

**LIMITED SOURCES JUSTIFICATION**

**ORDER >\$150,000**

**FAR PART 8.405-6**

**Acquisition Plan Action ID: VA69D-17-AP-7296**

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in par. 3 below is sole source, therefore, consideration of the number of contractors required by FAR Subpart 8.4 – Federal Supply Schedules, is precluded for the reasons indicated below.

**Restricted to the following source:** Provide original manufacturer's name for material or contractor's name for service. (If a sole source manufacturer distributes via dealers, ALSO provide dealer information.)

Manufacturer/Contractor: OLYMPUS AMERICA

Manufacturer/Contractor POC & phone number: 800-848-9024

Mfgr/Contractor Address: 3500 CORPORATE PARKWAY, CENTER VALLEY, PA 18034

Dealer/Rep address/phone number: CHRIS ULIZZI, 630-406-8692

☒ The requested material or service represents the minimum requirements of the Government.

**(1) AGENCY AND CONTRACTING ACTIVITY:**

Department of Veterans Affairs

Great Lakes Acquisition Center

101 84<sup>th</sup> St, Suite 115 South

Milwaukee, WI 53214

**VISN:**

12

**(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:**

This is a limited sources justification to establish a new firm-fixed price Blanket Purchase Agreement (BPA) against FSS contract V797D-2065D with Olympus America for the lease of upper and lower gastrointestinal (GI) video endoscopes and related endoscopy components for the Jesse Brown VA Hospital, Chicago, IL, Federal Health Care Center (FHCC), North Chicago, IL, Clement J. Zablocki VA Hospital, Milwaukee, WI, William S. Middleton VA Medical Center, Madison, WI, and Iron Mountain VA Medical Center, Iron Mountain, MI. The contractors current schedule is valid through December 31, 2017.

**(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:**

Gastrointestinal (GI) video endoscopes and related endoscopy components are required within VISN 12 facilities to allow for examination, diagnosis, and treatment of ailments of the gastrointestinal tract including the esophagus, stomach, and duodenum. The previously identified stations have a requirement for a continuous lease of upper and lower gastrointestinal video endoscopes and related endoscopy components. The endoscopes must have flexible video endoscopy equipment that is compatible with Olympus endoscopic ultrasound equipment already installed at the stations. Video processors and light sources must be from the same manufacturer as the scope as these systems are not interchangeable.

**(b) ESTIMATED DOLLAR VALUE:** \$ 1,444,885.32 per year (\$4,334,655.97 for three years)

(c) REQUIRED DELIVERY DATE: 9/30/2017 through 9/29/2020

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**(4) IDENTIFICATION OF THE JUSTIFICATION RATIONALE (SEE FAR 8.405-6), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE.**

☒ Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

In accordance with the memorandum from the Deputy Under Secretary for Health Operations and Management (DUSHOM) dated December 6, 2010, Veterans Integrated Service Networks (VISN) were required to establish approved government leasing agreements with one of three manufacturers Olympus, Pentax, or Fuji. Based on the standardization requirement, the use of one manufacturer is needed to minimize the variety of instruments utilized and thus minimize the number of standard operating procedures for set-up and reprocessing of the scopes. The desired result is an improvement in patient health and safety. In compliance with the standardization requirement, Jesse Brown VA, FHCC, Milwaukee VA, Madison VA, and Iron Mountain VA facilities request a BPA with Olympus as each station currently owns and utilizes Olympus equipment. Additionally, all listed facilities currently lease Olympus equipment that is installed.

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☐ A patent, copyright or proprietary data limits competition. The proprietary data is: (If FAR 8.405-6(a)(2)iii before posting. Do not include specific proprietary data. Only mention the type of equipment, procedure, etc. to show that proprietary supplies or services are being procured.)

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☐ These are "direct replacements" parts/components for existing equipment.

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☒ The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed/performing. Describe the equipment/function you have now and how the new item/service must coordinate, connect, or interface with the existing system. Facilities have made purchases for light sources, computer monitors, etc. that function only with Olympus scopes. Updated scopes and equipment must configure to the currently owed facility equipment. The VISN owns other Olympus scopes and supporting equipment totaling more than \$2M. This equipment would need to be replaced if new scopes were leased from another contractor. The BPA proposed will augment the VISNs inventory of scopes to meet the growing patient demand. In addition, the reprocessing equipment would need to be evaluated to ensure it is compatible with non-Olympus scopes. Replacement of the processors will cost approximately \$1,000,000 across the VISN.

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☐ The new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order must not have been previously issued under sole source or limited source procedures.

