

JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
1701 Directors Blvd
Austin, TX 78744
2. Description of Action: The proposed action is for a sole source task order (TO) to US Bank, 800 Nicollet Mall, Minneapolis, MN 55402 to be issued under their General Services Administration (GSA) SmartPay2 (SP2), Contract GS-23F-T0004.
3. Description of the Supplies or Services: VA Financial Services Center requires financial services associated with the various charge cards, including VA Fleet, Travel, and Purchase (to include Fee and Prime Vendor) that support official United States Government business. US Bank shall provide VA with refunds based on daily payment at the basis points agreed upon in the TO, multiplied by the dollar value of the transactions during the TO 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 received fees from commercial companies that accept the cards when charging for their services. VA received 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 Office of Management and Budget Circular A-123 Management's Responsibility for Internal Controls, Appendix B). The period of performance for this action will be six months with two 6-month option periods. This action will result in a zero dollar TO. The estimated amount of refunds is [REDACTED]
4. Statutory Authority: The statutory authority permitting an exception to fair opportunity is Section 41 U.S.C. 4106(c)(2) as implemented by the Federal Acquisition Regulation (FAR) paragraph 16.505(b)(2)(i)(B), entitled "Only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized."
5. Rationale Supporting Use of Authority Cited Above: The original TO to US Bank was placed in accordance with applicable SmartPay 2 ordering procedures and was competitively awarded to US Bank in June 2008. When the original TO expired in November 2013, the current TO, which expires on November 28, 2015, was issued directly to US Bank as a logical follow-on. The rationale for supporting an exception to fair opportunity for the current TO was that VA was in the process of transitioning to the E-Government Travel System 2 (ETS2) travel program, and the credit card transitioning services provided by US Bank were a

critical function of the implementation to ETS2. The ETS2 program was successfully implemented throughout VA and is no longer a barrier to fair opportunity for the SmartPay 2 contract. However, as a result of the ongoing development of a VA nationwide online Charge Card Portal (CCP), VA requires continuous support of this charge card program through the use of the current charge card provider US Bank. At the time of the award of the current TO, it was believed that the CCP would be completed by the expiration of the TO. However, the CCP was delayed several times due to various unforeseeable program-related technical issues. The CCP has been in the planning process since July 2013, and is currently about to enter the development stage. The timeline for development, testing, and rollout is 9 to 12 months.

The CCP will provide a standardized, centralized database of all charge card program officials and cardholders, and will allow VA to comply with the Credit Card Abuse Prevention Act (CCAPA). CCP is VA-owned and will provide a singular location to track training completion status, monthly reconciliation self-certification, and electronic routing of VA Forms. Although US Bank does not have a direct role in the development of CCP, the entire portal is being designed around US Bank's current hierarchy structure and using its daily input file. Once the CCP is completed, there may be some minor changes required to the CCP if a new contractor is used for SmartPay 2 services. However, the adaptation of the completed portal to a different bank's structure will be minor when compared to the changes that would be required if a change took place during the development of the CCP. VA has changed credit card providers before, and it can take up to two months of coding changes for our systems that are already in place. Those changes would be part of any normal transition and would be accounted for in the acquisition process, so would not affect the new competitive action. However, a change before completion of the CCP will require all new planning and development documentation, which has already taken several months of work. The current stage of the CCP planning and development would have to be halted until the new contractor is in place, which could take up to three months. Once a new vendor is in place, the CCP process would have to start over from the beginning in regards to development documentation, causing an additional delay of six to nine months.

If VA changes providers at this stage of the CCP, all previous work would have to be reconfigured to meet the structure and requirements of the new provider, thus significantly delaying the VA wide national deployment of CCP and compliance with the CCAPA by 9-12 months. The cost of the CCP is approximately \$900,000.00 and it is estimated that another \$500,000.00 would be required to redevelop the portal to work with another bank. Award to another source will result in substantial duplication of efforts and costs to the Government not expected to be recovered through competition, and unacceptable delays in the development of the CCP. The planning of CCP has been underway for over two years and requires an additional 9-12 months of development and roll-out, and any new end-to-end charge card solution would require a similar process of

implementation and deployment that would unavoidably increase cost to the CCP. The software and communications infrastructure that supports the CCP, as well as an infrastructure upgrade, was procured, customized, and implemented by US Bank. Only US Bank can provide seamless support during the establishment of CCP.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in section 8 of this justification. This effort did not yield any additional sources who could meet the Government's requirements. In accordance with FAR 16.505(b)(2)(ii)(D) this action will be synopsisized and the justification will be made publicly available within 14 days of award on the Federal Business Opportunities Page (FBO).

7. Actions to Increase Competition: No barriers to future competition are anticipated. Therefore, any future requirements for a charge card provider will be competed. The ongoing CCP project is expected to be fully implemented by September 2016 and should have no effect on future competition of SmartPay2 providers

8. Market Research: The Government's technical experts performed market research by conducting a search on GSA SmartPay2 contract in July 2015 for additional sources that could provide the aforementioned support services. Additionally, in October 2015, the contract specialist issued a Request for Information (RFI) via email to the other two SmartPay 2 vendors, Citibank and JP Morgan Chase. The RFI included information about the ongoing CCP and stated VA's intent to award a new task order to US Bank under an Exception to Fair Opportunity. The RFI also confirmed that any follow-on task order would be competed. Citibank and Chase responded to the RFI and neither had an objection with an award to US Bank, based on the need of the continuing services during the establishment of the CCP.

Based on this market research, it was determined that while Citibank and JP Morgan Chase may have general capabilities needed to perform the type of work associated with this effort, a change in banks prior to completion would require the CCP planning and pre-development to start over. Only US Bank can ensure seamless support in relation to the impact to the ongoing programs, reducing risk, and mitigating extensive costs to the VA.

9. Other Facts: N/A