

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval

For

Other Than Full and Open Competition

1. **Contracting Activity:** The U.S. Department of Veterans Affairs (VA), VISN 17, Network Contracting Office (NCO) 17, 124 E. 67th St., Suite 100, Duncanville, Texas 75317, proposes to enter into a contract on the basis of other than full and open competition for the VA's North Texas Veterans Healthcare System (NTVHCS), Dallas VA Medical Center (VAMC), Engineering Services. Purchase Request Number is 549-15-1-5096-0010.
2. **Nature and/or Description of the Action Being Processed:** This is a request for other than full and open competition to negotiate and award sole source Firm Fixed Price (FFP) maintenance and repair services contract to Solar Turbines Incorporated, 2200 Pacific Hwy, San Diego, CA 92101, for the newly acquired Solar Turbines Mercury 50 Recuperate Gas Turbine Generator unit. NTVHCS is in the process of the start-up and commissioning of the Mercury 50 located at the Dallas VAMC, 4500 S. Lancaster Rd., Dallas, TX 75216. The Mercury 50 unit for NTVHCS was purchased by the VA National Energy Business Center in partnership with Solar Turbines Incorporated as part of a Combined Heat and Power (CHP) project, to increase NTVHCS' ability to operate in the event of a commercial power outage. The total cost of the project was \$24.5 million, and the unit is valued at \$3.2 million. A maintenance and repair service contract is needed to furnish all labor, material, and parts as required according to manufacturer's guidelines, to maintain the unit in fully operational condition.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The Engineering Department at the NTVHCS has a requirement for a maintenance and repair services contract for their newly procured Solar Turbines Mercury 50 Recuperate Gas Turbine Generator unit. Solar will be required to furnish on a quarterly basis all necessary field service labor, consumable parts, travel, and subsistence for scheduled maintenance inspections of the unit, and Remote Monitoring and Diagnostics (RM&D) and Predictive Maintenance. Solar will repair, overhaul, and provide maintenance on the unit to include its ~~comprehensive overhaul coverage for the duration of the contract by providing a turbine of similar configuration to minimize down time through the Turbine Exchange Program.~~ The vendor will need to provide certified replacement parts to cover defects in materials and workmanship as well as replace normal wear and tear parts; consumable parts shall also be included for scheduled maintenance inspections, and repair and maintain the Turbine Generator and Gearbox as necessary during the term of the contract.

Covered equipment shall include the following major components and subassemblies:

- ~~Gas Turbine Engine (Gas Producer and Power Turbine)~~
- Gearbox (Speed Decreasing and Accessory Drives)
- Generator

- Turbine Control System
- Start System
- Fuel System
- Lube Oil System
- Battery Charger
- Ventilation System
- Unit Fire and Gas System
- Vibration System

594,017.00

Contract Cost: The estimated value of this maintenance and services contract is ~~550,000.00~~

Contract Period of Performance: ~~October~~ ^{December} 1, 2014 through ~~September~~ ^{November} 30, 2015 (12 months period).

4. Statutory Authority Permitting Other than Full and Open Competition: 41 U.S.C. 253(c)(1) As implemented by FAR 6.302-1,

- (X) (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1;
- () (2) Unusual and Compelling Urgency per FAR 6.302-2;
- () (3) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services per FAR 6.302-3;
- () (4) International Agreement per FAR 6.302-4
- () (5) Authorized or Required by Statute FAR 6.302-5;
- () (6) National Security per FAR 6.302-6;
- () (7) Public Interest per FAR 6.302-7;

5. Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority: Solar's service engineers have sole proprietary and exclusive access to their design and overhaul specifications, including key sequences, tolerances and tooling required to properly rebuild the Solar Turbine Mercury 50 Recuparate Gas Turbine Generator unit. Solar is the Original Equipment Manufacturer (OEM) and has proprietary, confidential, patented, engineering design, manufacturing, maintenance procedures, performance test methods and as such, these are not licensed to third parties including overhaul and repair. Solar does not license manufacturing rights to their parts' design to third parties. As OEM Solar has Proprietary to the turbine controls programming software and in order to support personnel safety and maintain property protection. ~~Solar Inc. does not license these critical software programs to third parties.~~

