



DEPARTMENT OF THE NAVY

PUGET SOUND NAVAL SHIPYARD
AND INTERMEDIATE MAINTENANCE FACILITY
1400 FARRAGUT AVENUE
BREMERTON, WASHINGTON 98314-5001

IN REPLY REFER TO:

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17 Aug 2011

CONTROL NUMBER 440-11-03

N4523A-07-D-0001	Vigor Shipyards Corp.	Seattle, WA 98124
N4523A-07-D-0002	Propulsion Controls Engineering	Everett, WA 98201
N4523A-07-D-0003	Pacific Ship Repair & Fabrication, Inc.	Port Orchard, WA 98367
N4523A-07-D-0004	Everett Shipyards	Everett, WA 98201
N4523A-07-D-0005	Puglia Engineering, Inc.	Bellingham, WA 98225
N4523A-07-D-0006	Epsilon Systems Solutions, Inc.	San Diego, Ca 92123
N4523A-07-D-0007	Cascade General	Portland, OR 97217
N4523A-07-D-0008	Vigor Marine LLC	Tacoma, WA 98421
N4523A-09-D-0001	Delphinus Engineering, Inc.	Bremerton, WA 98312
N4523A-10-D-0001	QED Systems Inc.	Port Orchard, WA 98367

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

1. **Contracting Activity.**

Puget Sound Naval Shipyard and Intermediate Maintenance Facility (PSNS&IMF), Industry Management Department (Code 440), Bremerton, WA 98314

2. **Description of Action Being Approved.**

Modification to increase the ceiling and extend the period of performance for the final option year of the PSNS&IMF Vessel Repair & Maintenance, Multiple Award Contract (MAC), Indefinite Delivery, Indefinite Quantity (IDIQ) contracts identified above. The total maximum amount for the current option year is increased by \$11,500,000 from \$23,000,000 to \$34,500,000. Additionally, in accordance with FAR 52.217-8, the contract period of performance is extended from 3 January 2012 to 30 June 2012. This modification is necessary to ensure the continuity of ship and vessel repair contracts for scheduled CNO availabilities, scheduled district craft docking overhauls and expected trade support contracts while PSNS&IMF solicits a competitive follow-on contract for those requirements. The contracting officer shall provide each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under these multiple delivery-order contracts.

3. **Description of Supplies/Services.**

The PSNS&IMF Vessel Repair & Maintenance MAC IDIQ provides contracted, private sector, depot and intermediate level industrial facility support services and capacity for the repair, maintenance, alteration, and modernization of equipment, systems, and sub-system components on board waterborne and/or dry docked U.S. Navy vessels, surface ships, and submarines.

Ship, Submarine and Vessel Repair Projects. Typical ship and vessel projects may include: docking the ship/vessel and accomplishing the required ship/vessel husbandry; project management; welding; marine pipefitting; shipfitting; blasting; painting; sheet metal forming; shaping; cutting and stamping; electrical/electronic repairs and modernization; electrical/electronic alteration; pump/motor and ship's mechanical systems repair; tank cleaning; rigging; and temporary scaffolding removal/installation. The Contractor(s) are responsible for all labor, management, supervision, coordination, quality control, quality assurance, quality management, safety management, environmental management, material, equipment, and transportation necessary to perform the requirements of each ship/vessel repair delivery order and contract issued. Near term ship and vessel repair requirements covered by this increase are shown below in table 1.

Skilled Labor Support for Availabilities Executed by PSNS&IMF. Based on current workload projections for PSNS&IMF an anticipated 19,000 man-days of contracted (NON-SUBSAFE Level of Effort) marine trade labor is required by PSNS&IMF to support scheduled CNO aircraft carrier and submarine availabilities at PSNS&IMF through June 2012. The contractors will be required to provide fully qualified, journeyman level marine mechanics and technicians, such as, welders, shipfitters, pipefitters, marine machinists, marine electricians, abrasive blasters, painters, marine insulators, shipwrights, sheet metal mechanics, temporary services electricians and pipefitters to support production schedules of PSNS&IMF ship repair, overhaul and modernization projects.

The Government's minimum needs have been verified by the certifying technical and requirements personnel.

Currently, approximately \$14M has been obligated on the current option year in support of the ship and vessel repairs, maintenance and level of effort requirements. Estimates for the upcoming repair and maintenance work supported by this J&A are as shown in Table 1.

Table 1

REQUIREMENT	TYPE OF SUPPORT	ESTIMATE	FISCAL YEAR
CAISSON 4/5	DOH	<REDACTED>	2011
YC 1526	DOH	<REDACTED>	2011
YC 1073	DOH	<REDACTED>	2011
YC 1469	DOH	<REDACTED>	2011
YC 1592	DOH	<REDACTED>	2011
UFDD 41	DOH	<REDACTED>	2011
UFDD 116	DOH	<REDACTED>	2011
PSNS&IMF Project Support	Level of Effort	<REDACTED>	2012
YT 800	DOH	<REDACTED>	2012
YC 1591	DOH	<REDACTED>	2012

