



DEPARTMENT OF THE NAVY
SOUTHWEST REGIONAL MAINTENANCE CENTER
3755 BRINSER ST STE 1
SAN DIEGO, CA 92136-5299

J&A Number: N55236110004
SWRMC Code 410
N55236-11-R-0001

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

1. Contracting Activity.

Southwest Regional Maintenance Center (SWRMC) (N55236)

2. Description of Action Being Approved.

Award of a contract on a sole source basis for preventive and corrective maintenance in support of the MCM 1 through MCM 14 vessels to be awarded to Fincantieri Marine Systems North America (FSMNA), Inc. Performance will be for one year from the date of the contract award with four one-year options.

3. Description of Supplies/Services.

The proposed acquisition is to provide 522,000 manhours of preventive and corrective maintenance support including engineering and technical services and associated supplies and materials including consumables, repair parts, and replacement parts for the Isotta Franchini (IF) ID36SS6V-AM engine on the MCM 3 through MCM 14 hulls, the Waukesha diesel engines on MCM 1 and MCM 2, and the Solar Gas Turbine Engine on MCM 1 through MCM 14. This acquisition includes requirements for material that must meet specific requirements relating to magnetic signature and requires maintenance practices specific to unique magnetic signature requirements. The total estimated dollar value of this acquisition is [REDACTED] The breakdown per fiscal year is as follows:

FY12	FY13	FY14	FY15	FY16
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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

10 U.S.C. 2304(c)(1), One source or limited sources.

5. Rationale Justifying Use of Cited Statutory Authority.

The performance of the services under this procurement requires detailed design knowledge, access to manufacturer's drawings, manufacturing history, and readily available factory parts, which can only be provided by the original equipment manufacturer (OEM), FMSNA, since the technical data is proprietary. Accordingly FMSNA is the only company with the requisite expertise, technical information, and capability to meet the Government's need.

During the 1980's, as the Navy was preparing to construct the MCM class of ships, the Navy concluded a competition for development and supply of state-of-the-art non-magnetic engines (which would not require degaussing to demagnetize them). Initially, the Navy expected the process to be completed in time to install these new engines in the first ship of the class. But development and delivery of the new engines were delayed, so the Navy was required to install Waukesha engines (which used degaussing) in the first two ships of the class, MCM 1 and MCM 2, to prevent delay in delivery of the ships. Thereafter, pursuant to the competition, IF engines were installed in the remainder of the MCM class.

Waukesha no longer supports its engines in MCM 1 and MCM 2, and has closed its production line. Although the Navy purchased most remaining Waukesha parts upon the closing of the Waukesha production line, the Navy is consuming those parts much faster than anticipated and will soon run out of viable replacement parts for the Waukesha engines. The ship population outfitted with Waukesha engines is limited to two ships. These two ships are currently forward deployed to Sasebo, Japan co-located with two IF engine ships; therefore, inclusion of these two ships under the same service contract that provides support to the other two ships in the same port of operations minimizes overall cost to the government and provides a consistent program of repair support for two ships that are not fully supported under standard logistics support. As such, it is considered efficient and effective to include the two Waukesha ships in the service contract.

Dresser Waukesha (the OEM), channels any service or repair work on Waukesha engines to their local distributors. One of Dresser Waukesha's biggest distributors, Reagan Equipment Company, is a subcontractor to Viking Inc. on a Naval Inventory Control Point (NAVICP) contract that services Waukesha Diesel engines solely in the Louisiana area. Not only is the manpower of these local distributors insufficient to the needs of the MCMs, but they do not have the infrastructure in Japan to support the non-magnetic Waukesha diesel engines found on MCM-1 and MCM-2. FMSNA has been working on MCM-1 and MCM-2 in Sasebo, Japan since the summer of 2009 and have gained significant knowledge on these engines. There are no other companies with the technical capability and infrastructure in Japan that can satisfy the Government's requirement to service and repair the non-magnetic diesel engines found on the MCM-1 and MCM-2 home ported in Japan.

Moreover SWRMC put out a Sources Sought notice under N55236-11-R-0015, to support the Waukesha engines only, for five business days and no companies responded with any interest or capability statements. The lack of response to the Sources Sought notice further justifies that FMSNA is the only responsible source to support the Waukesha diesel engines on MCM-1 and MCM-2. Since no companies responded to the Sources Sought notice, the details support that no other companies are capable of fulfilling the Government's requirement in the location desired.

A technical data package suitable for the competition is not available since manufacturing information on the IF engine is proprietary and the goal of this procurement is to upgrade the engines with the OEM engine improvements and provide continued engineering and technical services.

The unique requirements of these non-magnetic engines, replacement parts, and manufacturing processes combined with the scarcity of these particular engines in the world inventory limits the available suppliers to the OEM. Based on the above information, FMSNA is deemed the only responsible source.

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

The proposed contract was synopsisized in the FEDBIZOPS website as a source sought notice on January 6, 2011 and no other potential sources expressed an interest in this requirement. A second source sought notice for Waukesha diesel engines on MCM-1 and MCM-2 was synopsisized in July 2011 with no interested parties identified. No additional market research was conducted because it is not practicable, for reasons discussed in paragraph 5 above, for any company other than FMSNA to provide the required supplies and services.

7. Determination of Fair and Reasonable Cost.

The Contracting Officer has determined that the anticipated cost to the Government of the supplies/services covered by this J&A will be fair and reasonable. The SWRMC contracting office will use cost and price analysis to determine that the final price is fair and reasonable. Assistance from the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA) will be used to analyze, evaluate, and negotiate based upon detailed cost or pricing data, which will be certified by FMSNA at the conclusion of negotiations.

8. Actions to Remove Barriers to Future Competition.

For the reasons set forth in paragraph 5, SWRMC has no plans at this time to compete future contracts for the type of supplies/services covered by this document. If another potential source emerges, SWRMC will assess whether competition for future requirements is feasible.

TECHNICAL AND REQUIREMENTS CERTIFICATION (FAR 6.303-2(b))

I certify that the facts and representations under my cognizance which are included in this justification, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

Richard A. Caccese ^{619-757-5140 (C)} ^{619-971-3888 (C)} ^{4/20/11}
Richard Caccese Name (Print) and Title (Code) Phone No. Care

REQUIREMENTS COGNIZANCE:

Robert R. Ness *Robert Ness* *C300K SUPV Eng Tech* ^{4/20/11}
Robert R. Ness Name (Print) and Title (Code) Phone No. Date

LEGAL SUFFICIENCY REVIEW (NMCAG 5206.303(90))

I have determined this justification is legally sufficient.

Jeff Mansfield *100C* *556-1068* *4-21-11*
Jeff Mansfield Name (Print) and Title (Code) Phone No. Date

CONTRACTING OFFICER CERTIFICATION (FAR 6.303-2(a)(12))

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

Bonnie A. Sears *Code 410* *(619) 556-1169* *4-26-11*
Bonnie A. Sears Name (Print) and Title (Code) Phone No. Date

SENIOR PROCUREMENT EXECUTIVE APPROVAL

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

Sean J. Stackley
The Honorable Sean J. Stackley
ASN (RDA)

22 Aug 11
Date