

DEPARTMENT OF VETERANS AFFAIRS
Justification and Approval (J&A)
For
Other Than Full and Open Competition (>\$150K)

Acquisition Plan Action ID: VA263-17-AP-13633

1. **Contracting Activity:** Department of Veterans Affairs, NCO 23, Fargo, ND.
2. **Nature and/or Description of the Action Being Processed:** A sole sourced firm fixed price purchase order to Satellite Shelters for a 19,600 square foot modular medical building
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** VA-CIHCS has a requirement for a 19,600 square foot, 20 plex modular medical building currently located at 3600 NW 30th street, Des Moines, Iowa 50310. The building has a mix of clinical and administrative space that supports hospital space requirements. The building currently rented from Satellite Shelters (20 plex (SN: 3467A-T) has been on-location since 2009 in order to meet space shortfalls. The current rental agreement ends on 30SEP2017. The space requirement still exists beyond the end of the rental date. The price to purchase the modular building is \$261,207.00.
4. **Statutory Authority Permitting Other than Full and Open Competition:**
 - (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):**

Only One Responsible Source (FAR 6.302-1) – The incumbent vendor renting the 7M modular medical building has the specialized building already on-site fully established meeting the VA needs. There would be several months if not over a year of displaced staff, excessive additional cost to continue to pay for rental of the building, or pursuing the rental or purchase of a different building. At the proposed rental rate, the cost to purchase would be reached at 18 months of continued rental. The building on-site at VA-CIHCS still has 5-10 years of service life left. Purchasing the building in-place will avoid significant disruption in the services offered by the clinical areas of the building (audiology, pain clinic, and low vision clinic).
6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** The VA- CIHCS has been renting this building that was competitively awarded in 2008-2009. Competition was fully sought in the original purchase but because the building is on-site and we're unable to vacate, we did not seek any other sources.

- 7. Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable:** GSA research on SIN 361-10E (Pre-Engineered and Prefabricated Buildings and Structures for Professional Facility Solutions) on GSA eLibrary, the cost per square foot for a new modular structure ranges from \$26 to 59.27 per square foot. There are additional costs for transport, set up, and skirting on top of the cost of the space, further increasing cost per square foot installed. Satellite Shelters is proposing \$13.33 per square foot to purchase the installed and fully configured 7M modular building. The lease ran it's full term plus and additional 3 years. The vendor is in a unique position having the building on site. Nothing prohibits the government from buying after the lease expired. Additionally the Government was credited for pre-paid take down cost towards the purchase price. This should help support the CO's determination of price fair and reasonableness.
- 8. Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** In accordance with Kingdomware, a Vetbiz query was conducted. Two VOSBs were identified but after speaking with one of them, the cost of replacing this space would be in excess of \$2,000,000.00. That's factoring in the cost of removing the existing structure and the cost of the new structure. Also, replacing the structure would take atleast 6-months to install from the date of award. It has been concluded that an SDVOSB is not capable of satisfying this immediate requirement.
- 9. Any Other Facts Supporting the Use of Other than Full and Open Competition:** Plainly, we've been leasing this structure since 2009. We are still occupying it due to our continued need for the space and the capabilities it provides. We are now presented with four options:
- a. Buy the structure as this J&A is contemplating.
 - b. Continue to Lease – continuing to lease is fiscally irresponsible. As mentioned above, given the quoted buyout cost, the VA would pay for the building in 18 months. Paying leasing costs exceeding the building's value results in the VA spending money unnecessarily.
 - c. Temporarily extend the lease and vacate – this space is necessary for the Medical Center's operations. Extending the existing contract by 6-months (IAW 52.217-8), would cost \$79,500.00. But, we'd still be confronted with the cost of replacing the space, which is estimated to cost approximately \$2,000,000.00 if we pursued a new modular.
 - d. Vacate Now – as mentioned above, this space is a needed for the medical center's operations. Vacating now would unduly stress the staff, disrupt clinical operations and we'd still be confronted with the cost of replacing the needed space.

Conclusion: Given the possible solutions for our problem, purchasing the modular building now is believed to represent the only solution that immediately rectifies the problem.

10. Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:

Satellite, Kansas City Office
3370 North Jackson Ave.
Kansas City, MO 64117-3127
POC: Ms. Rachel Lamport
(816) 453-1101
Rachell@satelliteco.com

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: If a facility in VISN 23 has a requirement for temporary additional space, a full lease to buy analysis will need to be conducted. If leasing is determined to be in the best interest of the VA, a lease to own should be pursued if possible, and will be conducted on a competitive basis.

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.

Bruce Hancock
Contract Liaison
VA-CIHCS

Date

13. Approvals in accordance with the [VHAPM Part 806.3 OFOC SOP](#):

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

Jesse Rheault
Contract Officer
NCO 23

Date

b. **One Level Above the Contracting Officer (Required over\$150K but not exceeding \$700K):** 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.

Scott Petrin
Branch Chief
NCO 23 – Supply Team, Fargo, ND

Date