DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND WASHINGTON
1314 HARWOOD ST. SE, BLDG 212
WASHINGTON NAVY YARD, DC 20374-5004

J&A No. 0001
Dated:

JUSTIFICATION AND APPROVAL FOR USE OTHER THAN FULL AND OPEN COMPETITION FOR P-163 AGILE CHEMICAL FACILITY

1. Contracting Activity.

The contracting activity is the Naval Facilities Engineering Command Washington, Washington Navy Yard, Washington, D.C.

2. Description of the Action Being Approved.

This Justification and Approval is to request authorization to require a sole source utilization of John C. Grimberg Co., Inc. (Grimberg), located in Rockville, MD to perform construction services related to the completion of the Agile Chemical Facility (ACF) at Naval Support Facility (NSF) Indian Head, Maryland.

3. Description of Supplies/Services.

The authority provided by this J&A will be for a contract with Grimberg to construct Agile Chemical Facility (ACF), Phase 3, P163. The Performance is expected to occur between Fall 2016 and Fall 2018. Specific services being acquired by this contract action include:

1. Construct new facilities required to support full ACF capability.
2. Renovate existing buildings, site utilities, and process plant to support full ACF capability.
3. Demolish obsolete/excess facilities replaced by the completed ACF.

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

Pursuant to 10 U.S.C. 2304(c)(1), implemented by, FAR 6.302-01(a)(iii)(A)&(B), authorizes the use of other than full and open competition when there is only one available source.

5. Rationale Justifying Use of Cited Statutory Authority.

John C. Grimberg Co., Inc. is uniquely qualified and positioned to perform this work for the following reasons:

The subject requirement is preceded by MILCON P161 and P162, both of which constructed different elements of the ACF at NSF Indian Head, Maryland. The ACF will produce Otto Fuel Type II (OFII) using state-of-the-art nitration technology; apply automated process control that allows for remote operation and monitoring; provide flexible, variable quantity production; and improve operational safety. Having an uninterrupted in-house source of OFII production capability is critical for national security

because the fuel allows Navy's Undersea, Surface and Air crews to execute required training evolutions that ensure deployment readiness. Failure to staff our Navy's forces with trained personnel would jeopardize operational readiness of a key component of the Navy's Carrier battle group defense posture.

- The intent of MILCON P162 (P162) or ACF Phase II was to complete ACF Phase I, MILCON P161 (P161) and to combine the capabilities of the Biazzi and Moser Nitration Plants into a new consolidated ACF nitration plant on the Biazzi site. Due to the challenges faced when constructing a unique, first-of industrial plant and funding shortfalls, the complete scope / mission of P162 has not been realized. P162 is expected to succeed in providing a limited capability to produce the nitrate ester PGDN which is formulated into a specialized torpedo propellant, Otto Fuel II (OFII). As the third phase of the ACF, Emergency MILCON P163 (P163) will complete necessary renovations of P162 to consolidate production of other nitrate esters for formulation into nitroglycerin (NG) and other fuels, improve spent acid treatment technologies, and complete the necessary technology upgrades for reliable process control. Together, P162 and P163 complete the ACF scope which will function as the sole OFII production facility for joint military forces and allied nations worldwide.

- The P161, Phase I, construction contract N62477-03-0169 was competed and awarded to John C. Grimberg Co., Inc. (Grimberg). P161 construction was completed in 2009. On 10 August 2012, Grimberg competitively was awarded contract N40080-12-C-2001 as the construction contractor for ACF, Phase II, P162. On 15 April 2013, on-site construction initiated following explosive decontamination of the existing Biazzi Nitration Facility. As of December 2015, construction is 95 percent complete and the beneficial occupancy date (BOD) is scheduled for January 2016. The unique requirements associated with the P162 construction required close coordination between the construction contractor, the designer of record (DOR), NAVFAC and Naval Surface Warfare Center (NSWC) Indian Head Explosive Ordnance Disposal Technology Division (IHEODTD) personnel throughout the construction period. During the time invested in P161 and P162, Grimberg developed a comprehensive understanding of the unique construction requirements associated with this one-of-a-kind explosive chemical facility.

