DEFENSE LOGISTICS AGENCY
ENERGY
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J&A Tracking Number 26-0031

Justification for Other than Full and Open Competition
Bulk Fuel Services at Naval Air Station (NAS) Jacksonville, FL

1. Summary/Introduction:

The Defense Logistics Agency (DLA) Energy, a major subordinate command of DLA, is the contracting activity for bulk petroleum products and services for the Department of War (DoW). This justification & approval (J&A) is for the award of a three-month bridge action with a three-month option extension by modification on contract SPE600-15-C-5000 for alongside aircraft refueling and fuel storage services in Jacksonville, Florida. The original contract, SPE600-15-C-5000, was competitively awarded on November 28, 2014 as a five-year base period from June 1, 2015 to May 31, 2020, plus a five-year option period, and a six-month extension provision. The extension provision under Federal Acquisition Regulation (FAR) 52.217-8, *Option to Extend Services,* was exercised under P00036 of the current contract. A three-month bridge extended the contract from December 1, 2025 to February 28, 2026. The three-month option was exercised via modification P00042 with the current period of performance expiring on May 31, 2026. This bridge action justification will result in a contract modification that will require the contractor, United Paradyne Corporation (UPC) to continue providing bulk storage services, alongside aircraft refueling services, and the entire fuels management services, as the only responsible source that can satisfy the agency requirements under the authority found at FAR 6.103-1(c)(2)(i) and (ii). This includes services to provide safe, accurate and timely handling, quality control, and accountability of Defense Working Capital Fund-owned petroleum products and to perform required maintenance to ensure facilities, associated systems, vehicles, and equipment remain operational to meet the U.S. Navy's mission.

The new performance period will begin June 1, 2026 through August 31, 2026, with a three-month option to extend the contract through November 30, 2026. The total value of this bridge action is $1,387,493.94, which would increase the contract value from [redacted] This action constitutes a bridge action by contract modification under DLAD 17.9601(a).

2. Nature and/or description of the action being approved (FAR 6.104-1(a)(2)):

The bridge by modification of these services for three months with one three-month option, is being conducted using procedures under FAR 6.103-1(b), *Only One Responsible Source*. Awarding a contract to a new source would result in substantial duplication of costs to the Government, this is not expected to be recovered through competition and would result in unacceptable delays in fulfilling the agency's requirements. The services sought are highly specialized and available only from the incumbent while a full and open competitive follow-on is solicited. The incumbent is already providing these services, and transitioning to a new contractor would risk a break in service that could disrupt the mission. The incumbent has the

necessary workforce and infrastructure in place, with the personnel already trained and prepared to handle the operations. A new contractor would face significant delays in acquiring the necessary infrastructure, permits, and training personnel, which would lead to a gap in services. Any interruption in these services would result in mission failure, and as such, the agency cannot afford the risks associated with bringing in a new contractor. This bridge by modification will utilize defense working capital funds for fiscal year 2026. This justification authorizes a bilateral modification under the authority granted by 10 U.S.C. 3204(a)(1).

The solicitation for the follow-on procurement for government-owned, contractor-operated (GOCO) fuels management services at Naval Air Station (NAS) Jacksonville, Florida was issued on August 14, 2025, and closed on October 16, 2025. [redacted]

Barring any further unforeseen delays, the anticipated award date is [redacted]. There is not a contract transition schedule; however, delivery of the required fuel trucks can take from six to nine months because they must be purchased or leased, and possess specifications as stated in the performance work statement. With the contract expiring on May 31, 2026, a bridge action by contract modification for three months with three-month option period is required to accomplish meaningful negotiations and to allow the selected offeror the opportunity to provide the necessary equipment (vehicles).

This bridge action by contract modification will ensure the continued performance of critical fuel services at NAS Jacksonville, Florida. The requirement for refueling services at NAS Jacksonville is continuing and highly specialized, and the risk of failure, to include, schedule disruptions, cost increases, other adverse impacts to the Government, or mission degradation are high. The customer (U.S. Navy) requires continuous, high quality bulk storage services and fuels management services. The existing incumbent is already providing these pertinent services. They have the necessary workforce and infrastructure in place, including trained personnel, and transitioning to a new contractor would risk a break in service that could disrupt the mission.

UPC also possesses the necessary expertise to manage the specific environmental concerns and mitigate the facility risks associated with NAS Jacksonville. Since the mission at NAS Jacksonville is dependent upon the current fuel services provided by the incumbent contractor, UPC, any new contractor would face significant delays in training personnel, leading to a probable gap in services thus creating an unacceptable risk of mission failure. Therefore, in accordance with FAR 302-1, only one responsible source and no other supplies or services will satisfy agency requirements, a sole-source award to the incumbent contractor is the only responsible course of action to ensure continuity of critical services.

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3. Description of supplies or services required to meet the agency's need (including estimated value) (FAR 6.104-1(a)(3)):

The current contract, SPE600-15-C-5000, was competitively awarded to UPC on November 28, 2014 at a total contract value of $18,229,159.40. This second bridge action by contract modification will extend the period of performance to August 31, 2026, with one three-month option period extending through November 30, 2026, to provide bulk storage services, alongside aircraft refueling services, and fuels management services to meet the U.S. Navy's mission.

4. Identification of the statutory authority permitting other than full and open competition (FAR 6.104-1(a)(4)):

This J&A is based upon the authority of 10 U.S.C. §3204(a)(1), as implemented by FAR 6.103-1(b) – *Only One Responsible Source*, and more specifically, the authority of FAR 6.103-1(c)(2). The services sought are highly specialized and available only from the original source for this follow-on contract. Award to a new source would likely result in substantial duplication of cost to the Government, this is not expected to be recovered through competition and would result in unacceptable delays in fulfilling the agency's requirements.

