



DEPARTMENT OF THE NAVY
NAVSUP FLEET LOGISTICS CENTER
YOKOSUKA
PSC 473 BOX 11
FPO AP 96349-0011

J&A Number: YOK 15-0046

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

Dollar Value: (inclusive of options)	\$12,000,000	Period of Performance:	18 October 2015 - 17 April 2016
Type of Funds			
Contract type	Firm Fixed Price		

1. Contracting Activity

NAVSUP Fleet Logistics Center Yokosuka (FLCY), Japan

2. Description of the Action Being Approved

This requirement is for husbanding services to support users of the current husbanding contract for Southeast Asia Region 2, which consists of Brunei, Cambodia, China, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam for a period of six months from 18 October 2015 through 17 April 2016. Users of the contract are U.S. Navy ships, Military Sealift Command Ships (USNS), U.S. Coast Guard (USCG) Ships, U.S. Army Ships, Department of Defense (DOD) Chartered Ships, and U.S. Government personnel conducting business at any berthing or anchoring location in the Southeast Asia, Region 2 ports. The current contract with Multinational Logistic Services (MLS), FLCY contract number N62649-14-D-0004 will expire on 17 October 2015. This Justification and Approval (J&A) supports award of a short-term "bridge" contract for six (6) months, using other than full and open competition, that will ensure continuity of husbanding services until five (5) small multiple award and two(2) single award husbanding service contracts can be competed and awarded in Southeast Asia Region 2.

3. Description of Supplies/Services.

Contract N62649-14-D-0004 is an Indefinite Delivery Indefinite Quantity (IDIQ) contract with firm-fixed prices and was competitively awarded on a best value basis by FLCY to MLS for husbanding services in Southeast Asia, Region 2. Husbanding service requirements provide various logistics services to US Government vessels visiting non-US Navy ports. Services include, but are not limited to, management services, trash removal, breasting barges, brows, collection/holding/transfer (CHT) sewage removal and disposal, telephone services (landline and cellular), fenders, force protection, material handling, interpreters, oil booms, oil waste disposal, potable water, shore power, transportation, tugs, water taxis, fresh potable water, pilot

services, line handler services, crane services, water taxi services, vehicle rental (sedans and buses), paint float rental, forklift services, communications, fuel and provisions (only in instances where the Defense Logistics Agency (DLA) prime vendor contracts are not a viable source).

MLS was awarded a contract for husbanding services in Southeast Asia, Region 2 in 2013. The contract can be summarized as follows:*

Period	Dates	Estimated Value	Total port visits	Actual Costs
Base	18 October 2013 - 17 October 2014	\$24,298,361.47	204	\$21,573,079.81
Option Period I	18 October 2014 - 17 October 2015	\$24,622,744.51	184	\$21,476,327.75
TOTAL		\$49,021,105.98	388	\$43,049,407.56

*Based on LOGSSR report dated 04 August 2015

The Government has already begun the competitive acquisition to award five (5) small multiple award contracts and two (2) single award contracts in Southeast Asia Region 2 which will serve as the interim solution until the five-year, multiple award indefinite delivery indefinite quantity (IDIQ) fixed-priced Region 2 wide contract is awarded.

- It is anticipated that these interim solution contracts will be awarded on or around 15 March 2016.
- The interim solution multiple award contracts will cover 1) Singapore, 2) Philippines 3) Thailand and Cambodia 4) Malaysia and Brunei and 5) China. The interim solution single award contracts will cover 1) Vietnam and 2) Indonesia.
- The interim solution contracts are necessary to provide husbanding services to US Navy ships USS, USNS, USCG and DOD Chartered ships in Southeast Asia, Region 2 until the Region 2-wide long term (5-year)multiple award contracts can be competitively awarded.
- The interim solution contracts will have a period of performance of one year plus one six month option period.
- These interim solution solicitations have already been synopsisized on Asia NECO and the anticipated date to issue the solicitations is on or around 1 October 2015.

SOURCE SELECTION INFORMATION – SEE FAR 2.101 AND 3.104

This urgent and compelling bridge contract to MLS for husbanding services in Southeast Asia Region 2 is required to:

- 1) provide sufficient time to compete and award the interim solution contracts,
- 2) finalize coordination with multiple U.S. entities/ organizations and foreign governments within the Southeast Asia region to transition away from the single HSP model for the U.S. Navy to multiple HSPs; and
- 3) make the adjustments, listed below, necessary to comply with the recommendations made by the Department of the Navy in response to the high-profile case involving fraudulent activities conducted by Glenn Defense Marine Asia while providing husbanding services to the Commander SEVENTH Fleet (C7F), including Off Ship Bill Pay.

