



DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND

J&A No. 14-230-0004

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

1. IDENTIFICATION OF REQUESTING AGENCY AND CONTRACTING OFFICE:

Agency Name:
Naval Supply Systems Command
Fleet Logistics Center San Diego
Global Logistics Support (GLS)
Hazmat Department, Code 400
3985 Cummings Road, 2nd FL
San Diego, CA 92136-4200

Contracting Activity:
Department of Navy
Naval Supply Systems Command
Fleet Logistics Center San Diego
Regional Contracts Department, Code 230
3985 Cummings Road, 3rd FL
San Diego, CA 92136-4200

2. NATURE AND/OR DESCRIPTION OF THE ACTION BEING APPROVED:

This Justification and Approval (J&A) covers the negotiation and award of a sole-source, hybrid bridge contract with separate line items for the labor service portion on a Firm Fixed Priced (FFP) basis and cost reimbursement type for materials.

The bridge contract will be contracted with SERCO, Inc. 1818 Library Street, Suite 100, Reston, VA 20190-5619. Third Party Logistics (3PL) services include material acquisition, point of sale and labor required for HAZMAT supply chain management. The proposed action is for a 12 month base period followed by two (2) three month option periods to be exercised if necessary.

This action will provide uninterrupted HAZMAT management support services to 11 Military installations located within the Commander Navy Region Southwest (CNRSW) regions. The estimated total contract value for this bridge contract is [REDACTED] inclusive of the two (2) three month options. The base period of performance is anticipated to be from October 1, 2014 through September 30, 2015 and two (2) three month option periods of performance from October 1, 2015 through December 31, 2015 and January 1, 2016 through March 31, 2016 (if exercised).

This J&A will allow DLA to complete its Chemical Management Systems (CMS) solution study. FLCSD will staff a long term competitive requirement in conjunction with the Bridge should DLA waive-off on answering the HAZMAT demand signal 12 months out, FLCSD will be positioned to award the long term competitive solution. The (2) two 3 month options with the accompanying Bridge request would provide flexibility in the event DLA plans to move forward but simply is not ready at 12 months and requires a nominal extension. This J&A request is submitted based on a revision in policy driven by a reduction of Full-Time Employee

equivalents during fiscal year pressurization, as FLCSD's acquisition strategy was based on insourcing the Contractor Support Services (CSS) portion of the contracting effort.

3. **DESCRIPTION OF SUPPLIES OR SERVICES REQUIRED TO MEET AGENCY'S NEEDS:**

The CNRSW and the Fleet Logistics Center (FLC) San Diego Hazardous Materials Management program supports approximately 600 work centers and 52 Afloat Units located at Navy and Marine Corp installations and serves as the single point of entry for all customer Hazardous Material (HAZMAT) requirements. The HAZMAT Program is administered through a 3PL contractor. These services are essential toward meeting the Navy/Marine Corp HAZMAT Consolidated Hazardous Reutilization Inventory Management Program (CHRIMP) program mission requirements. The mission of the Hazardous Material Management Program is to provide centralized services for material acquisition, point of sale and re-distribution of excess unusable materials to enhance the Navy's ability to meet hazardous waste reduction goals by the Chief of Navy (CNO).

CHRIMP is the key strategic tool used to standardize Hazardous Material Center (HMC) policies for all Navy installations afloat/ashore and enhance compliance with a broad range of Federal, State, and local environmental laws and regulations. The proposed sole-source acquisition will avoid interruption of HAZMAT CHRIMP support services and materials to maintain program management support for the following HAZMAT Operation services provided under contract:

- 1) Point of Sale (GCPC transactions)
- 2) Material Acquisition (processing of customer orders) and deliver of hazardous material
- 3) Re-distribution of excess HAZMAT offloads
- 4) HAZMAT Deliveries to customer work centers
- 5) Cradle to Grave tracking of HAZMAT at work center level
- 6) Statutory/Regulatory Environmental compliance and reporting
- 7) Acceptance and processing of Fleet offloaded materials
- 8) Inventory maintenance of high-use hazardous material for distribution to customers

Currently, SERCO Inc. is performing these services under a SeaPort-e task order award No. N00178-07-D-4114-NW01. The contract value for this requirement is [REDACTED] [Operations Maintenance & Navy (OM&N)] funding comprised of one base and four (4) options years. This task order resulted from a competitive full and open solicitation in SeaPort-e issued as "unrestrictive" which resulted in receipt of four (4) offers. Task orders under the SeaPort-e Multiple Award IDIQ contracts may not exceed 5 years, including all options and award terms.

4. **IDENTIFICATION OF STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION:**

Title 10 USC §2304(c) (1), as implemented by FAR 6.302-1 (a) (iii); Due to unacceptable delays in fulfilling the agency's requirement only SERCO, Inc. can provide continuous uninterrupted services without delays. A follow-on contract is planned for the continuation of these services.

