



DEPARTMENT OF THE NAVY
DIRECTOR STRATEGIC SYSTEMS PROGRAMS
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WASHINGTON NAVY YARD, DC 20374-5127

CJ&A No 20,019
Code: SPN205

CLASS JUSTIFICATION AND APPROVAL (J&A)
FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

1. CONTRACTING ACTIVITY

Strategic Systems Programs (SSP)

2. DESCRIPTION OF THE ACTION BEING APPROVED

This Class J&A seeks the approval to award multiple contracts, namely a Fiscal Year (FY) 21 Production and Deployed System Support (P&DSS) contract and a FY22 Long Lead Material (LLM) using other than full and open competition. Authority to act under this class justification expires on September 30, 2023. The contractor is Lockheed Martin Space LMS (LMS).

3. DESCRIPTION OF SUPPLIES/SERVICES

LMS will begin work on the FY21 P&DSS contract on October 1, 2020 and intends to complete all deliveries by September 30, 2025. LMS will begin work on the FY22 LLM contract on June 1, 2020. The following provides a brief description of the requirements of, and a funding profile for, both contracts. Further details are available in Attachment A. Note that all requirements set forth below and in the attachment are conditional upon Congressional authorization and appropriations of funds and quantities.

FY21 P&DSS Contract Requirements

- TRIDENT II (D5) production and field processing of missile bodies, reentry bodies, D5 instrumentation systems, and support equipment.
- D5 engineering and operational support services, including documentation maintenance, problem investigation, logistics and facility support, training, flight test planning and analysis, range support, and safety assurance.
- D5 technical services related to the aging program, ballast system, C4 asset dispositions and disposal and Mk5 warhead replacement effort.
- Flight test data acquisition and analysis for the Air Force (USAF) and the Missile Defense Agency (MDA).
- Field processing and technical services in support of the SSGN Attack Weapon System

(AWS) at Strategic Weapons Facility Atlantic (SWFLANT).

FY22 LLM Contract Requirements

LMS will complete advance procurement of missile production long lead materials.

Funding Profile

The estimated value of the FY21 P&DSS contract is approximately \$1.259B and is included in the FY20 and FY21 appropriations table below. The FY21 P&DSS contract is expected to be awarded in October 2020. The estimated values below also include an option to increase the FY21 Deployed Systems Support and option items identified in Attachment A, such as equivalent unit item hardware, additional re-assemblies, dis-assemblies, and advanced reentry technology.

The estimated value of the FY22 LLM contract is approximately \$22M in FY21 WPN and UK funds. The FY22 P&DSS LLM contract is expected to be awarded in June 2021.

Funding	FY20 Appn	FY21 Appn	Total
RDT&E		\$36,500,000	\$36,500,000
OPN		\$9,900,000	\$9,900,000
O&MN		\$328,000,000	\$328,000,000
WPN	\$40,000,000	\$735,900,000	\$775,900,000
UK		\$130,822,000	\$130,822,000
Total	\$40,000,000	\$1,241,122,000	\$1,281,122,000

4. STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION

The statutory authority for this effort is 10 U.S.C. 2304 (c)(1). There is only one responsible source and no other supplies or services will satisfy agency requirements.

5. RATIONALE JUSTIFYING USE OF CITED STATUTORY AUTHORITY

SSP's requirements for the missile system and program capabilities as well as flight test data support are available from only one responsible source. Only LMS has the capabilities, facilities, and expertise required for the P&DSS and LLM efforts. Therefore, SSP intends to contract with LMS in accordance with FAR 6.302-1 and 10 U.S.C. 2304(c)(1) for both efforts. The following provides the rationale for contracting with LMS under both efforts, using other than full and open competition, including the cost and schedule impacts of contracting with an alternative source.

Requirement for TRIDENT Missile System and Program Capabilities

The P&DSS and LLM contracts require a contractor capable of assuming true cradle-to-grave responsibility for the TRIDENT II (D5) missile system. The contractor must provide design and development services, long-term production, logistics support, including spares and repairs, training, operation of the missile assembly facilities, engineering support for fleet and field problems, flight and surveillance test programs, and ultimate retirement and disposal of assets. The program relies on a “factory in the field” concept wherein all operations, including missile assembly at the government facilities, are under the control of the contractor until the assembled missile is delivered to the Navy. This cradle-to-grave responsibility is part of SSP’s overall strategy to ensure comprehensive risk management, quality, and an exceptional track record for program success.

Only LMS has the unique facilities, tooling, and equipment necessary for production and ongoing engineering and logistics support of the program. It is the only contractor possessing the depth and breadth of expertise and capabilities relative to the range of tasks required of the P&DSS contract. Additionally, LMS possesses personnel with the engineering and technical proficiencies uniquely required to successfully perform the scope of this contract.