The six month bridge to the current contract with MLS will ensure the Navy has a regional husbanding contract during the six month period in which the Navy is competing the interim solution contracts. As discussed in paragraph 5 below, there would be serious injury to the Government were the Navy to go without a regional contract for this six month period.

Major revisions to the husbanding program that have precluded an earlier issuance of a competitive solicitation include the following:

* Off Ship Bill Pay (OSBP). As a result of the Glenn Defense Marine Asia (GDMA) fraud in the Pacific region, the Office of the Assistance Secretary of the Navy (OASN), the Office of Financial Management (FM&C) and Chief of Naval Operations (OPNAV N4) directed the Navy to implement a new Financial Improvement Audit Readiness (FIAR) compliant HSP end-to-end process which applies to all US Navy ships and support shore commands. The new process implements a separation of duties in the request for services and the certification and payment of those services rendered to the government. The new process will go a long way to eliminating vulnerabilities for fraud and gaps in the contracting and port visit process while supporting external auditability. In order to implement this OSBP process, all the FLCs (including FLCY) had to issue significant contract modifications to change the contract CLINs, subCLINs and ELINs structure to allow for task orders to be issued. The modification to incorporate OSBP provision into the contract N62649-14-D-0004 with MLS were very time consuming as it required that over 5,000 ELINs be updated to conform to a standardized structure across all the Fleets.

* Change to the acquisition strategy. As a consequence of the fraud in the Pacific region in September 2013, the Navy revised the acquisition strategy for husbanding services and recommended exploring using Multiple Award Contracts (MAC) as a new approach for obtaining these services. The Navy conducted extensive market research as part of this revised strategy by performing numerous port surveys throughout the AOR, conducted an industry day, and participated in frequent meetings to discuss the various strategies in order to

SOURCE SELECTION INFORMATION - SEE FAR 2.101 AND 3.104

determine the best course of action for the new acquisition strategy. As a result, the Navy decided that a MAC strategy was a better approach for the husbanding services than a single award because it will mitigate risk of fraud. Specifically, the MAC strategy allows for competition with additional vendors to participate and eliminates the potential of having only one large company within the region. The change required a thorough revision of the acquisition strategy including the pre-solicitation and solicitation documentation.

* MAC regions. To effectively implement the MAC strategy, Region 2 was divided into 7 groups. Five of the groups will be competitively awarded IDIQ MACs and include Cambodia, Thailand, Philippines, Brunei, Malaysia, Singapore and China. Two of the groups will include single award IDIQs and include Vietnam and Indonesia. The groupings are based on a thorough analysis of port visits that occurred in Southeast Asia Region 2 over the past two years; and extensive market research in the top twenty most frequently visited ports. The market research included an identification of services available in each port, potential source for suppliers and services in each port, country to country agreements and their impact on port visits, and availability of country provided services.

* Contract Line Items (CLINS) structure. The use of a MAC with multiple CLINS (for each group) and subCLINS introduced a need for substantially more CLINS in the Standard Procurement System (SPS) Procurement Desktop-Defense (PD2) than under previous contracts. Given the constraints of SPS PD2 this would have caused multiple delays in issuing orders, exercising modifications, and significantly increase the chance of data-entry errors. Therefore the CLINS and subCLINS structure has been reworked and a decision was made to create Exhibit Line Items (ELINS) to allow for pricing all the services in each region. The fleet had to adjust the current requirements into eight lines of accounting (LOAs) and have each Type Commander (TYCOM) agree on the numbers of LOAs. Services have been clustered into LOAs and each LOA will become a subCLIN.

The contract maximum for the period of performance from 18 October 2015 to 17 April 2016, (six months) will be \$12,000,000.