5. **DEMONSTRATION THAT PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR NATURE OF ACQUISITION REQUIRES USE OF AUTHORITY CITED:**

SERCO, Inc. is the only contractor that can manage the Hazardous Material (HM) CHRIMP program without interruption. SERCO, Inc. has been providing HAZMAT services and material

since 2009 and has practices in place that comport with laws and regulations regarding hazardous material management, storage, and distribution. It is not only familiar with 3PL, but has the requisite knowledge, skills, practices, and equipment that can be immediately utilized to provide essential services and material at the conclusion of the current contract.

A contractor performing these services and providing this material has to have the requisite knowledge and skills; but, almost as important, must meet stringent training and certification requirements. Any new competition would mandate a significant transition period, requiring employees to obtain the requisite knowledge, skills and certifications. Any new contractor, other than SERCO, Inc. would not be able to provide the support in October 2014; and, it certainly would only provide degraded services during the transition period.

A new contractor would have to be able to maneuver within the unique Navy system, the Navy's Enterprise Resource Planning (ERP) - with its unique user interface(s). This key planning system for HAZMAT CHRIMP is not a commercial system.

Navy has canvassed potential vendors for HAZMAT management and material; Navy has not identified any contractor currently doing business within the San Diego metro area that has the requisite ERP training to be able to use the application successfully in the short-term. And, given the complicated nature of this non-commercial software, it would take several months and interrupted service for any contractor to be able to learn the ERP system sufficiently to provide needed HAZMAT program support.

Failure to extend the current contract will unequivocally cause delays and negatively impact military operation readiness. HAZMAT support affects not only the acquisition and management of HAZMAT for the Fleet and Ashore activities, it is also essential for the environmental concerns associated with HAZMAT storage, transport and disposal. Based on the facts mentioned above, SERCO, Inc. is the only source capable of fulfilling this requirement without causing delays. Any other contractor would require a transition integration phase and learning curve phase which would result in unacceptable delays and additional contract costs. These delays would severely impact the support of current HAZMAT CHRIMP mission requirements.

The anticipated "bridge" contract extending services with SERCO pending the solicitation and award of a competitive contract is not the result of poor procurement planning. CNRSW, in conjunction with the Naval Supply Systems (NAVSUP) FLC San Diego, identified a new procurement strategy earlier in the acquisition cycle; but, recent efforts by Defense Logistics Agency (DLA) to study and consolidate HAZMAT programs necessitated a delay in that process. These studies in effect diverted resources and caused FLC San Diego to put the solicitation on hold pending a full understanding as to what Navy requirements will be, given DLA's interest in taking over the HAZMAT program.

6. **DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS IS PRACTICABLE:**

The Justification and Approval (J&A) will be synopsized in the FedBizOpps, which is the Government-wide Point of Entry (GPE).

7. **DETERMINATION BY THE CONTRACTING OFFICER THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE:**

The Contracting Officer anticipates that the cost to the Government will be fair and reasonable. A complete analysis of the contractor's cost and price analysis will be performed in accordance with applicable FAR provisions. Commercial price lists, procurement history and other available pricing information will be reviewed. A determination of fair and reasonable pricing as required by statute and regulation will be made by the Contracting Officer.

8. ACTIONS TO REMOVE BARRIERS TO COMPETITION:

NAVSUP FLC San Diego plans to procure a competitive "unrestrictive follow-on contract" should DLA (see Paragraph 5 above) determine that this effort should not be consolidated under a new DLA vehicle. The date for a solicitation will be set for a time that permits full and open competition. The base plus options will permit schedule moves to the left should DLA's decision be delayed and/or Navy have unanticipated regulatory, budget, or requirement changes.

Based on a sources-sought notice published on May 16, 2014, there may be at least two other vendors that can provide HAZMAT supplies and related services given adequate transition time to train and obtain certified employees. But at this time, no other vendor can provide the requisite HAZMAT services and supplies necessary to Navy's mission.

9. CONTRACTING POINT OF CONTACT:

The contracting point of contact for this requirement is Ms. Maria S. Papet, Contracting Officer at (619) 556-6850; e-mail address maria.papet@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, are complete and accurate to the best of my knowledge and belief.

Technical Cognizance:

[Redacted Signature] [Redacted Name (Printed)] [Redacted Phone No.] [Redacted Date]

Requirements Cognizance:

[Redacted Signature] [Redacted Name (Printed)] [Redacted Phone No.] [Redacted Date]

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

[Redacted Signature] [Redacted Name (Printed)] [Redacted Phone No.] [Redacted Date]

CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief. To the extent that the J&A/LSJ value is between \$150K and \$650K, the Contracting Officer's signature below also represents approval of the J&A/LSJ.

[Redacted Signature] [Redacted Name (Printed)] [Redacted Phone No.] [Redacted Date]

CONTRACTING ACTIVITY COMPETITION ADVOCATE REVIEW

To the extent that the J&A/LSJ value is between \$650K and \$12.5M, the Competition Advocate's signature below also represents approval of the J&A/LSJ.

[Redacted Signature] [Redacted Name (Printed)] [Redacted Phone No.] [Redacted Date]

APPROVAL

Upon the basis of the above justification, I hereby approve, as Head of the Procuring Activity, 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).



Name (Printed) Phone No. Date