LMS has gained and honed its capabilities over its long history with the TRIDENT program. The contractor developed and produced the TRIDENT I (C4) missile system and continues to serve as the primary contractor providing logistical support for ongoing disposition and disposal of the TRIDENT I (C4) program assets. LMS developed the TRIDENT II (D5) missile system in the 1980s and continues to produce it today. As the TRIDENT II missile system prime contractor, LMS has been intimately involved with the program from its inception, and has developed a technology base and manufacturing capability uniquely suited for the support of TRIDENT program. The contractor has gained the necessary “know-how” needed to provide continuing program technical support, as well as the infrastructure to produce and support the missile system. This ingrained programmatic history is unique and has afforded LMS with the capabilities and experience required for performance of this contract.

Therefore, LMS is the only source qualified to furnish the TRIDENT hardware without critically delaying and jeopardizing the missile program and the Navy’s part of the Strategic Deterrent. Beginning in FY 1984, the Navy spent \$680M over six years to establish TRIDENT II facilities, capabilities, and technical expertise. Given this experience, an alternate source would require at least six years to establish a sufficient level of technical expertise and the production, repair, and maintenance capabilities required to support the TRIDENT II systems. Escalating FY 1984 actual costs by two percent annually, an investment of nearly \$1.4B would be required by the government to replicate at other sources the missile system support capabilities required for this contract.

Requirement for Flight Test Data Capabilities

The P&DSS contract requires Flight Test Data Acquisition System Support for both the Air Force test and the Missile Defense Agency’s (MDAs) Broad Ocean Area (BOA) tests to provide critical back-up sensors support on an as-needed basis. This effort supports the Air Force Minuteman Program’s objective of accomplishing its extended range flight test requirement, and MDA’s need to maintain its missile defense development milestones.

LMS is the only contractor that has existing hardware, software, and experts readily available to support this effort. The contractor has developed Navy-unique instrumentation for the mobile application. It has experienced experts who can provide immediate support to minimize schedule delays. Utilizing the Navy's capability with LMS's support is considered the vital and most cost effective option to support Air Force and MDA flight test data acquisition system support needs.

In the late 1990s, the actual time and cost to develop and deploy Navy-unique instrumentation was five years and \$30M. Given this data, development of this capability (hardware, software, and operational expertise) at an alternate source would require at least five years and an additional cost in excess of \$46M. This would result in a significant cost increase to the government, a severe extended schedule delay to the Air Force and the MDA, and unexpected programmatic impacts.

Requirement for SSGN Processing Capabilities

The P&DSS contract requires the receipt, handling, inspection, test, maintenance, storage and loading of Tomahawk Land Attack Missiles (TLAMs) at SWFLANT. Kings Bay is the home port of SSGNs, and therefore conventional TLAM activities occur at the Strategic Weapons Facility. LMS is currently the prime, sole source contractor for SWF operations and the only contractor that can cost efficiently perform this SSGN work. Existing facilities, systems, personnel, and equipment at the SWF are cross utilized between TRIDENT and SSGN conventional TLAM programs, rendering the SSGN work impractical and inefficient to compete.

The actual time and cost for LMS to establish SSGN capabilities in mid-2000 was about three years and \$20M. Given this data, development of an alternate source with SSGN capabilities would cost the government nearly \$27M and a delay of up to three years. In addition, the use of an alternate source would create accountability and responsibility conflicts. In some instances, it would be impossible to determine responsibility for problems encountered during this effort due to the necessary interaction between the contractors.

Benefit to the Government of Contracting with LMS

In summary, the above information shows that it is in the best interest of the government to contract with LMS for the FY 21 P&DSS contract and the FY22 LLM contract. The cost, delay, and risk associated with obtaining competition through qualification of an alternative source far outweigh any price or quality benefits that can be reasonably anticipated from a competitive contracting strategy.

6. DESCRIPTION OF EFFORTS MADE TO SOLICIT OFFERS FROM AS MANY OFFERORS AS PRACTICABLE

SSP posted a sources sought notice, applicable to both efforts, in accordance with the Federal Acquisition Regulation to Federal Business Opportunities (FedBizOps), on October 9, 2019. SSP did not receive any inquiries of interest. SSP also posted a pre-award synopsis on FedBizOps on October 9, 2019 and did not receive any inquiries of interest. Other market research is strategic

in nature. Our technical branch engineers and contract specialists visit prime and subcontractor facilities to better understand work scope and the capabilities of our supply chain. SSP staff read trade journals and attend events such as the Sea-Air-Space Expo to get a broader sense of capabilities in the marketplace. Our engineers interact with independent experts in their fields and talk directly with subcontractors at an annual SSP supplier conference. Such market research confirms that it is not practicable, for the reasons discussed in paragraph five above, for any company other than LMS to provide the required supplies and services in the P&DSS contract.