4. Statutory Authority Permitting Other Than Full and Open Competition

- 10 U.S.C. 2304(c)(1), One source or limited sources
- 10 U.S.C. 2304(c)(2), Unusual and compelling urgency
- 10 U.S.C. 2304(c)(3), Industrial mobilization; engineering, developmental, research capability; or expert services
- 10 U.S.C. 2304(c)(4), International agreement
- 10 U.S.C. 2304(c)(5), Authorized or required by statute
- 10 U.S.C. 2304(c)(6), National Security

5. Rationale Justifying Use of Cited Statutory Authority

SOURCE SELECTION INFORMATION – SEE FAR 2.101 AND 3.104

Award of a bridge contract for six (6) months is required due to unusual and compelling urgency. In accordance with FAR 6.302-2(d) the time period covered by this J&A does not exceed the time necessary to meet the unusual and compelling requirements of the work to be performed and the time necessary to enter into other contracts through use of competitive procedures. Delay in award would result in serious injury to the Government.

The current contract for husbanding support services in the Southeast Asia, Region 2 expires on 17 October 2015. The Navy has a continuing need for the services beyond that expiration and FLCY does not anticipate that the interim solution contracts will be competed and awarded until March 2016.

a. Risk that Port Visit Husbanding Service Orders Will Not Be Met

Husbanding services in Southeast Asia Region 2 are required on a year-round basis. Not having a contract against which orders can be placed when requirements for specific port visits become definitive presents a substantial risk that those requirements will not be fulfilled. Often, due to exercises and other unforeseen operational requirements, the timing of the requirements for husbanding services cannot be predicted, which makes it imperative that husbanding services be available, i.e., under contract, at all times. If the expired contract is not bridged, there will be an extended break in contract coverage. Such a break in contract coverage presents unacceptable operational risk because of possible delays in fulfilling the requirement through other methods. Requirements for specific port visits are definitized only shortly before the date for the visit and husbanding service providers have required lead times that are close to the time that requirements become definite. The large geographic area covered by the Southeast Asia Region 2 contract and the existence of several remote port locations with low levels of port infrastructure further increases the risk that mobilization of required assets may be required and that lead times will be insufficient to meet requirements through other methods, such as standalone contracts. The only way to have a contract in place to cover the Navy's requirement for husbanding services from 17 October 2015 until 16 April 2016, when the competed interim solution contracts can be awarded, is to award a bridge contract to MLS. MLS is best positioned to continue providing these services during the period required to award the interim solution contracts.

b. Serious Injury to Military Operations in Southeast Asia

Lack of contract coverage is detrimental to US military preparedness and operations. Unscheduled port visits, scheduled

port visits, and planned exercises all require husbanding services. There are currently over 60 port visits scheduled in the C7F AOR (Region 2) within the next 6 months. However, operational and theater support cooperation missions are ever-changing, and national taskings can occur, often with no more than a 24-48 hour notice. When this occurs, Commander, 7th Fleet (C7F) must be swift to respond, on short notice, to crises in distant areas. The C7F must always be poised to respond to national taskings at any time. The 7th Fleet AOR and the Indo-Asia-Pacific region is one of the most dynamic areas of our rapidly changing world. The Fleet must be flexible and responsive to address a range of activities that are particularly important to this region. It can take more than two weeks for a ship to get from San Diego to the eastern boundary of this AOR. The presence and capability of the 7th Fleet's forward-deployed forces facilitates rapid response to natural and manmade crises in the region.

If the contract bridge to MLS is not issued then there would be no contract in place to support C7F mission. This could cause serious injury to the Government as short lead port visits would have to be cancelled and thereby jeopardize the Fleet's mission. Not having a contract vehicle in place with a known, responsible contractor, risks the timely success of the Fleet's mission due to contractual requirements. Without the contract bridge, FLCY may have to compete and award individual contracts for port visits with only 24-48 hours' notice which could result in no offers if the port visit is to an austere or infrequently visited port. By issuing the contract bridge to MLS, the Government has the unilateral right to issue orders to MLS and MLS is required to perform any order issued during the ordering period established until 17 April 2016. Critical husbanding service coverage is thus ensured.

Additionally, the firm schedule for port visits has not been realized as FLCY has experienced multiple last minute changes, new port visits, and cancelled port visits all within 24-48 hours of the port visit. These uncertainties can be remedied with the six (6) month bridge contract to MLS because of the requirement for MLS to respond to task orders for port visits within Southeast Asia Region 2 on short notice and in austere and remote ports. Proceeding with a bridge to the husbanding services contract with MLS for six months for Southeast Asia, Region 2 will provide sufficient time to complete the necessary country-to-country coordination and work towards a solution that addresses scheduling issues, so as to effectively compete port visits under the MAC and not negatively impact ships' operational capability.