- John C. Grimberg Co., Inc. is the only construction contractor with comprehensive knowledge of the previous MILCON's, P161 and P162, which together with P163 are intended to deliver this strategic capability. During this timeframe, Grimberg constructed and/or renovated fifteen (15) of eighteen (18) buildings that are proposed to be affected by the P163 MILCON scope. They acquired extensive knowledge and understanding of the complex and specialized requirements and stringent specifications associated with the construction of a chemical plant that produces highly explosive nitrate esters. They have developed the special understanding and skills necessary to safely install the non-standard process pipe configurations, perform strict tolerance free-hand and orbital welds, and execute various aspects of supporting mechanical work. During the execution of P161 and P162, the knowledge they acquired has allowed them to demonstrate proficiency in achieving continued success at meeting acceptable pipe and vessel weld quality assurance results. As part of this continued knowledge acquisition, they have established robust processes related to the inspection/testing of welded pipe to include on-site radiographic inspections. The weld specifications in question are derived from local NSWC IHEODTD requirements since nitrate esters pose hazards that are unique to this Government facility. In summary, the Grimberg team possesses the specialized construction expertise in-house

(mechanical, pipe installation, orbital welding, quality assurance, and overall construction coordination) and has relationships established with subcontractors to supplement their workforce (demolition, site grading, carpentry, electrical, tank fabrication, and process control system) in order to successfully meet the P163 requirements. Grimberg's knowledge and experience on ACF is critical to complete the P163 project effectively, efficiently, and on time.

- It is anticipated that following P163 AE design completion in November 2016, a sole source contract could be awarded to Grimberg in three months. To meet P163 mission requirements, ACF construction is currently allocated fifteen months from February 2017 through April 2018, which affords NSWC IHEODTD until August 2018 to complete ACF commissioning and initiate production. Only Grimberg is expected to be able to meet this timeline because of the familiarity with the facilities to be renovated, expertise in site-specific construction technique and experience working the project's DOR on a project with an extremely tight tolerance for design deviations.

- If the Government competitively contracted with an alternate construction firm for P163, it would result in significant time delays. For example, the NSWC IHEODTD technical team estimates that it has taken nearly two years for Grimberg to develop the welding expertise and supporting quality assurance systems needed to meet the Government's specialized requirements. A similar learning curve would be experienced if a new contractor was selected for P163. Additionally, site specific controls integration required multiple subcontractor partners, Grimberg in-house experts, Navy subject matter experts (SME), DOR and Biazzi coordination resulting in another aspect that would cause a significant learning curve time investment from any other construction contractor source. The resulting delays would impact the DoD strategic imperative to realize a fully functional ACF by 31 August 2018 and place unnecessary risk on sustainment of the required OFII supply level.

- National Security interests are driving the Emergency MILCON requirement and inflexible construction timeline because accomplishing P163 scope requires the government to completely take down ACF production capability. Once P163 construction initiates, NSWC IHEODTD will be unable to produce OFII in the ACF and will remain fully reliant on the obsolete Moser Nitration Facility, which produces OFII at a lower-production rate at a higher risk and cost than ACF. The Moser Nitration Facility was constructed in 1948 and was taken offline in 2011 in support of P162. Critical support equipment, already decades old, continued to deteriorate while the Moser Facility was offline. If the Moser Nitration Facility experiences a critical failure and is not operational during the construction phase of P163, it would result in the termination of OFII production. As NSWC IHEODTD remains the only producer of OFII in the free world, the supply termination would pose risk to the warfighter due to the suspension of critical training evolutions. It is therefore critical to national security to minimize the construction timeline for P163 and the associated interruption of ACF production.

