

**FAR 13.501(a) Sole Source Justification
Uninterruptible Power Supply System Maintenance**

1. CONTRACTING AGENCY AND ACTIVITY

Strategic Acquisition Center – Frederick (SAC-F)
Department of Veterans Affairs (VA)
321 Ballenger Center Drive, Suite 125
Frederick, MD 21703

2. NATURE OF ACTION BEING APPROVED

This justification is provided to approve a sole source action for a preventive maintenance service contract for three new Uninterruptible Power Supply (UPS) Systems and associated battery systems which were installed in the Philadelphia Information Technology Center (PITC) in January 2017.

3. DESCRIPTION OF SUPPLIES AND SERVICES

The requirement is for preventive maintenance services for three new Uninterruptible Power Supply (UPS) Systems and associated batteries. A UPS System is a power conditioning and supply system that forms a defense against numerous utility and on site related power problems. It also provides a cleaner power source to mission critical data center processing systems that help reduce computer equipment maintenance needs. A UPS provides protection against short-term power outages until the backup emergency standby diesel engine generator units automatically start or allow for an orderly shutdown of data center processing systems, by supplying energy stored in batteries. The on-battery run-time of the UPS is relatively short (only a few minutes) and are generally replaced every 3 to 5 years. When properly maintained, a UPS System prevents information loss, reduces interruption and provides reasonable continuity of computer services should adverse events occur that would prevent normal operation.

The PITC UPS System is used to protect computer processing hardware operating in the data center. If the UPS System failed to operate properly, it would cost millions of tax payer dollars to replace the impacted systems and thousands of man hours to correct. Additionally, millions of veteran data files will be impacted.

The PITC requires the original equipment manufacturer (OEM), the Eaton Corporation, to perform the preventive maintenance services which will ensure the systems are operating at OEM specifications and to maintain the warranty coverage on the three new UPS Systems and associated battery systems. The planned period of performance and estimated costs are:

Period 1 – 9/30/2018 – 9/29/2019, \$
Period 2 – 9/30/2019 – 9/29/2020, \$
Period 3 – 9/30/2020 – 9/29/2021, \$
Period 4 – 9/30/2021 – 1/25/2022, \$
Total Cost: \$

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4. STATUTORY AUTHORITY

The statutory authority for this action is FAR Part 13.501(a) Sole Source.

5. RATIONALE SUPPORTING USE OF CITATION IN SECTION 5

The PITC purchased and installed three new Eaton UPS Systems and associated battery systems in January 2017. This procurement included a standard manufacturers' warranty of 1 year. With the purchase of the UPS Systems, the PITC purchased an additional four years of warranty coverage for each UPS System. In total, the 5-year warranty covers emergency services with a guaranteed 8-hour response time including the parts and labor. It also includes the complete battery replacement at the end of the warranty period. The warranty period began on January 26, 2017 and expires on January 25, 2022. The purchase of the UPS Systems and the warranties was completed by the General Service Administration under contract GS-03-P-16-AZ-C-7003 at a final value of \$4,462,684.00, fully completed 7/3/2017¹. This contract included minor maintenance services as an option, \$ [REDACTED] per year, but the option was not exercised by the GSA Contracting Officer.

Eaton is the only authorized provider of service support with the Eaton developed proprietary service software for Eaton UPS Systems. Eaton does not train, certify or support independent third-party service providers to deliver or service Eaton UPS Systems. Eaton cannot guarantee or warrant any work not performed by themselves. Nor does any other third-party service providers have access to the proprietary software needed to perform important software updates on the UPS Systems.

Eaton proprietary diagnostic software supports the PITC owned Eaton UPS Systems and only Eaton has authorized access to use this diagnostic software. Third-party service providers using an unlicensed version of this proprietary software do so without authorization and cannot guarantee that these versions of the diagnostic software are current or appropriate for the PITC owned UPS systems.

Only Eaton technicians have access to the approved engineering updates for the PITC owned UPS system, as well as complete access to certified technical support for the PITC owned UPS equipment. Eaton maintains all documentation, drawings, engineering data, technical information and updates specific to PITC owned Eaton UPS Systems

If the VA was to contract a third-party service provider to perform the maintenance services, it could jeopardize the warranty of the impacted systems and cause

¹ Minor changes were made to the UPS System after the install date where GSA contracted with Eaton to make these changes via a modification to the original contract. The UPS Systems were inspected and accepted on January 26, 2017, the warranty start date.

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excess costs to the VA. Additionally, it could affect the warranty terms which includes replacing the UPS batteries in 2022. The current market value for one (1) UPS System Battery Cell, an EnerSys XE95 Battery is \$425.00. If compromising the guaranteed replacement of the batteries was to occur, this would be an unexpected cost to the VA in FY2022. To replace all 396 battery cells, it would cost the VA approximately \$168,300.00 for parts and an estimate for labor, transportation, and proper battery disposal fees at approximately \$100,000.00 – the total cost would be \$268,300.00 (not considering inflation).

6. THE EFFORTS TO IDENTIFY ADDITIONAL SOURCES INCLUDING THE MARKET RESEARCH CONDUCTED

Due to the nature of this acquisition and the circumstances surrounding the sole source, market research was limited to the required VA VIP database search and the publicizing of the intent to sole source this contract on FedBizOps (36C10X18Q9185). No responses were received in response to the FedBizOps notice. As this notice was made fully available to the public and without response, no additional market research was necessary.

7. ADDITIONAL INFORMATION

There are no additional facts to support this justification.

8. SOURCES WHO HAVE EXPRESSED INTEREST IN THE ACQUISITION

No sources, other than The Eaton Corporation, have expressed interest in this acquisition.

9. FUTURE ACTIONS TO PERMIT COMPETITION

This is a onetime service contract to maintain the UPS Systems until the 5-year warranty coverage on the equipment expires. Future service contracts, beginning on January 26, 2022, should be openly competed.

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10. RECOMMENDATION AND CERTIFICATION FROM PROGRAM OFFICE

Based on the above, I recommend this acquisition be conducted on a sole source basis. As the technical subject matter expert, I certify that this justification is accurate and complete to the best of my knowledge and belief.

Signed

John B. Ware 299272 Digitally signed by John B. Ware 299272
Date: 2018.09.06 13:04:06 -04'00'

John B. Ware
Electrical Engineer
Philadelphia Information Technology Center

11. CERTIFICATIONS FROM THE CONTRACTING OFFICER:

11.1 Fair and Reasonable Cost Determination: The price analysis techniques through FAR Part 13.106-3(a)(2) will be used to confirm a fair and reasonable price is paid by the Government for the required services. Therefore, the anticipated price to the Government for this contract action will be fair and reasonable

11.2 Contracting Officer Certification: I certify that this justification is accurate and complete to the best of my knowledge and belief.

Signed

Carey Kauzlarich 1058862 Digitally signed by Carey Kauzlarich 1058862
Date: 2018.09.06 13:14:07 -04'00'

Carey M. Kauzlarich
Contracting Officer
Strategic Acquisition Center – Frederick