

Limited Sources Justification and Approval
(>\$150,000.00)
For Olympus Flexible Endoscope Maintenance Service and Repair

1. Identification of the agency and the contracting activity and specific identification of document as a limited sources justification.

DEPARTMENT of VETERANS AFFAIRS (VA)
National Acquisition Center /Business Resource Service (003A4A)
1st Avenue, One Block North of 22nd (Cermak) Street
P.O. Box 76, Building #37, Hines, Illinois 60141-0076

This document constitutes a limited sources "Justification and Approval" for purchases of services, IAW 8.405-6, on behalf of the Department of Veterans Affairs (VA), Hines Service and Distribution Center (SDC), Service and Repair (S&R) Department, Building 37, Hines, Illinois (IL), 60141. This acquisition is being conducted under the authority, 8.405-6 *Limiting Sources*.

2. Nature and/or description of the action being approved.

The VA National Acquisition Center (NAC), Business Resource Service (BRS), Hines, IL, 60141 has determined by means of other than full and open competition, a need to acquire maintenance service and repair of flexible endoscopes to be conducted under the provisions established at FAR Part 8. Contracting activity has executed a single award Blanket Purchase Agreement (BPA) against established Federal Supply Schedule (FSS), 65 II A, Medical Equipment and Supplies, Special Item Number (SIN) 200, FSS contract, V797P-2065D, Olympus America Inc., for a base year plus four one-year option periods.

3. A description of the supplies or services required to meet the agency's needs.

This acquisition derives from the fundamental nature, mission and objectives of the program office, VA Hines SDC's S&R, which provides repair services to VA Hospitals around the country and some DOD facilities, state side and abroad. The Hines SDC, S&R Department provides non warranty services and repairs for various medical equipment, including but not limited to flexible endoscopes. However, for those services and/or repairs that cannot be accomplished in-house, they are outsourced to various private entities to accomplish the repair(s).

Some outsourced items can in fact be serviced /repaired by alternate sources other than the OEM; however, there are documented repairs that cannot be accomplished by a non-OEM, and can only be repaired by the OEM, such is the case with Olympus America Inc.'s products. As a result, it is in the Governments best interest to establish a single award BPA with Olympus America Inc., for those repairs.

4. The authority and supporting rationale and if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.

Due to Olympus' proprietary ownership of its schematics, equipment and parts. As a result, the VA Hines SDC's S&R Department has a *bona fide* need to acquire on limited sources basis, maintenance and repair services of Government owned Olympus flexible endoscopes, specifically with Olympus America Inc.

This is a specific service provider requirement under the authority as stated in FAR 8.405-6 (a) (B), "*Only one responsible source and no other supplies or services will satisfy agency's requirements.*"

5. A determination by the ordering activity contracting officer (CO) that the order represents the best value consistent with 8.404 (d).

FSS contract prices of fixed price services/repairs and supplies are already determined to be fair and reasonable. The Contracting Officer's intent is to evaluate Olympus America Inc.'s FSS price list to negotiate additional discounts for flexible endoscope services and repairs. At this time, the Contracting Officer's approach to seek additional pricing discounts represents the best value and overall lowest cost alternative to meet the Government's needs.

6. A description of the market research conducted among schedule holders and the results or a statement of the reason market research was not conducted.

Market research was conducted by canvassing several vendors in respect to their repair capabilities, reviewing and assessing FSS, and Olympus America Inc.'s online published literature, industry information, government databases and customer's satisfaction of contractor's (i.e., Olympus America Inc.) performance.

Consistent with our market research findings, it was determined due to the unique nature of Olympus America Inc.'s flexible endoscope repairs, and proprietary elements of its maintenance services and repairs; at this time, there is a *bona fide* need to conduct a limiting sources acquisition for the maintenance services and repairs for Olympus America Inc.'s flexible endoscopes.

7. Any other facts supporting the sole source justification.

Olympus America Inc.'s schematics, parts, and repair services are proprietary to Olympus America Inc., and are not releasable to the general public for proper diagnostic, maintenance and repair of equipment necessary to restore equipment to 100% functionality and to ensure adherence to manufacturer's strict specifications. More importantly, It is critical to patient care that Olympus flexible endoscopes receives maintenance services and repairs as specified by the OEM (Olympus America Inc.) to prevent unduly delay in patient care, and minimize risk and unsafe conditions to patients during medical procedures utilizing flexible endoscopes.

In addition, in reviewing this requirement, and discussing the details surrounding the equipment, it's rational to conclude that it would do more harm than good to the patients of the VA Medical Systems and the Government, not to conduct a limiting source initiative to establish a single award BPA with Olympus America Inc. If these flexible endoscopes are not adequately maintained or repaired, patient exams and surgeries would need to be canceled, rescheduled, postponed, or directed to a facility with working equipment.

8. A statement of the actions, if any, the agency will take to remove or overcome any barriers that led to restricted consideration before any subsequent acquisition for supplies and services are made.

Contracting activity will continue to advocate brand name or equivalent specification. The Hines SDC's S&R in conjunction with the NAC's BRS will continue to monitor and seek to identify other vendors that may meet the VA's specialized needs.

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

10. Certification: I certify that the rationale, *only one source*, which formed a basis for the justification utilized in this document, has been certified as complete and accurate by Hines SDC, S&R Department's technical personnel and the NAC's BRS Department's contracting activity.

Date: October 24, 2013

Mechelle D. Reaser

Mechelle D. Reaser, Contract Specialist
OAL/NAC/BRS Contingency Contracting Division (003A4A)