

**Justification for Other Than
Full and Open Competition**
U.S. Dept. of Veterans Affairs (VA)
Commodities & Services Acquisition Service (CSAS)

Nature of Action

The action being approved is a non-competitive sole source contract award to a service-disabled, veteran-owned small business (SDVOSB).

Description of Supplies

The items to be acquired are desiccant jars currently carried in the DLC catalog and supplied to veterans authorized to receive them. The specific required desiccant jar has 6 desiccant brick refills, which will last Veterans one year. The desiccant jars are manufactured in the United States by an SDVOSB manufacturer. The estimated value of the contract, including options, is \$170,624.00.

Statutory Authority

The statutory authority for conducting this procurement under FAR 6.302-5, Authorized or Required by Statute, is 38 USC 8127, Small business concerns owned and controlled by veterans: contracting goals and preferences; 38 USC 8128, Small business concerns owned and controlled by veterans: contracting priority; and VAAR 819.7007, Sole source awards to service-disabled veteran-owned small business concerns. The identified contractor is an SDVOSB duly registered and verified in the VetBiz vendor pages as required by VAAR 819.7007(c). The identified contractor is the manufacturer of the desiccant jars.

Competitive Efforts

The requirement will not be synopsisized as allowed by FAR 5.202, Exceptions, paragraph (a)(4), which states, " The proposed contract action is expressly authorized...by a statute to be made...from a specific source..." in accordance with Public Law 109-461, Veterans Benefits, Health Care, and Information Technology Act of 2006, and the Veterans First Contracting Program. However, as required by FAR 6.305, the J&A and an award synopsis will be published to the Federal Business Opportunities website within 14 days after award.

Fair and Reasonable Prices

In accordance with FAR 6.303-2(a)(7), the contracting officer anticipates prices will be fair and reasonable based on market research and previous history, and such a determination will be made prior

to award. The source selection for the required supplies is based on the past one year of history of recurring purchases and current comparative market pricing. Market information indicates that prices have not significantly changed since CSAS stopped procuring these items as recurring purchases on an as needed basis. Also, market information indicates that the prices CSAS paid for the recurring purchases over the past year are the lowest available, and significantly below retail pricing.

Market Research

Market research was conducted in support of this action. Information gathered demonstrates that the desiccant jars are commercial items, commonly sold through distributors, many of which are small businesses however; the jars provided by Ear Technology possess unique features not available from other commercial desiccant jars and Ear Technology is an SDVOSB that manufactures the product in the United States.

Several SDVOSB desiccant jar distributors were found in the VetBiz vendor pages; however, none of the vendors carry the desiccant jar products required, and those that do carry comparable products carry products that are not manufactured in the United States therefore cannot be acquired under set aside procedures.

Other Facts

Ear Technology Corporation is currently an SDVOSB manufacturer that was providing the required desiccant jars to the VA at advantageous prices. When going out for quotes from multiple SDVOSB distributors for other Ear Technology products for recurring purchases over the past year several vendors stated that they would not provide a quote based on the fact that the manufacturer is an SDVOSB. There is no expectation that a distributor would produce an offer for the required desiccant jars if CSAS were to publish a solicitation for an SDVOSB set aside for desiccant jars. Ear Technology has been successfully providing desiccant jars to CSAS since May 31, 2013. They have a unique product compared to other desiccant jars available in the commercial market. Ear Technology is the only company that uses molecular sieve desiccant bricks in their desiccant jars. Molecular sieve desiccant is the most effective type of desiccant available in hearing aid dehumidifier jars because it is highly effective at removing moisture from the crevices, pores, openings, and tubes of hearing aids. Molecular sieve is proven to be more effective than its competitor silica gel beads at humidity levels below 40%, which is the typical condition inside a passive hearing aid drying device but also at higher humidity levels. Absorption capacity is affected by humidity. Once the moisture is removed from the hearing aids the molecular sieve holds on to the moisture using electrostatic bonding forces. This allows molecules to stick to the brick surface so that they do not come back off easily and go back to the container and/or hearing aid(s). Desiccant bricks are preferred over silica gel beads by the Veterans because the Veterans are complaining to the customer service department that they are spilling the beads and they are noticing a difference in effectiveness. Also, the beads have to be microwaved whereas the bricks do not require any preparation. The ear technology desiccant jars come with 6 refills, which will last for two months each. One jar with refills will last for 12 months/1 year. Veterans will have to order less often and the Government will save money on shipping as no other desiccant jar lasts longer than 2 months. Last year, between the two types of jars the total spent was \$282,374.68.

The independent government cost estimate (IGCE) for the 12 month jars is \$170,624.00. By supplying a desiccant jar that will last one year as opposed to two months the Department of Veterans affairs will save over \$100,000.00. Another consideration is the cost savings that will be realized by providing a more effective desiccant jar. Fewer hearing aids damaged by moisture will save the VA money on repairs.

Certification

The foregoing information is accurate and complete to the best of my knowledge.

KIP A. SHEPPARD
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 Digitally signed by KIP A.
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Kip Sheppard
Contracting Officer