



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE
CENTER
1000 23RD AVENUE
PORT HUENEME CA 93043-4301

IN REPLY REFER TO:
JA-15-003

October 31, 2014

JUSTIFICATION AND APPROVAL FOR OTHER THAN FULL AND OPEN
COMPETITION

1. CONTRACTING ACTIVITY

The requiring activity is Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC) Port Hueneme, CA. The contracting activity is NAVFAC EXWC Acquisitions, Port Hueneme, CA. The EXWC ACQ point of contact is Meadow Rivas, who can be reached at DSN 551-4566 or commercial (805) 982-4566.

2. DESCRIPTION OF ACTION BEING APPROVED

Award of a contract, on a sole source basis, to Itron, Inc. to purchase Itron proprietary maintenance for software and directly related hardware products procured under separate Navy contracts and professional services in support of implementation and configuration.

The Department of Navy (DoN) acquired, via prior contract number N68711-05-P-0103, licenses to a list of software packages for Utilities and Energy Management (UEM). One specific package, Itron Enterprise Edition (IEE), forms the Commercial Off-The-Shelf (COTS) core for two modules (the Utilities Payable and Meter Data Management modules) of the Centralized and Integrated Reporting for the Comprehensive Utilities Information Tracking System (CIRCUITS). CIRCUITS is the authoritative enterprise business system for processing Navy utility purchases, allocations and meter data collection, as well as collection and compilation of congressionally mandated DoN Energy reporting.

While the DoN owns these software licenses and is free to deploy the purchased versions at will, it must acquire a software maintenance subscription to receive security updates, bug fixes, service packs, and new versions of the software as they become available. In addition, the Information Assurance (IA) requirements placed on CIRCUITS specify that we have a current support mechanism in place for any deployed COTS software; specifically, we must have guaranteed access to patches produced in response to security vulnerabilities.

- a. The proposed follow-on contract is for an extension to cover FY15 through FY19 maintenance which includes all current Itron licenses for the DoN.
- b. The government estimate for this extension is \$ includes a total of five (5) years as described below.

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Estimated Dollar Value:

	FY15	FY16	FY17	FY18	FY19	TOTAL
	Base Year	Option 1	Option 2	Option 3	Option 4	
NWCF	\$	\$	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$	\$	\$

4. STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN
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This justification and approval is based upon authority of 10 USC 2304 (c)(1) as implemented by Federal Acquisition Regulation (FAR) 6.302-1. Only one responsible source can provide this highly specialized service, and no other supplies or services will satisfy the agency requirements described above.

5. RATIONALE JUSTIFYING USE OF CITED STATUTORY AUTHORITY

The software maintenance being procured will provide security patches, bug fixes and version upgrades for Itron software packages licensed and deployed by the DoN. The licenses were acquired in perpetuity under a separate contract by NAVFAC Engineering Service Center (NAVFAC ESC), now NAVFAC EXWC. Itron is the only firm that has the source code to maintain and improve the product purchased through contract number N68711-05-P-0103 and is therefore the only firm to offer software maintenance. In addition, Itron has customized certain parts of Itron Enterprise Edition, the COTS product on which CIRCUITS is built, and only Itron will be able to maintain those alterations in future versions of the software provided to the DoN under the maintenance agreement.

Without the packages mentioned, NAVFAC would not be able to effectively manage the number of utilities and energy software and hardware products used by NAVFAC applications hosted at NITC. Itron is the only company that can provide the software licenses as the software is copyrighted. Also, the software maintenance requires access to the source code and copyrighted software. Only the entity that owns the intellectual property rights in the software or its designee can provide software maintenance.

Additionally, evaluation of alternative products rendered the following findings:

- a. Alternative products do not provide required functionality for administrators and functional users so multiple tools would have to be purchased.

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- b. The alternative products do not provide the required security and infrastructure protections required under new and expanded Information Assurance requirements and guidelines in the NAVFAC environment, exposing NAVFAC to security issues that would prevent delivery of required services.

In addition, using new software would require retraining employees and implementing new systems and business processes and procedures.

In sum, buying seemingly similar software would result in high costs to transition, which would not be recovered through competition. Reconfiguration of the aforementioned systems would be required, causing a detrimental impact to NAVFAC's Information Assurance compliance level and deactivation of Business Systems. NAVFAC's current maintenance contract for previously purchased licenses is ending in FY14. To remain compliant with Information Assurance requirements, maintenance agreements with vendors must be in place for current software licenses. NAVFAC Information Technology Center therefore needs to renew existing Itron licenses to provide continuity of service to the NAVFAC community, and meet user access requirements of enterprise applications such as CIRCUITS.

6. DESCRIPTION EFFORTS MADE TO SOLICIT OFFERS FROM AS MANY OFFERORS AS PRACTICABLE

Based on the justification above, awarding to Itron on sole source basis is reasonable as no other vendor can provide the ability to correct or modify the source code of the products under license, which are base requirements with the ability to offer software maintenance. This is the standard industry practice verified through direct communications with the independent industry leaders such as Southern California Edison (SCE), San Diego Gas and Electric (SDG&E), and Florida Power and Light (FPL).

7. DETERMINATION OF FAIR AND REASONABLE COST

The Contracting Officer has determined that the anticipated price for supplies/services covered by this Justification and Approval (J&A) will be fair and reasonable. Contracting Officer will make a fair and reasonable price determination for the supplies/services covered by this J&A using price analysis techniques in accordance with FAR 15.

8. ACTIONS TO REMOVE BARRIERS TO FUTURE COMPETITION

CIRCUITS continue to survey the market at each renewal of Software Maintenance to seek other vendors capable of providing this support. The program architecture is designed to support technology updates that may provide more realistic competition in future efforts due to the naturally competitive character of the marketplace.

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CERTIFICATION 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.

	Phone No.	Date
Director, NITC/EXWC CIO NAVFAC EXWC		

REVIEW FOR LEGAL SUFFICIENCY

I have determined this Justification is legally sufficient.

	Phone No.	Date
Assistant Counsel NAVFAC EXWC		

CONTRACTING OFFICER CERTIFICATION

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

	Phone No.	Date
Contracting Officer NAVFAC EXWC		

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ECHELON III CHIEF OF THE CONTRACTING OFFICE CERTIFICATION

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

	Phone No.	Date
Chief of the Contracting Office NAVFAC EXWC		

APPROVING OFFICIAL (NFAS 6.304)

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

	Phone No.	Date
CAPT, CEC, USN Commanding Officer NAVFAC EXWC		