- c. MLS Is The Only Known Source That Can Meet the Navy's Requirements

At this time, MLS is the only known responsible source able to provide the necessary husbanding services to the U.S. Navy. As the known HSP for this area, MLS has or can obtain the equipment, assets, facilities, and personnel to immediately perform services even with short notice changes. They have a stable network in the Southeast Asia region and have good business relationships with the ports, local Governments, and Military installations so as to respond quickly to the Navy requirements without hesitation from host nations. MLS employees and subcontractors have already gone through any port required security screening necessary to access the various ports within the AOR and they know the business practices of the local markets. Any other husbanding contractor that could potentially perform services in the area needs at least 4-6 months to organize its network to satisfy the requirements of the ships visiting this difficult region. Awarding a contract to another company would cause a disruption in service because of the time it takes to establish the aforementioned network of foreign port service providers. A six month extension to the husbanding services contract for Southeast Asia Region 2 will be issued to MLS.

Based on the market research conducted by FLCY, it is known that the vetting and approval process for husbanding contractors to gain access to ports in Region 2 (particularly China, Indonesia and Singapore) takes anywhere from 4-6 months. Additionally, MLS has the infrastructure and resources in place and has personnel located within the Region who are ready to deploy at a moment's notice.

Any other HSP in the AOR would need ample time (at least 4-6 months) to be fully operational and able to support port visits in Region 2. Despite potential interest from other HSP in Region 2, competing and awarding standalone contracts before the interim solution contracts are awarded are not possible in the timeframe required.

Additionally, the current Southeast Asia, Region 2 contract was recently modified to incorporate all the new terms and conditions for Off Ship Bill Pay (OSBP) process which must be fully implemented on 01 October 2015. This bridge contract to MLS will allow FLCY to issue orders to MLS, a company familiar with OSBP, for an additional six months.

d. Standalone Contracts Are Not a Viable Option¹

Standalone contracts are not possible in the timeframe required because the Navy has only a limited amount of time from the date notice is required of an upcoming ship visit until the date that

¹ Competing task orders under MACs will be much more streamlined because RFQ preparation, preparation and evaluation of quotes, and issuing orders will be much simpler.

contractual husbanding services must begin to be provided. This time period is reduced by the time required to declassify and communicate requirements such as visit dates and force protection postures. Based on past experience, there will be insufficient time to award standalone, competed purchase orders for the majority of the U.S. Navy ship visits to Southeast Asia Region 2, especially in the more remote areas, that require husbanding support during the six-month period.

The standalone purchase order process can take 13 to 16 business days from the time husbanding requirements for a port visit are received from a ship.

- RFQ preparation, and posting - 3-4 business days
- Contractor review of RFQ, market research for quote, preparation of quote - 4-5 business days
- Contracting officer technical review, past performance information review, price evaluation, paperwork preparation and internal Navy reviews - 3-4 business days
- Purchase order offered to the quoter selected at least 3 business days in advance of the start of the port visit

When individual port visits are separately competed, a quoter will not normally know if it will be issued a purchase order until very close to the start of the performance period. Since the quoter and its potential subcontractors will likely be reluctant to bind themselves financially prior to knowing whether they have been selected to perform the port visit, this substantially increases the risk that, once a purchase order is issued, the selected husbanding services contractor will have difficulty performing since required resources (wharf space, major equipment, key subcontractor services) may not be available for scheduling so close to the beginning of the port visit. While there may be instances in which segments of the process take less time than anticipated, the entire process, as noted above, is normally expected to require from 13-16 business days.

FLCY records show that there were 91 visits by US Navy ships (USS and USNS vessels) to Southeast Asia Region 2 ports from 18 October through 17 April of fiscal year 2015. However, prior planning of a port visit does not allow the specific requirements for each unit at the time of the visit to be predicted with certainty. Moreover, although FLCY may have notice of scheduled visits, such notice does not provide sufficient information to place or compete orders, since the details are contained in the individual ship logistics requests (LOGREQs). Reliance on MLS during the 18 October 2015 to 17 April 2016 time period is thus critical to the Navy's ability to pre-coordinate with the husbanding service provider for anticipated and short-notice requirements.

