



DEPARTMENT OF THE NAVY
NAVAL AIR WARFARE CENTER TRAINING SYSTEMS DIVISION
12350 RESEARCH PARKWAY
ORLANDO, FLORIDA 32826-3275

IN REPLY REFER TO:
CJ&A_14_23718

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

1. Contracting Activity.

Naval Air Warfare Center Training Systems Division (NAWC-TSD) - Orlando, FL

2. Description of the Action Being Approved.

This Class Justification and Approval (CJ&A) authorizes and approves the issuance of a firm-fixed-price contract to procure four Flight Training Devices (FTDs) for the H-1 program from the following entity:

Bell Helicopter Textron, Inc. (BHTI)
600 Hurst Blvd.
P.O. Box 482
Fort Worth, TX 76101-0482

3. Description of Supplies/Services.

This acquisition is to procure three UH-1Y FTDs (UH-1Y FTD 2F196B Serial Number (S/N) 4 at Marine Corp Air Station (MCAS) New River, UH-1Y FTD 2F226 S/N 2 at McGuire Air Force Base (AFB), and UH-1Y FTD 2F226 S/N 1 at Robins AFB), one AH-1Z FTD (AH-1Z FTD 2F227 S/N 1 at MCAS New River), and aircraft and/or trainer driven revisions. Aircraft Common Operational Equipment, provisioned items (spares), associated technical data required for operational and maintenance support, and three months of Initial Operational Evaluation Period will also be procured for each FTD. This approach ensures trainer concurrency with the aircraft, and eliminates negative training and safety issues resulting from incorrect trainer configuration. The estimated total value, including options, of this action is \$75,841,000.00. All contract actions issued under the authority of this CJ&A will be awarded by 31 January 2016.

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

10 U.S.C. 2304(c)(1), Only one responsible source and no other supplies or services will satisfy agency requirements.

5. Rationale Justifying Use of Cited Statutory Authority.

There exists only one known H-1 aerodynamic software model; the BHTI COPTER model. BHTI developed the COPTER aerodynamic software model under its Independent Research and Development

(IR&D) program to initially support its commercial aircraft business unit and subsequently matured the software model for application to military programs. BHTI's H-1 Upgrades specific aerodynamic software model development was completed prior to award of the initial UH-1Y and AH-1Z FTDs in 2004. Through previous contracts, BHTI has granted only restricted rights to the Government and has declined to negotiate the allowance of additional rights. These restricted rights prevent the Government from procuring an H-1 FTD from any other source as incorporation of and revisions to the COPTER aerodynamic software model are required to produce a FTD that simulates UH-1Y and AH-1Z aircraft performance with the necessary level of fidelity to safely and effectively train Marine Corps H-1 pilots. The current Headquarter Marine Corps Aviation Master Plan requires delivery of the next four H-1 FTDs as follows: July 2013 for the 2F196B S/N 4, April 2014 for the 2F226 S/N 1, July 2014 for the 2F226 S/N 2, and July 2016 for the 2F227 S/N 1. As discussed in Section 8, the Government initiated a plan in July 2013 to develop an alternate H-1 aerodynamic software model that will not have restrictive rights. The planned completion date for the model is November 2015; which if successful would be available for potential offerors in a competitive strategy in December 2015. The earliest likely award would be July 2016, with the first training device delivery occurring no sooner than September 2018. In contrast, award to BHTI will likely result in the first training device being delivered in the fourth quarter of fiscal year (FY) 2016. BHTI is the only responsible source able to meet the Government's requirements until such time that an alternative aero model is available. Delaying this acquisition until such time that an alternative aero model is available will result in an unacceptable delay to the Government's requirement.

