECUTION LABOR	€9,726,656.49	€291,799.69	€10,018,456.18	€ 14,986,876.37	€449,606.29	€15,436,482.66
1003	MATERIAL	€1,603,235.91	N/A	€1,603,235.91	€ 2,396,130.35	N/A	€2,396,130.35
1004	TRAVEL & ODC	€2,599,204.31	N/A	€2,599,204.31	€ 3,041,935.55	N/A	€3,041,935.55
			<b>TOTAL</b>	<b>€15,292,942.65</b>		<b>REVISED</b>	<b>€23,183,514.03</b>
						<b>DELTA</b>	<b>€ 7,890,571.38</b>

As identified in the table above, the increases to the maximum total Euro (€) amount under CLINs 1001, 1002, 1003 and 1004, will increase the potential maximum value of the Contract in Option Period 1 by €7,890,571 (\$10,588,528<sup>1</sup>) from €15,292,943 (\$20,521,931) to €23,183,514 (\$31,110,459). The total ceiling increase of €7,890,571 (\$10,588,528) in Option Period 1 results in a total estimated Contract value increase for a potential of seven (7) years from €180,096,601 (\$235,266,624) to €187,987,172 (\$245,855,152). Upward adjustments to the CLIN maximum amounts in potential Option Periods 2-6 have not been proposed under the subject J&A due to the limited and incomplete procurement data generated under this Contract in the initial 16 months of performance. Specifically, only two (2) of the four (4) DDG-51 Class vessels anticipated for maintenance, repairs and alteration under the subject contract have shifted their homeport designation to Rota, Spain. [REDACTED]

[REDACTED] In addition, the magnitude of ship repair efforts in Option Periods 2-6 cannot be forecasted accurately at this time. Follow-on modifications and associated J&As for increases to the CLIN maximum amounts for the option periods listed in the Contract are anticipated and will be issued as appropriate once Contract utilization data is gathered and assessed.

The proposed increases to the Option Period 1 CLIN maximum amounts were prompted by two primary factors:

- (1) The CLIN maximum amounts for CLINs 1001, 1002, 1003 and 1004 in the basic IDIQ Contract award are insufficient considering the actual ship repair, maintenance and alteration requirements executed thus far during Option Period 1 in Rota, Spain. Precise requirements were not available in advance and the CLIN maximum amounts included in the Contract award did not fully account for the extent of planning, execution labor, materials and ODCs necessary on the part of the Contractor. This includes planning and executing the USS ROSS (DDG-71) Chief of Naval Operations (CNO) Selected Restricted Availability (SRA) in Rota, Spain from December 2014 – March 2015 and the advanced and execution planning for the USS PORTER (DDG-78) FY16 SRA in Rota, Spain during the period February – November 2015. Specifically, the estimates to derive the CLIN maximum amounts for Option Period 1 did not adequately account for the level of effort to plan and execute the USS ROSS (DDG-71) FY15 SRA in Rota, Spain. The CLIN Maximum amount for CLINs 1001-1004 in the basic IDIQ Contract, including award fee, totaled €15,292,943. The USS ROSS (DDG-71) FY15 SRA delivery order currently totals €1,392,460 in labor, materials, ODCs and potential award fee to execute the availability, including growth and new work identified during the performance period. In addition, the Government placed a delivery order for the Contractor to provide advanced and execution planning labor for the USS PORTER (DDG-78) FY16 SRA in the total amount, including award fee, of €1,122,332. The two aforementioned planning and execution requirements alone expended a total amount of €2,514,793 out of the total amount of €15,292,943 available for the entire Option Period 1. In conjunction with smaller availabilities completed during Option Period 1, only the total estimated amount of €2,399,015 remains available on CLINs 1001-1004 for ordering through 31 October 2015.

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<sup>1</sup> Euro (€) to U.S. Dollar (\$) conversions are based upon the FY2015 U.S. Treasury Budget Exchange Rate (BER), as amended, of €0.7452 = \$1.00.

(2) In addition to the USS ROSS (DDG-71) FY15 SRA exceeding the amount estimated during contract planning, the Government must increase the CLIN Maximum amounts so as to issue additional delivery orders for the following known FDNF Rota Maintenance requirements prior to the end of the current option period on 31 October 2015:

US Navy Vessel	Work Description	Est. Amount	Basis for Estimate	Performance Period
	CMAV Execution		IGE	
	WOO Execution		IGE	
	SEWIP Platform		Contractor Proposal	
	NMT Platform		IGE	
	VMAV Execution		Historical	
	CMAV Execution		Historical	
	WOO Execution		Historical	
	SRA Planning		Historical	
Award Fee (3% of CLINs 1001 & 1002)				
<b>TOTAL</b>		<b>€7,890,571</b>		

The estimates for the above requirements include execution planning, execution labor, materials and other direct costs (ODCs). In addition, the estimates include a mark-up of 15% for potential growth work authorized during the performance period for each delivery order. Lastly, the total estimated amount of the increase includes award fee amounts which must be committed at delivery order issuance. The award fee amount includes 3% of the total amount for CLIN 1001 (PLANNING) and CLIN 1002 (EXECUTION LABOR) under each delivery order.

