DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND FAR EAST
PSC 473 BOX 13
FPO AP 96349-0013

J&A No. N40084-15-R-0423

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

1. Contracting Activity.

The agency is the U.S. Department of the Navy. The contracting activity is Naval Facilities Engineering Command Far East, Public Works Department Yokosuka Facilities Engineering and Acquisition Division (PRY22).

2. Description of the Action Being Approved.

This Justification seeks approval to limit competition in the procurement of services to perform preventive maintenance services (i.e., maintenance, repair, and alteration) for various systems and equipment of the High Quality Water (HQW) facility, Bldg. 5229, located at the Ship Repair Facility (SRF), U.S. Commander Fleet Activities Yokosuka (CFAY) that are required on other-than-full-and-open competition basis. This procurement action will be negotiated with Hitachi Plant Co., Ltd. (Hitachi). The specifics are listed below and will be specified in the respective contract specifications for the HQW Facility.

This proposed procurement is a follow-on action to contract N40084-14-D-0411. The two previous contracts for these same services, N40084-14-D-0411 and N40084-09-D-0422, were solicited under full and open competition; in both cases, Hitachi was the only firm who submitted a proposal.

A Sources Sought notice was publicized in FEDERAL BUSINESS OPPORTUNITIES (FEDBIZOPPS) on 29 March 2015 through 14 April 2015 to notify prospective offerors of the contract requirement and the Navy's intent to award the contract non-competitively pursuant to FAR 6.302-1. Only Hitachi provided Contractor Information to show their interest in performing maintenance services for the HQW facility on 07 April 2015. No other vendors responded to the Synopsis. In an effort to seek qualified contractors and or subcontractors from similar service contracts, four (4) companies providing similar services were contacted on 14 and 15 April 2015. The findings were that companies other than Hitachi are incapable of performing the requirements without substantial support in the form of subcontracting from Hitachi. All other firms stated they would require extensive subcontracting support from Hitachi, and that if Hitachi had interest in this contract as a prime contractor, their interest in proposing and their ability to execute the contract would be nullified.

The estimated contract value for the scope of work is $5,308,216.78, which will fluctuate with

the Dollar/Yen exchange rate. Funding for this requirement has been programmed in the SRF and CFAY O&MN fund. The solicitation will result in a firm fixed price, Indefinite-Delivery-Indefinite-Quantity (IDIQ), performance-based contract. The requested period of performance is for one year from 1 September 2015 through 31 August 2016 and four one-year options.

3. Description of Supplies/Services.

The purpose of this procurement is to:

a. Develop, implement, and execute a Preventive Maintenance (PM) Program to maintain and repair the following systems and equipment at Bldg. 5229 Yokosuka Japan and ensure they are safe, fully functional, and operational. The quality of the repaired areas shall be fully compatible with adjacent surfaces or equipment. The PM program shall provide: an economical approach manufacturers' recommended procedures, OEM standards, maintenance required to satisfy equipment warranties, and keeping the various equipment of the HQW facility in formal working condition.

   -High Quality Water (HQW) System
   -Cooling Water (CW) System
   -Emergency Diesel Generator (EDG) System
   -Nitrogen Gas (N2) System
   -Freeze Seal Air (FSA) System
   -High Pressure Air (HPA) System
   -Electrical Control System
   -Heating Ventilation and Air conditioning (HVAC) System

b. Perform Service Order Work in a timely manner and ensure the HQW equipment and systems are restored to a safe, normal working condition and function properly.

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

10 USC 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.

The existing HQW Facility was constructed in 2008 and contains multiple HQW systems and related, specialized equipment that provide essential HQW for reactor requirements to the Navy's nuclear powered capital ships while berthed in port. The various systems operated together within the HQW facility originate from multiple Original Equipment Manufacturers (OEMs). Maintenance of the complete HQW Facility operation requires personnel trained and certified by the various OEMs of the different systems and specialized know-how of how all the systems operate together. No other type of services will satisfy the Navy's requirements.

This is a follow-on effort to the incumbent and original services provider for the continued

provision of these highly-specialized, preventative maintenance services on highly-specialized equipment. The HQW Facility has been maintained by Hitachi since construction of the HQW Facility under two previous contracts for these same services. Because of Hitachi's experience under the past contracts, Hitachi is currently the only vendor with personnel trained and certified by each of the various OEMs with equipment operating in the HQW Facility and has over the years developed unique corporate knowledge of the interaction of these highly complex and technical utility systems operating together in the HQW Facility. Hitachi possesses proprietary information and skills necessary to integrate the operation of the various systems and equipment at HQW Facility that are crucial to meet the Government requirements and maintain the required continuous operation.