YRB 33	DOH	<REDACTED>	2012
USS FORD (FFG 54)	CMAV – 2A1	<REDACTED>	2012
USS FORD (FFG 54)	CMAV – 2A2	<REDACTED>	2012
USS FORD (FFG 54)	CMAV – 2A3	<REDACTED>	2012
USS INGRAHAM (FFG 60)	CMAV – 2A1	<REDACTED>	2012
USS INGRAHAM (FFG 60)	CMAV – 2A2	<REDACTED>	2012
USS MOMSEN (DDG 92)	CMAV – 2A1	<REDACTED>	2012
USS MOMSEN (DDG 92)	CMAV – 2A2	<REDACTED>	2012
USS MOMSEN (DDG 92)	CMAV – 2A3	<REDACTED>	2012
USS SHOUP (DDG 86)	CMAV – 2A1	<REDACTED>	2012
USS SHOUP (DDG 86)	CMAV – 2A2	<REDACTED>	2012
USS RODNEY M DAVIS (FFG 60)	CMAV – 2A1	<REDACTED>	2012
	TOTAL	\$20,488,000	

CMAV - Continuous Maintenance Availability
DOH-Docking Overhaul

Funding sources are from Navy Region Northwest; PSNS&IMF; Commander, Navy Installations Command; Commander, Pacific Fleet; Commander, Naval Air Forces Pacific Fleet; and Commander, Surface Forces Pacific Fleet.

Table 2

Current Option Year Contract Maximum	\$23M
Current Obligations	\$14M
Projected Repair & Maintenance Work (Near Term)	\$20.488M
Maximum needed to support near term availabilities	\$ 11.488M

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.**

The current Firm-Fixed-Price (FFP), Indefinite-Delivery, Indefinite-Quantity (IDIQ) Multiple Award contracts (MAC's) with the contractors identified above, were awarded under full and open competitive, after exclusion of sources (small business set-aside) procedures in accordance with FAR part 6.203.

Eight IDIQ contracts were originally awarded in 2007, with two additional contracts awarded under a rolling admission in 2009 and 2010 (respectively).

Each of the original eight contracts were awarded with a base year and four one-year option periods of performance with the anticipation that the \$23M ceiling per-option year would be sufficient based on known work load projections and data at the time of award. In developing the estimated maximum, certain assumptions were made that at the time seemed very plausible. However, the port workload has increased significantly over the past two years, and subsequently the need to contract with the private sector has increased as well.

Other than full and open competition after exclusion of sources (small business set-aside) is necessitated by the fact that there are ongoing and upcoming availabilities which have a very finite window of opportunity to accomplish this critical repair and maintenance work, which is critical to maintaining fleet readiness.

It is the intent of PSNS to procure this support through full and open competitive procedures after exclusion of sources (small business set-aside) as proven by the current contract. This office is procuring a follow-on contract for repair and maintenance support with the anticipation of a May 2012 award. Failure to raise the current contracts maximum dollar amount would preclude the Government from accomplishing the work shown above in Table 1, which would result in grievous impacts to fleet readiness, by significantly reducing the Northwest Regional Maintenance Center's ability to accomplish required overhaul, repair, and modernization work currently scheduled for aircraft carriers, submarines and surface combatants. Because it would significantly raise the Government's level of risk to shorten the re-solicitation period by truncating the source selection process, it is not feasible to re-procure the current contract any earlier than currently anticipated. The source selection process for the current contract took over a year to complete, and was done in an extremely open, thorough and fair manner which precluded protests and ensured that contracts were awarded only to those contractors which were able to deliver products and services meeting the Governments cost, schedule and quality requirements. Due to the procurement lead-time that would be necessary to individually compete each of the actions show in Table 1, the PSNS&IMF would not be capable of accomplishing the work required to maintain the fleet's required level of readiness. The only plausible way to preclude the cancellation of a significant portion of necessary ship repair work is to raise the maximum dollar threshold and extend the period of performance for the final option year of the current contract(s).

When the current option year was exercised, the Government anticipated that the follow-on contract(s) would be awarded no later than 07 December 2011. However, as of the date of this document, the RFP has not been issued mainly due to a shortage of manning in the technical resources branch, and the new MAC contract(s) are anticipated to be awarded in May 2012.

All repair and maintenance delivery orders will cease on or before 2 January 2012 without the increase of the NTE dollar limits as stated above.

Therefore, it is in the best interest of the Government to increase the total maximum ceiling of the above existing MAC holder contracts, and extend the period of performance of the last option year by six months, as the current MAC contract holders are the only companies that hold the technical certifications and capabilities to continue services until the follow-on MAC contracts can be competitively awarded.

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

The proposed contract modification will be synopsisized on the NECO and FEDBIZOPPS website on or before 15 Sep 2011. No additional market research was conducted because it is not practicable for the reasons discussed in paragraph 5 above, for any company other than current MAC Holders to provide the required supplies.

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

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

8. **Actions to Remove Barriers to Future Competition.**

Market research was not conducted because this is a modification that merely increases the estimated total Maximum dollar amount and extends the contract period of performance for 6 months for the current contract(s). This office is currently procuring a follow-on contract for repair and maintenance support with the anticipation of a May 2012 award, thus eliminating the need for future increases to this contract.