



**DEPARTMENT OF THE NAVY**  
**NAVSUP FLEET LOGISTICS CENTER SIGONELLA**  
**DET NAPLES, ITALY**  
**PSC 817 BOX 50**  
**FPO AE 09622-0050**

**IN REPLY REFER TO**  
**J&A No: 16-009**

**JUSTIFICATION AND APPROVAL**  
**FOR USE OF SOLE SOURCE**

**1. CONTRACTING ACTIVITY**

Requiring Activity: U.S. Naval Computer and Telecommunications Station, (NCTS) Naples, Italy  
 POC: ICC(SW/AW) Stacey L. West, USN – N2/Base Communication Office LCPO  
 Phone: Comm: + 39-081-568-4384  
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Contracting Activity: NAVSUP Fleet Logistics Center (FLC), Sigonella  
 Det. Naples, Italy  
 PSC 817 Box 50  
 FPO AE 09622-0050

Requisition Number: N6817116279C102

Attachment(s): (1) J&A 14-033

**2. NATURE/DESCRIPTION OF CONTRACT ACTION:**

This is an other than full and open competition action submitted for approval to issue a Firm Fixed Price (FFP) Indefinite Delivery Indefinite Quantity (IDIQ) commercial services contract to Telecom Italia SPA (Telecom) in support of Naval Computer & Telecommunications Station (NCTS) for fixed-line telecommunication services at the Naval Support Activity (NSA), Naples Italy. The ordering period for the contract will be three (3) years, from 28 March 2016 through 27 March 2019. Performance on orders placed in the ordering period must be completed by 30 September 2019. The estimated total value is €5,761,680.71 (\$6,367,201.58 using revised FY2016 exchange rate of \$1 = €0.9049). It is anticipated that orders will be funded with Operations & Maintenance, Navy (O&MN) funds and will not exceed twelve months in duration.

**3. DESCRIPTION OF REQUIRED SUPPLIES/SERVICES:**

The requirement is for standard fixed line commercial telecommunications services including ONENET, leased lines private wires, Public Switched Telephone Network (PSTN) trunks, PSTN Number assignments, PSTN lines, long distance for land lines, Asymmetric Digital Subscriber Line (ADSL), Symmetric Digital Subscriber Line (SDSL), High-Bit-Rate Digital Subscriber Line (HDSL), Digital Network (ISDN) Prime Rate Interface (PRI) and Basic Rate Interface (BRI) service for Video Conferencing (VTC) with number and long distance access circuits at NCTS Naples, Italy.

The estimated total dollar value is \$6,367,201.58 for the ordering period. The orders placed under this contract action will be funded using Operations & Maintenance, Navy (O&MN) funds and will not exceed twelve months in duration.

	Ordering Period 1 (28 Mar 2016 through 27 Mar 2017)	Ordering Period 2 (28 Mar 2017 through 27 Mar 2018)	Ordering Period 3 (28 Mar 2017 through 27 Mar 2018)	Total
O&MN	\$2,083,957.08	\$2,121,468.30,	\$2,161,776.20	\$6,367,201.58

**4. STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION:**

The statutory authority permitting other than full and open competition is applied in accordance with FAR 13.501(a)(1) for Simplified Acquisition Procedures (SAP) using FAR subpart 13.5 procedures and FAR 6.302-1.

5. RATIONALE JUSTIFYING USE OF CITED STATUTORY AUTHORITY:

Prior to award of contract N68171-14-D-0018, telecommunication services were obtained via NCTAMSLANT Ordering Officer utilizing Basic Agreement (BA) HC1021-12-H-2007 between Defense Information Technology Contracting Organization (DITCO) Europe and Telecom, in conjunction with DD Form 428, Communication Service Authorization (CSA), or an electronic equivalent to acquire a variety of communication supplies and services. On 19 February 2014, NCTAMSLANT contacted FLC Sigonella notifying them that Defense Information Systems Agency (DISA) had directed that the existing CSA process used to procure commercial telecommunications services for NSA Naples, under the BA HC1021-12-H-2007, be discontinued and either a sole source J&A be provided or a competitive procurement be issued.