In summary, competitively contracting for construction of P163 places unnecessary risks on the sustainment of the required OFII supply level. Failure to maintain this inventory would likely impact force training schedules and may impact readiness levels within the Fleet. While alternate construction firms have the capability to perform similar work if given ample time to gain the knowledge that Grimberg already possesses, competitively pursuing another source would extend completion of P163 and the ACF by no less than 12 months. The timeline to complete this work is

considered critical and as such has been proposed to be fulfilled under the Emergency Construction (10 U. S.C. § 2803) process. As such, the time required to acclimate a new construction contractor poses unacceptable risks to the strategic OFII reserve. This undesirable action would also result in an extended reliance upon the Moser Nitration Facility and its associated higher costs and reliability concerns.

John C. Grimberg Co., Inc. is a critical component of our overall risk reduction strategy and vital to maintaining OFII delivery costs as low as possible. A non-competitive award to Grimberg is highly recommended as it is in the best interest of the Navy for the reasons provided above.

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

A Notice of Intent to award a sole source contract was synopsized on November 24, 2015 and published for the required fifteen days on Federal Business Opportunities (FEDBIZOPS at https://www.fbo.gov/) with regard to the P163 Agile Chemical Facility Phase 3 project described above at NSF Indian Head, Maryland.

There were no interested sources in response to the Notice of Intent.

Having successfully won the competitive contact awards for both P161 and P162, John C. Grimberg Co., Inc. is the only construction contractor that has renovated or built any significant portion of this one-of-a-kind chemical facility since its first construction in the early 1950's. Their proven construction capability, experience of complying with stringent specifications, and knowledge of how this unique plant operates, establishes Grimberg as the sole capable provider in the Emergency Construction situation in support of the strategic requirement.

Based on the information above, no further formal market study and sources sought are required.

7. Determination of Fair and Reasonable Cost.

The anticipated overall cost of this effort is $35,000,000. All materials, labor (prime and subcontracted), overhead, General and administrative, and profit will be negotiated per the designed scope.

The Contracting Officer has determined the anticipated cost to the Government of the services covered by this J&A will be fair and reasonable.

8. Actions to Remove Barriers to Future Competition.

For the reasons set forth in Paragraph 5, NAVFAC has no plans at this time to compete future contacts for the types of services covered by this document. If another potential source emerges, NAVFAC will assess whether competition for future requirements is feasible.

9. Period of Performance for the Proposed Acquisition.

Fall 2016 through Spring 2019.

10. Total Estimated Dollar Value of the Acquisition by fiscal year and Appropriation.

The anticipated overall cost of this effort is $35,000,000. The total amount is for construction of the required design scope and is anticipated to be awarded as an FY17 Emergency MILCON under 10 U.S.C. § 2803 with multiple-year MILCON funds assigned through the Reprogramming process.

11. Certifications and Approvals.

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
[signature]	Thomas H. Cox	202-685-8040	1/6/16

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

Signature	Name (Printed)	Phone No.	Date
[signature]	C Tollefson	202)685-3232	1/6/16

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
[signature]	ALYSON HARBAG	202-685-3222	1/6/16

ECHELON IV CHIEF OF THE CONTRACTING OFFICE CERTIFICATION

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

Signature	Name (Printed)	Phone No.	Date
[signature]	Marietta Beverly	(202)685 3224	1/6/16

ECHELON III/IV COMMANDING OFFICER CERTIFICATION

Signature	Name (Printed)	Phone No.	Date
[signature]	F. F. Burgess	202-685-3300	1/12/16

ECHELON III CHIEF OF CONTRACTING OFFICE CERTIFICATION

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

Signature	Name (Printed)	Phone No.	Date
[signature]	PATRICIA SKELLIHAN	757-322-4060	1/25/2016

ECH III COMMANDER CERTIFICATION

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

RDML L. V. CARIELLO
Commander, NAVFAC Atlantic

Date 2/1/16

ECHELON II DIVISION DIRECTOR CERTIFICATION

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

MITCHELL.LENORA.A.1214544586

Digitally signed by MITCHELL.LENORA.A.1214544586
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Date: 2016.02.02 14:00:52 -05'00'

L. ANN MITCHELL
Division Director Client OPS I
NAVFAC

Date

APPROVING OFFICIAL

Upon the basis of the above justification, I hereby approve 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).

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CINDY READAL
Assistant Commander for Acquisition
NAVFAC

Date