For these reasons, Hitachi has unique capabilities to perform the instant requirement. Given the procurement history for this requirement and the current market research, the Navy has a reasonable basis to conclude that Hitachi is the sole provider of highly specialized utility services and provides key subject matter experts in support of critical military operations. Furthermore, there are no other vendors in Japan that are capable of fulfilling the Navy's minimum needs in this instance without a substantial duplication of costs to the Government or experiencing unacceptable delays in fulfilling the Navy's requirements. Hitachi's technical knowledge is necessary to maintain the system without interruption of the continuous supply of HQW to nuclear powered Warships.

It is in the best interest of the Government to have the existing vendor, Hitachi, continue to support key military operations throughout the Pacific Region.

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

As described in section number 2, Sources Sought notice was publicized in FEDERAL BUSINESS OPPORTUNITIES (FEDBIZOPPS) on 29 March 2015 through 14 April 2015 to notify prospective offerors of the contract requirement and the Navy's intent to award the contract non-competitively pursuant to FAR 6.302-1. Only Hitachi expressed an interest in the requirement. Additional market research was conducted by contacting four (4) firms who may have the capability to perform the requirement. All four (4) firms stated that they were incapable of performing the requirement without extensive subcontracting support from Hitachi.

7. Determination of Fair and Reasonable Cost.

The Government estimate has utilizing historical data and the current market prices. The first new Contract Government estimate was developed based on the market prices, contacting OEM, vendors, and referring to Sekisan Shiryo (Japanese Cost Estimate Book). In instances when certified cost and pricing data are required, an analysis of cost information will be performed which will consider field pricing reports, commerciality, procurement history and other available cost and pricing information in determining price reasonableness. When certified cost and pricing data is obtained it will be used to ensure reasonableness, completeness and realism of proposed costs as required.

8. <u>Actions to Remove Barriers to Future Competition.</u>

For the reasons set forth in paragraph 4 and 5, NAVFAC FAR EAST Public Works Department Yokosuka Facilities Engineering and Acquisition Division (PRY22) is unable to compete future contracts for the types of supplies/services covered by this document. If another potential source emerges, NAVFAC FAR EAST's Public Works Department Yokosuka, Facilities Engineering and Acquisition Division (PRY22) will assess whether competition for future requirements is feasible through issuance of a sources sought notice.

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.

FISCHER.GEORGE.TYLER.1390416527 Digitally signed by FISCHER.GEORGE.TYLER.1390416527 DN: c=US, o=U.S. Government, ou=DoD, ou=PKI, ou=USN, cn=FISCHER.GEORGE.TYLER.1390416527 Date: 2015.05.12 17:59:25 +09'00'	243-5072	12 MAY 2015
LT George T. Fischer FSCM PRY23	Telephone	Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

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Kevin Bolin Assistant Counsel NAVFAC FE	Telephone	Date

CONTRACTING OFFICER CERTIFICATION

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

	243-5420	13 May 2015
Wendie Narvarte Contracting Officer NAVFAC FE, FEAD Yokosuka	Telephone	Date

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.

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Kenneth Kitahara Chief of the Contracting Office NAVFAC FE	Telephone	Date

ECHELON IV COMMANDING OFFICER CERTIFICATION

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

	243-7711	5/27/15
M.C. La Duca CAPT, CEC USN Commanding Officer Naval Facilities Engineering Command, Far East	Telephone	Date

ECHELON III CHIEF OF THE CONTRACTING OFFICE CERTIFICATION

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

NIIJILL.E K.1179151363 Digitally signed by NIIJILL.E K.1179151363 DN: c=US, o=U.S. Government, ou=DoD, ou=PKI, ou=USN, cn=NIIJILL.E K.1179151363 Date: 2015.05.26 17:08:31 -10'00'	474-2038	5/26/15
Jill E. K. Nii Acquisition Support Line Manager Naval Facilities Engineering Command, Pacific	Telephone	Date

ECHELON III COMMANDER CERTIFICATION

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

	472-1000	5/28/2015
B.C. Muilenburg RDML, CEC USN Commander Naval Facilities Engineering Command, Pacific	Telephone	Date