Due to the critical nature of the services provided, a sole source bridge contract was awarded to Telecom on 24 September 2014 with a period of performance from 28 September 2014 through 27 September 2015; this bridge was authorized by J&A No. 14-033, attachment 1. On 25 September 2015 modification N68171-14-D-0018-P00005 was issued, which extended the contract for additional six months, from 28 September 2015 through 27 March 2016; this extension was authorized by J&A No. 15-033. Both extensions were issued pursuant to the statutory authority permitting other than full and open competition is 41 U.S.C. 1901, "(Only one responsible source)", as implemented by FAR 13.501(a)(1)(ii) and FAR 6.302-1. Details are found in previously cited J&As, which can be found in the contract file.

Telecom Italia is the only company capable of providing the complete suite of required telecommunications services with the level of efficiency and reliability requested by the U.S. Government and without causing a disruption in telecommunications services. Telecom Italia was founded in 1994 in a merger of several state-owned telecommunications companies; as a result, Telecom Italia not only owns and controls the off base cables plant infrastructure but is the only local service provider that can continue to provide the suite of required services without interruption. More specifically, Telecom Italia owns the telecommunications infrastructure including switches, other hardware and proprietary relevant software, fiber and copper cables currently interfacing with the NSA Naples.

Furthermore, Telecom Italia is the only local service provider that can provide immediate, in-country, trained technicians to operate and maintain the integrated systems and the outside cable plant. According to market research no other company has the infrastructure or could reasonably be expected to establish the infrastructure required to furnish these services in a short timeframe where a lapse in service would not occur. The fixed line telephone market in Italy is regulated by the Italian Telecommunication Authority (AGCOM).

Due to the critical nature of these services, a lapse in the required services would result in a complete loss of Command and Control (C2) telecommunications services to NSA Naples customers and the Area Of Responsibility (AOR). Impacted telecommunications services include standard fixed line commercial telecommunications services including ONENET, leased lines private wires, Public Switched Telephone Network (PSTN) trunks, PSTN Number assignments, PSTN lines, long distance for land lines, Asymmetric Digital Subscriber Line (ADSL), Symmetric Digital Subscriber Line (SDSL), High-Bit-Rate Digital Subscriber Line (HDSL), Digital Network (ISDN) Prime Rate Interface (PRI) and Basic Rate Interface (BRI) service for Video Teleconferencing (VTC) with number and long distance access circuits at NCTS Naples, Italy. A complete loss of telecommunication services will have a catastrophic impact on mission readiness of all commands onboard NSA Naples and may even increase risk to base safety and its personnel.

Given the foregoing, Telecom Italia is the only sole source reasonably available to meet this critical requirement. A Sources Sought synopsis was posted to NECO and EuroNECO from 19 to 23 October 2015 in accordance with DFARS PGI 206.302-1. The purpose of the Sources Sought notice was to determine the availability and technical capability of potential vendors and, in particular, their ability to provide the required services in order to confirm whether the sole source criteria are met. At the sources sought closing date, Telecom Italia was the only company to respond indicating interest in this requirement and no other company responded.

