

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval
For
Other Than Full and Open Competition
Syracuse Steam – July 1, 2015 to June 30, 2020

1. **Contracting Activity:** Department of Veterans Affairs, Program Contracting Activity Central, National Energy Business Center (PCAC / NEBC) 6150 Oak Tree Blvd., Suite 300, Independence, OH 44131.
2. **Nature and/or Description of the Action Being Processed:** The proposed acquisition is to establish a Firm Fixed-Price contract for five (5) years. This contract is for the procurement of Steam Utilities Services from the Syracuse University Steam Station for the Syracuse VAMC in Syracuse, New York.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The contractor will be responsible for providing steam services of approximately 35,000 Mlbs per year for the Syracuse VA Medical Center (VAMC) in Syracuse, New York for a performance period of July 1, 2015 – June 30, 2020. Price per Mlbs will be charged based on a Firm Fixed-Price.

The total estimated price of the proposed 5 year action is: \$4,233,158.

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

(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):** Syracuse University (SU) of New York is the only organization capable of providing steam service for the Syracuse VAMC area. SU Steam Station owns the steam lines in the area of the hospital and the lines directly feeding the VA Medical Center. There are no steam generating stations that are regulated steam utilities or that have the capability to provide the steam demand within a reasonable distance to the hospital. Syracuse University Steam Station provides steam to the University, the College of Environmental Science and Forestry, and two neighboring hospitals. The closest steam generator other than Syracuse University would be the Onondaga County Steam Plant, but it has no steam distribution east of I-81 or anywhere close to the VA hospital. The VA hospital is well south and east of the area served by the County Steam Plant. The infrastructure costs to install a feed from the County Steam plant would be in the tens of millions of dollars. Also, it is not known if they County could meet our load and N+1 requirement.
6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** Market research has been completed. Intent to sole source will be posted in FBO. Based on CO and COR knowledge it has been determined that this is the only source that can meet the requirement within the

geographic area. SU Steam Station originally had a contract for one year with the VAMC in 1971. Although the contract was never renewed, SU Steam Station has continued to provide steam to the VAMC since then.

7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** The Contracting Officer and COR will determine Fair and Reasonableness of costs claimed based on verification of monthly vouchers submitted.
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** PCAC has performed due diligence in conducting market research for steam service for the Syracuse VAMC in New York utilizing phone and e-mail conversations in addition to using other agencies authorized to procure utility services. Neither General Services Administration (GSA) nor Defense Logistics Agency (DLA) has an area-wide contract in place for the supply and transportation of steam in the city of Syracuse. The PCAC has performed due diligence in conducting ongoing market research for steam services for VAMC Syracuse, New York, utilizing phone conversations with project managers and sources available on the Internet in addition to other agencies authorized to procure utility services. Market research concluded for this procurement indicates there is only one source available to meet this requirement, as the Syracuse VAMC is located in Syracuse, New York and less than one mile from Syracuse University Steam Station. Steam utilities are not regulated in the Syracuse area. Acquisition of Utility Services procedures (FAR Part 41) will be utilized for this procurement, under a PCAC / NEBC developed contract. Syracuse University Steam Station has been supplying steam to the Syracuse VAMC since the 1950's.
9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Per FAR 41.205, in the absence of an area wide contract or interagency agreement agencies shall acquire utility services by separate contract subject to this part, and subject to agency contracting authority. Per FAR 41.103, other agencies requiring utility service contracts for periods over one year, but not exceeding ten years, may request a delegation of authority from GSA. As of September 2, 2014, a delegation request was signed by the VHA HCA and has been forwarded to GSA for approval. Therefore, the PCAC will be able to establish a contract for a term up to 10 years. This firm fixed-price contract is planned for 5 years rather than 10 years because Syracuse University has five year contracts with all of their other customers and is requesting the same with the Syracuse VAMC.
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:**
Syracuse University, 150 Marshall Street, Syracuse, New York 13244.
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:** There are no actions the VA can take to increase competition nor is there any reasonable likelihood of future competition in this area.
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.

Michael
Arnold 154437

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Michael Arnold
Energy Manager
Syracuse VAMC

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.

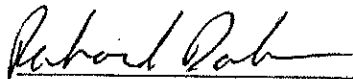
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Andrew J. Neiss
Contracting Officer
Program Contracting Activity Central (PCAC)

Date

- b. **NCM/PCM:** I certify the justification meets requirements for other than full and open competition.



Richard Dahmen
Director of Contracting
Program Contracting Activity Central (PCAC)

1/27/2015
Date

- c. **SAO:** I certify the justification meets requirements for other than full and open competition.

Randy L. Hays 534204

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Rick L. Lemmon
Director
Service Area Office Central Region

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 Doyle
Chief Procurement and Logistics Officer
VHA Head of Contracting Activity (HCA)

1/30/15
Date

ADDENDUM TO JUSTIFICATION AND APPROVAL

Department of Veterans Affairs

Date: June 2, 2015
From: Contracting Officer (CO)
To: Contract File
Subj: Addendum to Justification and Approval – Steam Service for the Syracuse VA Medical Center – Syracuse, New York

The purpose of this addendum is to update the original contract term stated in the Justification and Approval document (changing from five years to nine years) based on the following information:

1. The contractor (Syracuse University) originally wanted to have the same contract terms for all of its customers. All other customers signed five year contracts, but those contracts also included terms and conditions that the federal government cannot agree to (e.g. evergreen renewal language). Since the Syracuse VA Medical Center is the only federal customer served by Syracuse University, the same contract terms could not be used.
2. Since the VA received a Delegation of Authority (DOA) from the General Services Administration (GSA) to contract for steam services for up to ten (10) years from the date signed (September 2, 2014), a decision was made between the parties to put a contract in place for the longest term possible (nine years, July 1, 2015 – June 30, 2024) while aligning with Syracuse University's fiscal year.
3. Therefore, the period of performance mentioned in paragraphs 2, 3, and 9 is hereby changed to July 1, 2015 – June 30, 2024 (nine years).

The contracting officer determined that the above changes were made in the best interest of the Government.

A handwritten signature in blue ink, appearing to read "Daniel H. Bergolc", is written over a horizontal line.

DANIEL H. BERGOLC
Contracting Officer
Program Contracting Activity Central (PCAC)