The total increased amount of the subject J&A and resultant contract modification is €7,890,571.38. This amount is in addition to the total estimated amount of €2,399,015 remaining on the contract for ordering under CLINs 1001-1004. The Contracting Officer intends for the additional €2,399,015 to remain available on the contract for ordering of ship repair, maintenance and alteration requirements which are considered “unscheduled” but must be executed nonetheless during the Option Period. The requested increase in the CLIN Max amounts in accordance with the subject sole source J&A and the remaining amount of €2,399,015 on the contract results in a revised total amount of €10,289,586 available for ordering ship repair, maintenance and alteration requirements through the end of Option Period 1 on 31 October 2015.

### **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. Specifically, the Contractor is required to accomplish planning and execution functions for the home-ported DDG-51 class ships’ Selective Restricted Availability (SRA) Chief of Naval Operations (CNO) Scheduled Availabilities, Emergent Maintenance (EM), Continuous Maintenance (CM), e.g. Windows of Opportunity (WOO), and Continuous Maintenance Availabilities (CMAV) in Rota, Spain. IDIQ Contract N00189-13-D-0049 was awarded on 25 September 2013 to Navantia Reparaciones San Fernando with a performance period of 01 November 2013 through 31 October 2014 with six (6) one year Option periods. The IDIQ Contract allows for the issuance of delivery orders on a Firm Fixed Price plus

Award Fee basis for Execution Planning (CLIN 1001) and Execution Labor (CLIN 1002) and on a Cost Reimbursement basis for Materials (CLIN 1003) & Travel/ODCs (CLIN 1004).

**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 immediately available source for this work as the Contractor has an existing single award IDIQ Contract to provide ship repair services and supplies in Rota, Spain. The Contract was initially awarded on a competitive basis. Modifying the existing IDIQ Contract to increase the CLIN maximum total Euro (€) amounts for ordering ship repair service and supplies is the best approach to ensuring the FDNF Rota maintenance, repair and modernization requirements are fulfilled timely and at the best value to the United States Federal Government. Re-solicitation and award of a new Contract for potential work exceeding the current CLIN maximum amounts 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 sensitive environment. As noted in the table under paragraph 2, the FDNF Rota Maintenance Program has eight known availabilities and planning periods which will commence prior to the end of the current option period on 31 October 2015. Not increasing the aforementioned CLIN maximum total Euro (€) amounts under the current contract, but instead, re-soliciting the requirements and awarding a new Contract would not only jeopardize the effective planning of these availabilities but would also require the US Navy to delay, reduce or potentially cancel the execution of work items during the scheduled availabilities. Navantia Reparaciones San Fernando has the existing infrastructure and personnel in the vicinity of Rota, Spain to meet emergent requirements immediately. If the agency awards a new contract to a different vendor, the Government would not be able to award a follow on contract in time to support routine and emergent ship repair requirements and there would also be a period of time required for any new contractor for familiarization and production/personnel “start-up” to be ready for performance.

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

No additional efforts have been made since Contract award to solicit offers from other commercial ship repair vendors. The agency intends to modify the existing IDIQ Contract to increase the maximum values for ordering under CLINs 1001, 1002, 1003 and 1004 on a non-competitive basis. 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 including issuance of a market survey, pre-solicitation synopsis on the Government Point of Entry (GPE) and posting of the solicitation on the GPE.

## **7. Determination of Fair and Reasonable Cost.**

IDIQ Contract No. N00189-13-D-0049 was awarded with firm fixed price labor rates under CLINs 1001 and 1002. Only the contracted labor rates under CLINs 1001 and 1002 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 1001 and 1002 at the delivery order level to complete specific task(s). In addition, CLINs 1003 and 1004 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. Since the contractor will propose labor hours and labor mix against the contracted fixed labor rates under CLINs 1001 and 1002, along with proposing costs for line items under CLINs 1003 (Materials) and 1004 (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 1 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.

## **9. Contracting Point of Contact.**

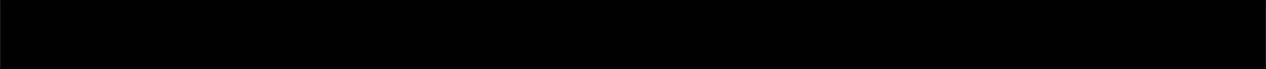
Corey L. Squires  
Administrative Contracting Officer  
NAVSUP FLC SI Site Rota  
FDNF-E Maintenance Program  
DSN: 314-727-2214  
Comm: +34-956-82-2214  
Email: corey.squires@eu.navy.mil

**CERTIFICATIONS AND APPROVAL**

**TECHNICAL/REQUIREMENTS CERTIFICATION**

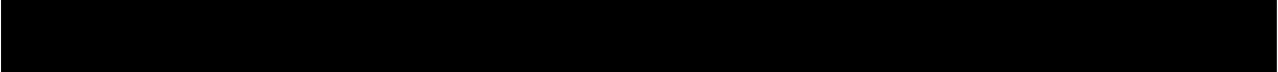
I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, except as noted herein are complete and accurate to the best of my knowledge and belief.

**TECHNICAL COGNIZANCE:**



Signature                                      Name (Printed)                                      Phone No.                                      Date

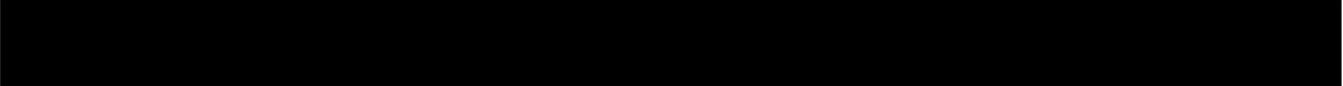
**REQUIREMENTS COGNIZANCE:**



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 (< \$12,500,000)

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