Seven training devices have been procured to date using other than full and open competition through issuance of sole source contracts to BHTI. CJ&A No. 23050 was approved by the Assistant Secretary of the Navy, for Research, Development and Acquisition ASN (RD&A) on 21 July 2003 for one UH-1Y (2F196 S/N 1) and one AH-1Z FTD (2F197 S/N 1). CJ&A No. 23027 was approved by the ASN (RD&A) on 1 August 2005 for the UH-1Y Full Flight Simulator (FFS) (2F206 S/N 1). J&A No. 07-172 was approved by Naval Air Systems Command (NAVAIR) on 1 March 2007 for the AH-1Z FFS (2F215 S/N 1). CJ&A No. 11-2799, Rev (1) was approved by NAVAIR on 29 July 2011 for the procurement of two UH-1Y FTDs (2F196B S/N 2 and S/N 3); one AH-1Z FTD (2F197B S/N 2); and the Baseline Configuration Upgrade (BCU) of AH-1Z FTD (2F2197 S/N 1), UH-1Y FFS 2F206 S/N 1, AH-1Z FFS (2F215 S/N 1), and UH-1Y FTD (2F196 S/N 1).

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

Market research is continuously conducted to determine if there are sources capable of satisfying the Government's requirements within the H-1 training program. Each year the AH-1Z and UH-1Y training team attends the Inter-service/Industry Training, Simulation and Education Conference, surveys professional trade journals such as "The Journal for Defense Modeling and Simulation", attends technical capability briefings, searches the Internet to keep abreast of the highly dynamic training systems industry, and maintains awareness of the latest technologies available. The results of the market research has not yielded any evidence that an existing alternative source possesses a H-1 aerodynamic software model or an aerodynamic software model capable of being modified to meet the performance and schedule requirements for the acquisition of the required four FTDs.

A synopsis of the Government's intent to issue a sole source contract to BHTI was published to the Governmentwide Point of Entry on 18 October 2013. To date, no responses have been received. The

Procuring Contracting Officer (PCO) will evaluate any responses received prior to award of the contract. Any parties expressing interest in potential subcontracting opportunities will be referred to BHTI to maximize competition in subcontracting efforts.

7. Determination of Fair and Reasonable Cost.

In accordance with FAR 15.402(a), the PCO must ensure that all supplies and services are procured from responsible sources at fair and reasonable prices. Analysis of the proposal will be performed by the program manager, program engineers, program logisticians and the contract specialist with the assistance of Defense Contract Management Agency (DCMA) analysts and Defense Contract Auditing Agency (DCAA) auditors, as needed. The PCO will analyze the various cost elements that are presented in the proposal, as well as review the actual costs from previous procurements. The Procuring Contracting Officer (PCO) will use Government expertise, including DCMA, DCAA, Program Office, and other Government resources to evaluate the proposal's direct and indirect costs, profit, and subcontract positions. Currently, a rate agreement is not established between BHTI and DCMA. However, DCMA has established a Forward Pricing Rate Recommendation (FPRR) with BHTI, dated 11 September 2012. The PCO will leverage data from this FPRR and coordinate with DCMA and DCAA to establish rate positions. The PCO will utilize cost and price analysis as the basis for negotiating a fair and reasonable price which will be documented in a Business Clearance Memorandum.

8. Actions to Remove Barriers to Future Competition.

The Government conducted an extensive data review and validation with Government subject matter experts. The results indicate that sufficient Government data exists to support developing an aerodynamic software model. PMA-276 executed a Memorandum of Understanding in July 2013 with the Naval Air Warfare Center Aircraft Division (NAWCAD) Flight Vehicle Modeling and Simulation Branch to develop a comparable aerodynamic software model. The development of the model is anticipated to cost approximately \$2.8M with a completion date of November 2015 (amounting to a 28-month development period). To date, funds in the amount of \$1.1M for FY 2013 has been committed to NAWCAD. The remaining funds are budgeted for FY 2014 and FY 2015. Although the aerodynamic software model will not be completed in time to support this contract action, the development of a Government-owned H-1 aerodynamic software model will remove the identified barrier to competition on future H-1 training device requirements. The Government-owned H-1 aerodynamic software model will allow for competition on any requirement for upgrades on the existing trainers due to aircraft modification or technology obsolesces planned to occur every three to five years throughout the life of the H-1 program.