

JUSTIFICATION AND APPROVAL  
FOR A LIMITED SOURCE AWARD UNDER A FEDERAL SUPPLY SCHEDULE

1. Contracting Activity: Department of Veterans Affairs (VA)  
Office of Acquisition Operations  
Technology Acquisition Center-Austin  
1701 Directors Boulevard, Suite 600  
Austin, TX 78744
2. Description of Action: The proposed action is for a one-year firm-fixed-price task order with two six-month options, for financial support services for the VA Financial Services Center (FSC) Fleet, Travel and Purchase (to include Fee and Prime Vendor) charge card services. This effort is being conducted under the Multiple Award Schedule Program; the proposed effort will be awarded under the General Services Administration (GSA) Federal Supply Schedule (FSS) SmartPay2, Contract Number GS-23F-T0004 to US Bank, 200 South 6th St, Minneapolis, MN, 55402.
3. Description of the Supplies or Services: VA requires financial services associated with the various charge cards, including VA Fleet, Travel, and Purchase (to include Fee and Prime Vendor) charge card services supporting official United States Government business. As a result of an interrelated national contract, the E-Government Travel System 2 (ETS2) travel program, which will be in implementation from July 2013 through January 2015, the VA has a requirement for seamless continued utilization and support of ETS2 through the current charge card provider, US Bank. US Bank shall provide VA with refunds based on daily payment at the basis points agreed upon in the Task Order, multiplied by the dollar value of the transactions during the Task Order period. US Bank shall not charge the Government directly for services rendered and the Government will earn refunds based upon the dollar value of transactions processed. US Bank receives fees from commercial companies that accept the cards when charging for their services. VA receives refunds, based on the negotiated basis points for each type of charge card, which are redistributed to VA entities for use in various Veterans' programs (pursuant to VA Financial Policy Volume II Chapter 7F and OMB Circular A-123 Management's Responsibility for Internal Controls, Appendix B). This action will result in a zero dollar (\$0.00) task order. The estimated amount of refunds to VA is \$139,794,086.21 (inclusive of options).
4. Authority Cited: The statutory authority permitting this proposed action is Federal Acquisition Regulation (FAR) 8.405-6(a) (1)(i)(C) In the interest of economy and efficiency, the new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order was placed in accordance with applicable FSS ordering procedures and was not previously issued under sole source or limited source procedures.

5. Rationale Supporting Use of Authority Cited Above: The current task order expires November 28, 2013. US Bank implemented and deployed the current charge card service and has operated it for the past five years. The present service took six months to implement and deploy. The software and communications infrastructure that supports the current solution, as well as an infrastructure upgrade, was procured, customized and implemented by US Bank with the costs recovered through the service-based refunds. Most contractors have slightly different requirements for interface with their internal systems, each of which required US Bank to develop and deploy a custom interface. So any contractor attempting to provide the core services would have to provide similar interfaces to each customer's computer systems.

FSC is currently working on a concurrent project in conjunction with SmartPay2, which is the E-Government Travel System 2 (ETS2) travel program. The implementation of ETS2 will require reissuance and activation of over 65,000 travel charge cards to ensure timely transition and functionality of the new travel program. If VA's charge card provider changed during the implementation of ETS2, it would result in delivery delays and duplicated cost to the Government. The ETS2 implementation schedule is from July 2013 through January 2015, during which time the Smartpay2 current provider (US Bank) task order expires. Should the charge card provider change during the ETS2 implementation, VA would experience a gap in the aforementioned financial support services that would seriously harm the Government. Additionally, any other source other than US Bank would have to customize the interfaces and implement a new infrastructure with ETS2 and coordinate national deployment within the confines of the ETS2 implementation schedule. This would result in extensive delivery delays. Only US Bank can provide seamless support during the ETS2 transition without interruption of VA financial transactions and processing.

ETS was not designed to store more than one card per traveler or per organization. The vendor must store the new card numbers in a table and make the change at a specific date/time. ETS automatically uses the card data stored in the user profiles and organizational profile to charge travel reservations as users make reservations via the online booking tool. Typically, travel reservations are made two or more weeks in advance of the travel dates. A travel card change requires massive coordination of monitoring reservations and ensuring the correct card is charged, based on timing. If an award was made to a new SmartPay2 vendor while ETS1 was still actively performing, VA would be required to award a new task order to the current ETS1 vendor to have them coordinate this effort. After award of ETS2, the ETS2 vendor would need to filter out reservations by the ETS2 "Go-Live" date to ensure the completion of charges to the old and new cards based on specified beginning and cut-off dates. A cut-off date must be adhered to and reservations made beyond the cutoff date must be coordinated with the field stations to have them cancel the reservations and re-enter them after the new cards are populated. If the SmartPay2 vendor

changed during the ETS2 transition, VA would have to re-issue travel charge cards once under the incumbent Smartpay2 vendor (US Bank) and then again to the new Smartpay2 task order awardee. Additionally any other vendor's service would have to be integrated into the current ETS1 and again for ETS2. This would require additional tasks to be awarded to both programs at various intervals that would otherwise not be required. Award to another source will result in disruption of VA customers' access to ETS1 and ETS2, substantial duplication of efforts to the Government not expected to be recovered through competition, and unacceptable delays in the transition of the ETS2 program. Any new end-to-end charge card solution would require a similar process of implementation and deployment that would unavoidably increase cost to the ETS2 program. Based on the above reasoning, the Government's technical experts concluded that in the interest of economy and efficiency, only US Bank can meet all of VA's needs.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section in paragraph 8 below. No competition is anticipated for this effort. GSA SmartPay2 contract has three schedule vendors capable of providing the charge card services. In accordance with FAR 5.301 and 8.405-6(a)(2), this action will be synopsisized at award on the Federal Business Opportunities Page (FBO) and the justification will be made publicly available.

7. Actions to Increase Competition: No barriers to future competition are anticipated. Any future requirements for a charge card provider will be competed. The ETS2 travel program is expected to be fully implemented at the end of this task order and should have no effect on future competition of SmartPay2 providers. If ETS2 is implemented earlier than expected, a new competition can be conducted which could allow VA to avoid one or both of the option periods mentioned in paragraph two.

8. Market Research: The Government's technical experts performed market research by conducting a search on GSA SmartPay2 contract in February 2013 for additional sources that could provide the aforementioned support services. Based on this market research, it was determined that while other sources may have general capabilities needed to perform the type of work associated with this effort, only US Bank, as the incumbent contractor, possesses the technical expertise with the customer population, operational considerations, technical challenges needed to meet VA's requirements, and is the only source that can ensure seamless support in relation to the impact to the national ETS2 travel program.

9. Other Facts: The original order for this effort is VA791-P-0028 and was competitively awarded under GSA SmartPay2 contract GS-23F-T0004 on June 9, 2008, for zero dollars (\$0) in accordance with FAR 8.405-6(a)(1)(i)(c). US Bank submitted the most advantageous savings to VA during the previous

SmartPay2 competition. This effort meets the criteria stated which requires that the original order was placed in accordance with the applicable FSS ordering procedures and was not issued under sole source or limited source procedures.