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**(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.4 TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:**

In addition to the conclusions of the IPT finding, leasing represents the best value. The CO concurs with leasing of GI scopes and associated equipment to represent the best value to the Government. Due to changes in technology and the typical lifecycle of a scope, purchasing scopes is not be in the best interest of the Government. At the end of a 3-year period, facilities trade in scopes for newer models with greater enhancements. In the event the technology hasn't upgraded the facilities can still trade in old scopes for new scopes of the same model and not be subjected to having to pay for major overhauls on the scopes as is required when outright purchasing the scopes. Additionally, the quoted prices for equipment are lower than the FSS contract schedule of prices. Based on a lease versus buy analysis, it is approximately \$1,066, 409.27 more costly to purchase versus lease the equipment over a three year period. Additionally, due to the assets being technology based, it is not possible to predict obsolescence or a future value to currently specifically assess the value the purchased assets might have in regards to trade-in. Funding provided through VA Central Office based on the number of GI endoscopy procedures performed is provided annually to supplement and offset leasing costs for GI endoscopy equipment leases. Outright purchase of the equipment would leave the facilities with no method for expending this funding provided annually if an initial outright purchase was made.

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**(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:**

In accordance with Vets First Contracting Program, 38 U.S.C. 8127 & 8128 Implementation Policy and Procedures, a search was conducted on the Vendor Information Pages (VIP) using keyword Olympus and yielded two results. One contractor sells Olympus scopes but does not rent or lease scopes. Review of the NAC FSS of Alliant Healthcare yielded no gastrointestinal scopes. The other contractor, JL optical sells and services microscopes, particularly optical microscopes however, lists no capabilities to sell or rent/lease GI endoscopes on their website or capabilities statement. A search on AbilityOne yielded no results for gastrointestinal endoscopes. A search on Unicor yielded no results for gastrointestinal endoscopes. A search on NAC MedSurge yielded many results for GI endoscope, however, the only contractor with rental/lease terms is Olympus. Additionally, the manufacturer has stated there are no authorized distributors offering scope rental/lease. A source sought, notice of intent to sole source to Olympus was published on 7/31/17 under VA69D-17-N-1484. No responses to the notice were received by the Contracting Officer.

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**(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:**

Under VHA Handbook 1761.1 and VHA Directive 2009-004, VHA authority has mandated that the national standardization of equipment, processes, and procedures take place to the maximum extent possible. National standardization will create best value, enhance the safety and quality of patient care, and result in a reduced variability in the number of different processes required for endoscope setup and reprocessing, thus reducing the potential for error. In response to this mandate, the VHA Office of Procurement and Logistics established an Integrated Product Team (IPT) to develop requirements for the national standardization of endoscopes throughout the VHA. The IPT determined leasing appropriate for standardization due to the benefits it presents the VA. The ability to standardize with greater efficiency, be flexible with new technology, and accurately predict future maintenance costs are all net benefits to the VA.

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**(8) A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE RESTRICTED CONSIDERATION BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:**

VISN 12 facilities along with the Contracting Officer (CO) will review the BPA annually pursuant to FAR 8.405-3(e) to determine whether the BPA still represents the best value to the Government.

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(9) APPROVALS IN ACCORDANCE WITH THE VHAPM, Volume 6, Chapter VI: OFOC SOP:

a. **CONTRACTING OFFICER'S CERTIFICATION (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

jessica I. Rasmussen  
303871

Digitally signed by Jessica I. Rasmussen 303871  
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a.gov, cn=jessica I. Rasmussen 303871  
Date: 2017.08.23 09:41:23 -05'00'

08/23/2017

CONTRACTING OFFICER/DESIGNEE'S SIGNATURE

DATE

JESSICA RASMUSSEN  
CONTRACTING OFFICER

GREAT LAKES ACQUISITION CENTER  
FACILITY

b. **Director of Contracting/DESIGNEE:** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Diane M Brazale 348123

Digitally signed by Diane M Brazale 348123  
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0.9.2342.19200300.100.1.1=diane.brazale@va.gov, cn=Diane M Brazale 348123  
Date: 2017.08.24 11:22:58 -05'00'

SIGNATURE

DATE

Diane M. Brazale, Acting DOC for

PAUL LAURO  
NCO 12, Director of Contracting

**HIGHER LEVEL APPROVAL (Required For orders over \$700,000):**

c. **VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$13.5 million):** 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 restricting consideration of the Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4

Linda S. Greaves  
404790

Digitally signed by Linda S. Greaves 404790  
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cn=Linda S. Greaves 404790  
Date: 2017.08.24 17:08:38 -05'00'

8/24/2017

LINDA S GREAVES

DATE

VHA Head of Contracting Activity (HCA)  
ACTING DIRECTOR, SAO CENTRAL