

DEPARTMENT OF VETERANS AFFAIRS

**Justification and Approval (J&A)
For
Other Than Full and Open Competition (>\$150K)**

**CONSTRUCTION SITE PREPARATION FOR
1.5T MRI REPLACEMENT
BUILDING ONE, SUB-GROUND, ROOM SG139
PROJECT #689-CSI-108**

Acquisition Plan Action ID: Program UID: VA-17-101953

1. **Contracting Activity:** Department of Veterans Affairs, VISN 1

Description of the Action Being Processed:

A fixed-price contract for the balance of construction required for the replacement of the existing 1.5T MRI in Room SG139 in Building 1 at the West Haven campus of the VA Connecticut Healthcare System with a new Siemens Aera Magnetom MRI.

2. **Description of Supplies/Services Required to Meet the Agency's Needs:**

The existing 1.5T MRI in Room SG139 has reached its service life and must be replaced. The installation of a new Siemens Aera Magnetom MRI is being performed under a separate contract with Siemens Healthcare issued by the National Acquisition Center (NAC) High-tech, High-cost (HTHC) program. However, the Siemens installation contract is limited in scope and does not provide a complete turnkey MRI solution.

During review by the NAC, the NAC required significant portions of the work included in the Siemens turnkey proposal be separated from the NAC contract as it was deemed out-of-scope for the installation of the MRI. The work excluded by the NAC is required for the complete installation of the new MRI; including HVAC, plumbing, electrical, and fire protection. Without the MRI room HVAC, the medical equipment manufacturer will not allow to unit to be shipped as the Pre-Installation checklist requirements will not be met. Based on NAC direction, the project must be completed under two separate contracts.

The estimated value of the balance of work (side-kick) award is \$765,000.00. This IGCE assumes a sole source is permitted. The cost would be higher if two separate contractors are required. This is discussed below.

The NTP is projected to be issued in Q1, FY 2018. Completion time is estimated at 24 weeks after Notice to Proceed (NTP). This completion time assumes a sole source is permitted. Without a sole-source, significant schedule delays would be expected.

3. 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;

4. Rationale Supporting the Use of the Authority Cited Above (applicability of authority):

Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1.

Siemens Healthcare Design Construction Services originally submitted a proposal for a turnkey MRI installation for a new Siemens Aera Magnetom MRI in Room SG139 of Building 1 at the West Haven VA Hospital. Siemens intended to use Construction Technology Group, Inc. for all site construction work. Construction Technology Group, Inc. has a well-known history of successfully completing medical imaging projects for the VA. Siemens worked with CTG and their Architect to develop complete construction drawings for the project.

Design of the complete installation of the MRI has been completed by Siemens Healthcare through the original NAC turn-key contract. Per the current NAC/ Siemens contract, the current drawings cannot be solicited to any other contractor and resides under Siemens Healthcare ownership until the project, including all equipment installation and site preparation, is completed. A new design contract is not feasible in the time constraints and would be a very expensive and result in a duplication of both work and cost. Therefore in order for the Government to further execute this contract and successfully complete the installation of the new MRI, the balance of the contract work excluded under the NAC contract must be executed and contracted only through Siemens Healthcare. If this balance of work is not sole sourced to Siemens Healthcare the Government will risk losing the complete installation of this new MRI and forfeit monies already allocated to the equipment purchases. In addition, losing the installation of the new equipment will have further impact to patient care as the existing equipment is dated and does not fully meet current standards of care. The West Haven VA Medical Center believes the only way for the project to proceed to successful completion is by using Siemens for both contracts.

5. Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:

Not applicable. No Sources Sought Synopsis was published.

No other actions are planned for this acquisition.

This request for sole-source is driven by the requirements of the current NAC contract with Siemens Healthcare. Specifically, the Government cannot currently further solicit Siemens Healthcare drawings. A sole source award is required in order for the same set of proprietary construction documents to be used for the entire project. Additionally, due to time constraints on the equipment and required installation, a new design is not feasible.

6. Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:

The cost of the overall project being completed by a single sole-source contractor (Siemens) is expected to be significantly less than two separate contracts being completed concurrently by two different contractors.

The cost of a second set of construction documents would be significant as they would have to be based on a second Architectural/Engineering firm conducting site visits, developing drawings and then coordinating them with the Siemens' drawings. The second contractor could not use the proprietary drawings that Siemens has developed. The cost is estimated at ~\$75,000 for an independently developed set of construction documents.

Construction Technology Group, Inc. has a well-known history of successfully completing medical imaging projects for the VA. As a result, previous pricing data has been obtained to ensure submitted costs are fair and reasonable in accordance with historical prices paid. CTG has previously performed work at the West Haven VA and already possess an approved safety plan as well as having a familiarity with the facility and Construction Safety practices.

Additional cost savings are anticipated since only one contractor will need to mobilize, and there will be no coordination conflicts between separate contractors. Substantial duplication of costs can be avoided using a single contractor.

Change orders due to conflicts between separate contractors working in the same space with overlapping responsibilities could easily amount to an added cost to the government.

Finally, any completion delays due to conflicts between separate contractors will result in the need for additional mobile MRI costs. Any delays would require extending the mobile MRI rental at a cost of ~\$45,000/month.

7. Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:

No market research was conducted. This request for sole-source is driven by the need to use one set of construction documents for the entire high-tech, high-cost MRI installation.

8. Any Other Facts Supporting the Use of Other than Full and Open Competition:

The replacement of the existing 1.5T MRI in Room SG139 with a new Siemens Aera Magnetom MRI must be performed concurrently with the installation of the new MRI. Requiring two separate

Chapter VI: Other Than Full and Open Competition (OFOC) SOP
Attachment 3: Request for Sole Source Justification Format >\$150K

contractors to work in the same space and coordinate their work without having a single general contractor in charge of the overall project will likely lead to numerous delays and change orders. By using one contractor, the project is far more likely to be completed on time, on budget and of acceptable workmanship.

Requiring two separate contracts creates a project with no single responsible party reporting to the VA. Under these conditions each scope of work for the project is dependent on the performance of the other contractor who is not under their control. This presents a very high risk to the VA, especially for a high-tech, high-cost MRI installation.

The VA will still be operating the second MRI located in the same MRI suite. Coordination with multiple contractors in this area will be even more difficult and can lead to infection prevention and safety hazards to the patients and staff in the operating MRI space.

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

Not applicable. No solicitation was published.

10. 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:

The replacement of the existing 1.5T MRI in Room SG139 with a new Siemens Aera Magnetom MRI is unique as it requires significant demolition and repair of existing construction and systems to allow removal of the existing MRI. This work must be performed concurrently with the installation of the new MRI. There is no requirement for subsequent acquisitions for supplies or services.

11. Technical and 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.

Name
Title
VA Connecticut Healthcare System

Date

12. 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.

Contracting Officer
VA Connecticut Healthcare System

Date

b. **Procurement Analyst: (Required over \$700K: I concur with this sole source.**

Carol Domingue
647843
Carol Domingue
Procurement Analyst

Digitally signed by Carol
Domingue 647843
Date: 2017.12.06 13:46:47 -05'00'

- c. **Director of Contracting /Designee (Required over\$150K but not exceeding \$700K):** I certify the justification meets requirements for other than full and open competition.

Gerald Jacobs
NCO 01 Director of Contracting

12/11/2017

Date

- c. **VHA SAO 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 recommend approval for other than full and open competition.

Joseph Maletta
VHA Head of Contracting Activity (HCA)

Date