

DEPARTMENT OF VETERANS AFFAIRS
Justification and Approval
For
Other Than Full and Open Competition
Project # 618-13-124 Renovate Admin Areas (2B and 4G)

1. Contracting Activity:

NCO 23 Minneapolis
ATTN: Kathryn Crowthers
708 South Third Street, Suite 200E
Minneapolis, MN 55415

Purchase Request #618-14-1-6977-0003

2. Nature and/or Description of the Action Being Processed:

This is a Justification and Approval for a new firm fixed price, sole source contract award to a Service Disabled Veteran Owned Business under Public Law 109-461.

3. Description of Supplies/Services Required to Meet the Agency's Needs:

Minneapolis VA Health Care System Building 70 (main hospital) requires immediate work to renovate designated administrative space as precursor to follow on contracts, including construction of new eye clinic space. Work will be performed in Building 70 (Main Hospital) of the Minneapolis VAHCS and includes demolition and new construction.

The Contractor shall provide all labor, materials and equipment to accomplish the "Renovate Administrative Area (2B)" project per construction drawings and specifications. The project shall be accomplished per contract drawings numbered 1282, specification number 618-13-124. This work includes, but is not limited to:

- a. Demolition: removal and disposal of selected walls, ceilings, flooring, finishes, mechanical and electrical equipment and fixtures, as shown on design drawings.
- b. Contractor shall remove from the VA site and dispose of all equipment and materials not scheduled to be reused.
- c. New construction consists of, but is not limited to:
 - (1) Remodel offices in the 4G Area of Building 70 for the Voluntary Services staff currently located in 2B, for phase I.
 - (2) Phase II: remodel area 2B for offices for General Internal Medicine staff.
- d. The spaces to be remodeled will be vacated prior to work beginning.
- e. The work will be done in two phases, Phase I complete area 4G, Phase II complete area 2B.
- f. All work with exception of utility shutdowns that affect areas outside of the construction area, may be accomplished during normal business hours.

The total estimated value of the proposed action is \$840,000.00

The projected completion date is 180 days after issuance of Notice to Proceed.

4. Statutory Authority Permitting Other than Full and Open Competition:

Public Law 109-461, Authorized or Required by Statute FAR 6.302-5.

5. Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):

Under the authority of Public Law 109-461 VA Contracting Activities have the authority to direct sole source contracts to Service Disabled Veteran Owned Small Businesses.

6. Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:

In accordance with Public Law 109-461 the Contracting Officer is authorized to make sole source awards to Veteran Owned and Service Disabled Veteran Owned Small Businesses. While Agency policy is to compete such contracts to the maximum extent practicable, in this specific case the best interests of the Government are served via award to a SDVOSB with recent, successful experience completing the same type work.

7. Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:

The Facilities Engineering team produced the Independent Government estimate using cost data from recently completed contracts for the same type of work as well as construction cost data from open market sources. Both practices are accepted means of determining pricing to be fair and reasonable (FAR 15.402 (a)(2)(ii)(A) Data other than certified cost or pricing data).

8. Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:

Market Research conducted via a search of the Center for Veterans Enterprise Vet Biz database indicates eight (8) SDVOSBs (including Fyksen Construction) currently registered in as a Service Disabled Veteran Owned Small Business and who have performed work at the Minneapolis VA HCS. Although not currently working at this facility, Fyksen Construction was selected for this award based on the following:

- a. The contractor has demonstrated capacity for rapid mobilization following timely project evaluation and accurate cost proposals.
- b. The contractor is closely affiliated with and partners with an 8(a) Small Business with an outstanding performance record at the Minneapolis VAHCS.
- c. Selection of this contractor will strengthen the SDVOSB competitive pool at this facility.

