

## U.S. DEPARTMENT OF VETERANS AFFAIRS

### Limited Sources Justification For Federal Supply Schedules Award (FAR 8.4)

1. **Identification of the agency and contracting activity, and specific identification of the document as a "Limited Source Justification":** Department of Veterans Affairs, Office of Acquisition and Logistics, Washington DC plans to contract by means other than full and open competition. This document sets forth the justification and approval for award of a Federal Supply Schedule (FSS) on a limited source basis as required by FAR 8.405-6.
2. **Nature and/or description of action being approved:** The Department of Veteran Affairs (VA) Veterans Benefits Administration (VBA) proposes to award a noncompetitive Task Order with HOV Services, Incorporated (HOV) for scanning and indexing of the Benefits Delivery at Discharge (BDD) and Principal Guardianship Claims Folders (PGF). This award will be issued as a task order against the established Federal Supply Schedule Group Contract 36; Special Item Numbers (SIN) 51 409 Network, Optical Imaging Systems and Solutions and 51 506 Document Conversion Services.
3. **A description of supplies or services required to meet the agency's needs (including estimated value):** The VA VBA has a critical need to contract for scanning and indexing services. The period of performance will consist of a base period of two (2) months (starting on February 10, 2012) and one (1) option period of two (2) months (estimated dollar value of base and option period is \$1.9 Million).

The scanning and indexing services will require the Contractor to utilize individuals with the appropriate levels of facility security (ITOC cleared), cleared personnel, and ISO approved telecommunications connections to perform the required tasks without delay and/or interruption.

The contractor will be required to prepare, scan, index, certify the quality of the work product, and transmit a copy of the electronic record back to the VBA via secure means. The contractor will also be required to fund the to/from shipping cost for the source records from as many as 250 different sites in the continental United States and overseas, following scanning, return them to specified locations including overseas locations as instructed by VBA. The contractor shall adhere to established VA physical security policy while in possession of records and shall also adhere to the VBA Scanning Business Rules.
4. **Identification of the justification rationale:** FAR 8.405-6(a)(1)(i)(A) - An urgent or compelling need exists due to the Government needing additional time to award a replacement contract. The incumbent contractor is the only vendor available who can provide the task without a break in service for processing the Veteran's benefits claims.

38 CFR 3.100 mandates VBA to process disability benefit claims submitted by Veterans and by active duty service members preparing to separate from military

service. Disruption of scanning and indexing services will negatively impact claims processing for VBA. Processing claims in the BDD process is critical to meeting the needs of our returning service members from Afghanistan and Iraq who are discharged from active duty service. Currently, an average of 550 BDD files is scanned per week. A break in service would cause a delay in processing and a backlog would quickly build up of BDD claims that were unable to be worked.

BDD folder scanning allows for prompt processing without the need to move paper within the claims environment, thus providing for more efficient and timely services.

Scanning PGF is necessary due to the recent change to consolidate the Fiduciary Program into national hubs, which all field examiners and legal instrument examiners conduct their daily business using virtual information. Without this foundation and transmission to Virtual VA, the business process of managing the fiduciary program which protects the most vulnerable veterans, will be adversely affected. Approximately 450 PGFs are currently scanned each week.

On December 16, 2011, VA received a protest of award of contract #VA 101-12-A-0001. The basis of the protest was the VA's exclusion of the VBA Scanning Business Rules (Rules) from the solicitation. These Rules must be followed to properly scan and index VBA claim files. As a result of the protest, VA was required to take corrective action. Amendment #16 to the solicitation was issued on January 5, 2012 to incorporate the Rules and request a revised technical/price proposal. The due date for the revised proposals was established as January 11, 2012. Based on questions from vendors, another amendment must be issued. The revised receipt date is anticipated for close-of-business January 16, 2012. Upon completion of the requisite technical evaluation, which is estimated to take approximately two business days, and upon completion of anticipated discussions, the estimated award date is February 29, 2012.

The new FSS Blanket Purchase Agreement (BPA) anticipated to be awarded on or about February 29, 2012, requires a minimum of 60 (sixty) days to transition from the current vendor's contract to a new contract. Therefore, this "bridge task order" to the incumbent contractor will require the current vendor to support the transition with planning and record keeping services. Neither activity can begin until a new task order is award.