7. DETERMINATION OF FAIR AND REASONABLE COST

The FY21 TRIDENT II (D5) P&DSS contract will be a combination fixed price incentive (FPI), cost plus incentive fee (CPIF), with incentives on cost and performance, and cost plus fixed fee (CPFF). The mature production effort under the FY21 P&DSS contract as well as the efforts under the FY22 LLM contract will be negotiated as a FPI contract with a cost share and ceiling price that accurately reflect confidence in cost estimates and the level of risk assumed by the contractor. We believe these contracting approaches will motivate the contractor to find year-to-year price improvements, while limiting the government's cost risk in an overrun situation.

Additionally, the Contracting Officer will utilize various methods and analyses to determine that the cost to the government for the supplies and services covered by this J&A will be fair and reasonable. These include but are not limited to thorough technical analysis of hours by government subject matter experts, Defense Contract Audit Agency (DCAA) audits of the proposal, the use of Defense Contract Management Agency (DCMA) negotiated or recommended Forward Pricing Rates, and cost and price analyses.

Additionally, cost analyses, including DCAA assist audits or DCMA field pricing support, are performed for all major subcontractors over the certified cost or pricing data threshold. For subcontractors under the certified cost or pricing data threshold, various methods including but not limited to competitive pricing, commercial pricing comparisons, historical pricing reviews, and price analyses are utilized to determine fair and reasonable costs.

Based on the above, the Contracting Officer has determined that the anticipated cost to the Government of the supplies and services covered by this Class J&A will be fair and reasonable.

8. ACTIONS TO REMOVE BARRIERS TO FUTURE COMPETITION

SSP will continue to monitor the market in an attempt to identify potential sources of these supplies and services for future requirements, while analyzing any potential impact to cost, schedule, and program risk. Additionally, the prime contractor for this effort will continue to utilize competition and commercial item procurement when possible for component parts.

TECHNICAL/REQUIREMENTS CERTIFICATION

I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, except as noted herein, are complete and accurate to the best of my knowledge and belief.

Technical Cognizance:

[Redacted Signature Block]

Signature Name (Printed) Phone No. Date

Requirements Cognizance:

[Redacted Signature Block]

Signature Name (Printed) Phone No. Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

[Redacted Signature Block]

Signature Name (Printed) Phone No. Date

CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief.

[Redacted Signature Block]

Signature Name (Printed) Phone No. Date

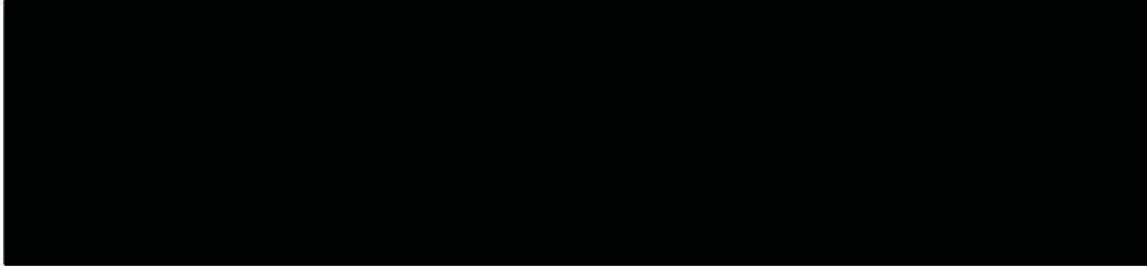
COMPETITION ADVOCATE

[Redacted Signature Block]

Signature Name (Printed) Phone No. Date

SP-00 TECHNICAL AND REQUIREMENTS CERTIFICATION (FAR 6.303-2(b))

I certify that the facts and representation under my cognizance which are included in this Class Justification are complete and accurate.



SENIOR PROCUREMENT EXECUTIVE APPROVAL

Upon the basis of the above justification, I hereby approve, as Senior Procurement Executive of the Navy, the solicitation of the proposed procurement described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304 (c) (1), One source or limited sources.

APPROVED:

GEURTS.JAMES.
F.1034185286

Digitally signed by
GEURTS.JAMES.F.1034185286
Date: 2020.07.07 17:46:25 -04'00'

Mr. James F. Geurts
Assistant Secretary of the Navy
Research, Development & Acquisition

Date