Only Solar's contract customers have access to the comprehensive set of proprietary Machinery Management options, including the InSight System's™ Remote Monitoring and Diagnostics Live View that allows remote troubleshooting for Immediate technical support. In addition, Solar has Worldwide Customer Service Centers tailored to meet customer's repairs/replacement, and Overhaul Facilities to minimize downtime of their equipment. ~~Solar's maintenance agreement provides an Exchange Fleet Support that is designed to minimize downtime by delivering a completely overhauled Turbine Mercury 50 Recuparate Gas Turbine Generator Unit configured the same as the unit being~~

returned for overhaul. Solar maintains a fleet of turbines, power turbines, accessory gearboxes, and components in stock that can be quickly made ready to ship. Only Solar's certified parts are designed, manufactured, tested, and guaranteed to meet their stringent standards for superior aerodynamic performance, mechanical integrity, material properties, and quality.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** Per Market Research, no additional sources are deemed practicable. The Contracting Officer posted a Sources Sought notification on August 17, 2013 (VA257-13-Q-1897) stating the maintenance requirements for a Solar Turbine Mercury 50 Recuparate Gas Turbine Generator unit. There were no replies or inquires to the Sources Sought. A Special Notices of intent to Sole Source to Solar Turbine Inc. was posted on October 19, 2013. There were no inquires or interest from any vendors to the Intent to Sole Source. The Contracting Officer queried [REDACTED] and [REDACTED] two large businesses in the industry that provides maintenance on Turbines via the internet. [REDACTED] only provides maintenance/service on solar panel systems, and [REDACTED] provides maintenance, repair, and overhauled on the Siemens Mars 200 Gas Turbine but not Solar's Turbine Mercury 50 Recuparate Gas Turbine Generator unit that was installed at the Dallas' VAMC through collaboration with the Veterans Affairs National Energy Business Center and Solar Turbines Incorporated, as part of a Combined Heat and Power (CHP) initiative.

Other Actions: None.

7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** This is a new requirement; therefore there are no previous purchase orders to compare the vendor's pricing. A price comparison to the Purchase Request's IGCE ([REDACTED]) was prepared by Technical Personnel. The vendor's price of \$5,200,000.00 is approximately nine percent lower than the IGCE, and is determined by the Contracting Officer as a fair and reasonable price. The requirement of FAR 15.406-2, Certificate of Current cost or Pricing Data is not applicable to this acquisition. The requirement of FAR 15.406-2, Certificate of Current cost or Pricing Data are not applicable to this acquisition.
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** As described in Section 6 above, market research in accordance with FAR Part 10, was conducted by synopsis of the proposed acquisition advising industry of the pending acquisition and soliciting inquiries from interested parties. There were no replies or inquires to the Sources Sought notice or the intent to sole source. There are no known contracts with the Government. The National Acquisition Center (NAC) Contract Catalog, and General Service Administration (GSA) Advantage websites were viewed with zero result being obtained. The Contracting Officer performed a search by description "Turbine" and NAICS (561210) via the Small Business Administration (SBA) search engine, however results yielded vendors that supply energy versus providing maintenance/service of Solar's Generator Turbine units.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Solar Turbines Incorporated has sole and exclusive access to their design and overhaul specifications, including key sequences, tolerances and special tooling required to properly repair and maintain the 50 Mercury Gas Turbine Generation Unit. Service to the Solar 50 Mercury Gas Generator Turbine must be done by certified Solar Turbine technicians due to the proprietary nature of the equipment. Accordingly, Solar Turbines Incorporated is the only firm capable of providing the services described in Section 3 above without the Veteran's Health Administration (VHA) experiencing unacceptable delays in fulfilling its requirements of this critical requirement .
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** There are no known sources but the proposed.
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:** Market research was conducted, the details of which are in the market research section of this document. None of these efforts yielded additional sources capable of completing the Government's requirements. There is no competition anticipated for the proposed action. The Government will continue to conduct market research to ascertain if there are changes in the marketplace that would enable future actions to be competed.

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.

Ken Ballard

Ken Ballard
Engineering Operations Foreman
North Texas Veterans Health Care System
U.S. Department of Veterans Affairs

9-19-2014

Date

Approvals in accordance with FAR 6.304

a. CONTRACTING OFFICER'S CERTIFICATION (required): I certify that the justification meets requirements for other than full and open competition. I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Brian K. Delaney

Brian K. Delaney
Contracting Officer, NCO 17, SAO-W
U.S. Department of Veterans Affairs

19 SEPT 2014

Date

b. FIRST SUPERVISOR: I certify that the justification meets requirements for other than full and open competition. I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Edwin Cotto

Edwin Cotto, M.B.A.
Chief, Medical Sharing Branch, NCO 17, SAO-W
U.S. Department of Veterans Affairs

9/18/2014

Date

c. NCM/PCM: I Certify the justification meets requirements for other than full and open competition.

tongee.flemming@va.gov

Digitally signed by tongee.flemming@va.gov
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Tongee Flemming
Deputy, Director of Contracting
Network Contracting Office NCO 17 (SAOW)
U.S. Department of Veterans Affairs

Date