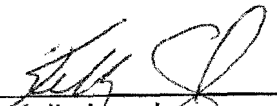
HOV is uniquely qualified as the incumbent contractor to perform these services for the initial sixty (60) day period while VBA awards and implements a new scanning and indexing system of the BDD and PGF. A new vendor may require significant transition time to obtain the security clearances for its personnel, gain an understanding of VA's business process, set up equipment, index scanning values, and evaluate the outputs for quality and timeliness, which are critical to the success of VBA's business processes.

Further, any disruption to this service which is vital to the processing of Veterans' benefits as a result of transitioning to a vendor other than HOV, will inflate the backlog of benefits claims and will be in conflict with the VA Secretary's Major Initiative to enable 21<sup>st</sup> century benefits delivery and services. The benefits claims adjusters are virtual employees, thereby requiring all claims to be scanned and indexed to be processed without delay.

5. **A determination by the ordering activity contracting officer that the order represents the best value consistent with FAR 8.404(d):** The anticipated price to the Government is approximately \$1.9 million for a base period of two (2) months and one (1) option period of two (2) months. GSA has already determined the prices to be fair and reasonable under fixed price schedule contracts. By placing an order against a schedule contract, the Contracting Officer concluded the order represents the best benefit to the Government and results in the lowest overall cost alternative. Also, a comparison of the vendor's proposed price, historical cost from previous contracts shows, and Government estimate reflects the average cost for this task.
6. **A description of the market research conducted among schedule holders and the results or a statement of the reason market research was not conducted:** Market research was conducted by searching General Services Administration's website for FSS contractors that can provide scanning and indexing support under schedule 36, SIN 51 409 and SIN 51 506. Several contractors have been identified but are not immediately available for a 60 day performance period. The unanticipated receipt of an award protest requiring corrective action in the form of an amendment to incorporate the missing technical information as detailed in paragraph four above imposed an award delay thereby requiring the incumbent to continue performing this work. There is not sufficient time to compete this "bridge order" pursuant to the terms and conditions of FAR Part 8.4 and ensure there is not a disruption to these vital services. Further, the associated costs for a new contractor to "start-up" this project vs. maintaining the existing structure of the incumbent contractor (such as contractor's associated cost for obtaining the necessary personnel and installing a new scanning equivalent system) would not be cost beneficial to the VA. Therefore, the existing FSS contractor, HOV Services Inc. has the resources available to provide the task without interruption or additional cost.
7. **Any other facts supporting the justification:** The Contracting Officer has determined that no other vendor has the immediate resources, skilled personnel for installing an equivalent new system to support the VA for a two (2) month period. This task order will allow time for the VA to complete a competitive acquisition that is in progress intended to support the VA's long-term needs. Any delay to this service will interrupt VA's claims rating and be detrimental to those Veterans pending results of their claims.
8. **A statement of the action, if any, the agency may take to remove or overcome any barriers that lead to the restricted consideration before any subsequent acquisition for the supplies or services is made:** The Government has future requirements for these specific services. This office intends to establish a three year BPA against an established General Services Administration Contract under Schedule 36 -- The Office, Imaging And Document Solution, Special Item Numbers 51 409 Network, Optical Imaging Systems and Solutions and 51 506 Document Conversion Services in accordance with FAR Subpart 8.405-3 BPAs during the period that this requirement is in place.

9. **Approvals in accordance with FAR 8.405-6(d):**

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

  
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Kelly Lynch  
Contracting Officer

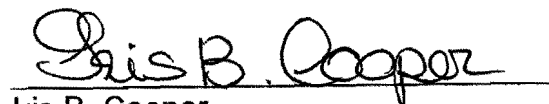
1/27/2012  
\_\_\_\_\_  
Date

**Legal Sufficiency Certification:** I have reviewed this justification and find it legally sufficient to support the limiting of sources as allowed by FAR Subpart 8.405-6(b)(3) - An urgent or compelling need exists, and following the FSS ordering procedures would result in unacceptable delays.

See Legal's email response dated 1/30/2012  
\_\_\_\_\_  
Legal Counsel

\_\_\_\_\_  
Date

**Approval:** As the Contracting Activity Competition Advocate, and based on the foregoing justification, I have reviewed this justification and find it to be accurate and complete to the best of my knowledge and belief. Since this HOV does not exceed \$11,000,000, this review serves as approval.

  
\_\_\_\_\_  
Iris B. Cooper  
Associate Deputy Assistant Secretary  
for Acquisition

2/7/12  
\_\_\_\_\_  
Date