## 6. DESCRIPTION OF EFFORTS MADE TO SOLICIT OFFERS FROM AS MANY OFFERORS AS PRACTICABLE:

In accordance with PGI 206.304(a)(S-70), this non-competitive follow-on procurement to a previous award for same service includes a copy of previous contract's J&A 14-033 (See attachment 1) to assist the approval authority in determining whether the planned actions to remove any barriers to competition cited on previous justification were completed. Although, J&A 14-033 mentions that follow-on requirement will be procured using full and open competition procedures, detailed market research showed that other telephone companies operating in the country are mostly specialized in the internet and mobile services sector of this industry (i.e. Vodafone, Wind, H3G). Telecom Italia is the only landline telecommunications provider in Naples, Italy and in particular owns most of the commercial infrastructure and equipment that connects to Naples Naval Support Activity Capodichino. Although it is possible that another service provider be given permission to utilize Telecom infrastructure and assets, the complexities of such third party leases and agreements compounded with associated royalty costs (approximately estimated to be at least a 20% increase due to added tariffs) make this option not in Government's best interest. Furthermore, Telecom Italia not only owns the telecommunications infrastructure but is the only local service provider that can provide immediate in county trained technicians to operate and maintain such integrated systems. The fixed line telephone market is regulated by the Italian Telecommunication Authority (AGCOM) due to the lack of market share of other competitors.

J&A 14-033 further mentions that future Request for Proposal (RFP) will be posted online on EuroNECO in order to determine highest visibility of procurement opportunity. Since the contracting activity is utilizing the authority at FAR 13.501(a)(1) to solicit a proposal without providing for full and open competition, a sources sought notice was posted on 19 October 2015 to Navy Electronic Commerce Online (NECO) in accordance with DFARS PGI 206.302-1(d) with a respond by date of 23 October 2015. One (1) response indicating interest was received to the sources sought notice from Telecom Italia via email. Based upon the location and existing services provided by Telecom Italia as confirmed by the market research memo, it was determined that Telecom Italia would have the technical capability to satisfy agency's requirement. Besides Telecom Italia, no other Italian telecommunications company responded to the sources sought notice.

Lastly, the contracting officer will post this approved J&A within 14 days on EuroNECO in accordance with FAR 13.501(a)(1)(iii).

## 7. DETERMINATION OF FAIR AND REASONABLE COST:

The contractor shall submit a formal price proposal, including sufficient supporting documentation. Given that this is a commercial procurement, certified cost and pricing data will not be required; however, other than certified cost and pricing data will be requested as needed to ensure fair and reasonable pricing. Commercial, relevant and specific historical data are available for use in price analysis. Therefore, it is anticipated that adequate information will exist upon which to perform price analysis and negotiate a fair and reasonable price. The contracting officer has determined that the anticipated cost to the Government will be fair and reasonable because the Government intends to do a price as well as cost analysis comparing Telecom Italia's proposal to:

- i. Independent Government Estimate using FAR 13.106-3(a)(2)(vi) and
- ii. Historical Price Data using FAR 13.106-3(a)(2)(ii)

## 8. ACTIONS TAKEN TO REMOVE BARRIERS TO COMPETITION:

It is not anticipated that this requirement will be competitively procured in the near future. As stated above, the current contract includes all fixed-line and mobile telecommunication services. Through market research and better defined requirements, the Government intends to compete the mobile telecommunications services requirement separately, which will be issued under a separate solicitation. However, it is not possible to remove barriers to competition regarding the fixed-line telecommunications services as Telecom Italia owns the lines and infrastructure connecting to NSA Naples. Based on market research conducted, it was determined that multiple sources were available to perform portions of the telecommunications requirements particularly for the cell phones or wireless telecommunications services but not the landlines sector of the industry. While, the advent of the European Union

has resulted in recent legislation that allows for greater use of the public infrastructure, thereby making a competitive procurement a possible option in distant future but presently market research indicated zero (0) possibilities, also confirmed by the results of sources sought notice on NECO. Furthermore, comprehensive market research will be conducted to ascertain the number and the characteristics of alternative commercial sources existing in the telecommunication services market in Italy, and tailor the acquisition strategies accordingly. Based on the market research results, the future Requests for Proposal (RFP) will be posted online on the EURONECO website in order to provide the highest visibility of these procurement opportunities in order to maximize competition.

9. CONTRACTING POINT OF CONTACT:

The point of contact at NAVSUP FLC Sigonella, Det. Naples is Mr. Shaz Javed, who may be reached at +39-081-568-3979 or electronically at shaz.javed@eu.navy.mil.