It is also important to note that the cognizant contracting activity (FLC Yokosuka Site Singapore) is not resourced to compete and award individual purchase orders for port visits in Southeast Asia Region 2. FLCY is resourced based upon a business model of having IDIQ contracts for HSP services in place for the vast majority of port visits. As described above, individual purchase orders are resource intensive. Thus, the Navy's strategy for acquiring services is to award contracts covering specified geographic areas for a specified period of time. Although the Navy is forced, from time-to-time, to compete and award standalone orders, this practice reduces efficiency, reduces effectiveness, and increases operational risk.

As stated in section 3 above, FLCY is implementing multiple changes to the husbanding process in preparation for moving away from a single HSP model to a multiple HSP model where port visits are competed among various HSPs. In order to be successful, these changes require extensive coordination with various Navy entities, foreign governments, and foreign military installations, as well as firm ship schedules known in advance of port visits. This coordination with foreign governments, military installations, and some Defense Attaché Offices has occurred over the past year, but has not been completed sufficiently to ensure proper communication at the time port visits are competed.

As demonstrated above: 1) There is risk of serious injury to US Navy operations in Southeast Asia Region 2 if there is a lapse in husbanding service contract coverage; 2) MLS is the only known husbanding service provider in place currently in Southeast Asia Region 2 with an established network and port clearances necessary for the provision of husbanding services to the US Navy; and 3) the standalone contract method of obtaining the needed services presents substantial risk that performance will not take place in time. There are, thus, unusual and compelling circumstances that exist to award a bridge contract to MLS covering the 17 October 2015 through 18 April 2016 period using other than full and open competition.

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

As addressed herein, FLCY has already issued several synopses on Asia NECO to advertise the Government's intent to issue a competitive solicitation for the interim solution contracts. Notice of this justification and the Government's intended bridge contract to MLS to enable the competitive follow-on will be provided on Asia NECO <https://asia.neco.navy.mil> in accordance with FAR 6.305. The follow-on requirement will be publicized and competed on Asia NECO.

7. Determination of Fair and Reasonable Cost

The contracting officer will make a determination that the anticipated cost to the Government for the supplies/services covered by this J&A will be fair and reasonable.

8. Actions to Remove Barriers to Future Competition

FLCY will use FAR, DFARS, and NMCARS regulations and guidance to conduct full and open competition for the new requirement. The new anticipated solicitation for a long term contract will be uploaded in Asia NECO for 60 days.

9. Contracting Point of Contact

Sherry A. Bonaiuto
[REDACTED]
[REDACTED]

10. Prepared by

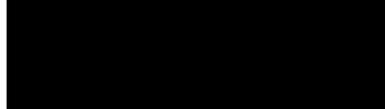
Christina Neto
[REDACTED]
Acting Director Husbanding/OCS
[REDACTED]

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.

Technical Cognizance:



LCDR ANJAIL BELTON
Name (Printed)

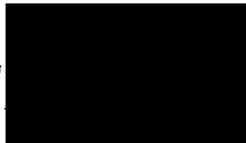


9/29/2015
Date

Requirements Cognizance:



CAPT JOHN BRUGHELLI
Name (Printed)



9/29/2015
Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.



Richard W. Corliffe
Name (Printed)



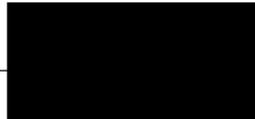
9-29-2015
Date

CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief. To the extent that the J&A/LSJ value is between \$150K and \$650K, the Contracting Officer's signature below also represents approval of the J&A/LSJ.



Christina Neto
Name (Printed)



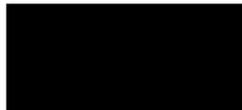
9-29-15
Date

CONTRACTING ACTIVITY COMPETITION ADVOCATE REVIEW

To the extent that the J&A/LSJ value is between \$650K and \$12.5M, the Competition Advocate's signature below also represents approval of the J&A/LSJ.



Sherry A. Bonaiuto
Name (Printed)



9-29-15
Date

APPROVAL

Upon the basis of the above justification, I hereby approve, as Head of the Procuring Activity, the solicitation of the proposed procurement(s) described herein pursuant to the authority cited herein.



John C Goodhart
Name (Printed)



30 Sep 15
Date