9. Any Other Facts Supporting the Use of Other than Full and Open Competition:

This contract is a multi-phase project to relocate staff prior to beginning work on the larger project to construct a new Eye Clinic for the Minneapolis VA HCS. Contracts for construction and new

equipment for the Eye Clinic were awarded in 2013 but work cannot proceed until the space is vacated. This request is only for a single contract to renovate administrative spaces. Work under this contract will be sequenced as follows:

1. Renovate space on 4G
2. Move staff from 2B to 4G, vacating 2B
3. Renovate 2B
4. Move staff from 2E to 2B, vacating 2E
5. 2E is now cleared for work to commence on Eye Clinic construction.

Delivery of new eye clinic equipment is currently scheduled for June 1, 2014 but may need to be rescheduled as soon as the construction schedule for this contract is approved. The schedule for referring Fee-Basis patients to an off-site clinic during the transition from the existing eye clinic to the new clinic will also be revised.

Further delay of this project will cause a cascade effect of delayed construction, equipment deliveries, and clinic schedules. 2B/4G must be completed before the eye clinic can start. The eye clinic remodel is on 2E. General Internal Medicine doctors from 2E must move to 2B before eye clinic can start. VA needs 3 months to get 2B/4G complete enough for the doctors to move. Eye clinic is currently on 2V. The construction will take approximately 8 months. The eye clinic project was already awarded, and is in jeopardy of incurring delay costs of at least several hundred dollars per day. If construction cannot begin in May, the contractor could charge approximately \$15,000 in remobilization costs. They currently have a full crew on site, as they did when they bid the project but won't after May. The contractor may also begin to put in for escalation charges to account for inflation and changing materials costs. This could be about .5%, or \$12,000 per month. 2V will then be remodeled under project 14-103 Renovate to Create Hybrid Operating Room phase 1. That project is funded in FY14 so must be awarded by the end of the fiscal year so construction can begin in the winter to prevent delay in hybrid operating room equipment delivery which is currently on order. A delay in eye clinic construction could potentially cause us to lose \$4M in FY14 construction dollars slated to be used for the hybrid OR as well as causing us to incur hundreds of dollars a day in hybrid OR equipment storage costs.

A sole source award will allow work to begin in January and still meet the May deadline for NTP on the Eye Clinic project. A directed award is requested to Fyksen Construction, an SDVOSB. Fyksen is partnered with Tarraf Construction, an 8(a) small business with record of preforming excellent work under emergency conditions for the Minneapolis VAHCS. Their project management team offers a quick grasp of project requirements resulting in accurate cost proposals returned with minimal delay. They offer superior project and site supervision and change orders are minimized. Based upon past history Fyksen Construction is judged to offer the best potential for successful completions of the project in the dwindling number of days available to do so.

10. Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:

None.

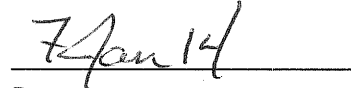
11. A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required:

In other than exceptional cases, Agency policy is to compete requirements among SDVOSBs. This is an exceptional situation, and this Justification and Approval to contract on a sole source basis with a verified SDVOSB is in accordance with Public Law 109-461.

12. **Requirements Certification:** I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veterans Affairs and that the supporting data under my cognizance, which are included in the justification, are accurate and complete to the best of my knowledge and belief.



Steve Challeen
Director, Facilities Engineering
Minneapolis VA Health Care System



Date

13. **Approvals in accordance with FAR 6.304**

- a. **Contracting Officer's Certification (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Kathryn J. Crowthers
Contracting Officer
NCO 23

Date

- b. **NCM/PCM (Required \$3K and above):** I certify the justification meets requirements for other than full and open competition.

Daryl Berg
Director of Contracting
Network Contracting Office 23 (NCO23)

Date

- c. **SAO (If over \$500K):** I certify the justification meets requirements for other than full and open competition.

Rick L. Lemmon
SAO Director

Date

- d. **VHA HCA Review and Approval:** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for other than full and open competition.

Norbert S. Doyle
Chief Procurement and Logistics Officer (10NA2)
VHA Head of Contracting Activity (HCA)

Date