5. Demonstration that the proposed contractor's unique qualifications or the nature of the acquisition requires using the authority cited (FAR 6.104-1(a)(5)):

The mission at NAS Jacksonville is dependent upon the current fuel services provided by the incumbent contractor, UPC. The customer requires continuous, high quality bulk storage services and fuels management services. Timely fuel support, system maintenance, and quality control IAW U.S. Navy standards are required to meet the mission. The incumbent is already providing these services, and transitioning to a new contractor would risk a break in service that could disrupt the mission. The incumbent has the necessary workforce and infrastructure in place, with the personnel already trained and prepared to handle the operations. A new contractor would face significant delays in acquiring the necessary infrastructure, permits, and training personnel, which would lead to a gap in services. Awarding this contract to any source other than the incumbent, UPC, would create an unacceptable risk of mission failure due to a critical gap in service delivery.

Due to the above, the services required are available only from UPC to satisfy the Agency's requirements without any crippling delays. The mission at NAS Jacksonville is dependent upon the current fuel services provided by the incumbent contractor (UPC), including timely fuel support, system maintenance, and quality control in accordance U.S. Navy standards. The existing workforce is trained and ready to conduct operations without interruption. UPC currently possesses all necessary equipment, knowledge of environmental issues, and personnel to sustain services; thus, making them the only viable source to ensure the continuity of services. Alternative vendors are unable to assume operational responsibilities without a disruption in service continuity.

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6. Description of the efforts made to ensure that offers are/were solicited from as many potential sources as is/was practicable, including whether a notice was or will be publicized as required by Subpart 5.1 and, if not, which exception under 5.101(b) applies (FAR 6.104-1(a)(6)):

A Sources Sought Notice (SSN) was posted to SAM.gov on July 19, 2024, to assess market capabilities for the follow-on contract. DLA Energy received nine responses from the following vendors:

- [redacted]

[redacted] program manager reviewed the capability statements and found each capable of meeting the baseline technical requirements of the follow-on solicitation (SPE603-25-R-0508), based on their responses to the SSN, however they have not submitted proposal packages to fully evaluate or determine their capability to successfully perform the required services within the time restrictions. However, being technically capable for a long-term contract does not equate to being able to perform an immediate, short-notice bridge action. A critical constraint in this procurement is that any non-incumbent awardee requires approximately six months to procure and field the specialized vehicles necessary to execute the contract. Because the current contract expires on May 31, 2026, and the bridge is required immediately, none of the nine responding vendors can meet the mobilization timeline without causing a catastrophic six-month gap in critical aircraft refueling services.

To ensure continued performance and avoid mission failure, the Government must rely upon the incumbent's continued performance. The Government did not issue a new notice of this requirement in accordance with FAR 5.101. The decision not to issue this notice is authorized in accordance with FAR 5.101(b)(iv). The proposed contract action is being made under the conditions described in FAR 6.103-1 and the Government has determined it would be seriously injured if DLA Energy complied with the time periods specified in FAR 5.101(d).

With the beginning of the three-month period of performance and three-month option to extend, this bridge by contract modification, the Government intends to continue resolicitation efforts for these services using competitive procedures. In accordance with FAR 6.301(b), the Justification and Approval document will be redacted and posted to the System for Award Management (SAM) website within 14 days of modification release.

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7. Determination by the contracting officer that the anticipated cost to the Government will be fair and reasonable (FAR 6.104-1(a)(7)):

The expected cost for the evaluated services is $231,248.99 monthly. Although the price for the current contract and all options to include the six one-month extensions was determined fair and reasonable ten years ago based on adequate competition under FAR 15.404-1(b)(2)(i), the price for the monthly usage charge on the current contract of $231,248.99 represents the current market labor since prices have been adjusted yearly as the result of changes to prevailing labor rates provided by the Collective Bargaining Agreement between UPC and the International Association of Machinists and Aerospace Workers, AFL-CIO Local Lodge Number 759, effective June 1, 2025 to May 31, 2026. The Government expects UPC and International Association of Machinists and Aerospace Workers to negotiate an amendment that will remain in place until November 30, 2026. The amendment may include a monthly price increase in accordance with FAR 52.233-43 Fair Labor Standards Act and Service Contract Labor Standards-Price Adjustment (Multiple Year and Option Contracts). The Government does not expect the price of awarding a six-month contract to a new contractor to be recovered through competition as an award to a new contractor would include duplicated costs. An informal analysis of prices shows that awarding a bridge action is in the Government's best interest based on historical prices as displayed in Table 1 below.

An informal analysis was also completed utilizing contracts for similar services to the GOCO services provided at NAS Jacksonville. The Government compared the prices of similar service contracts recently awarded at NAS Pensacola, FL and NAS West, FL. As shown in the table below, the results indicate that market prices for these services have increased slightly over the past few years.

Table 1

Location	Follow-on Contract Number	Expected Jacksonville Monthly Price	Follow-on Contract Monthly Price	Percentage Difference
NAS Pensacola, FL	SPE603-25-C-5010	[redacted]		[redacted]
NAS Key West, FL	SPE603-26-C-5014			

Due to similarities in services, the contracting officer compared the base monthly price in the bridge with the base monthly price for the recently awarded NAS Pensacola, SPE603-25-C-5010, and NAS Key West, SPE603-26-C-5014. This comparison demonstrated that the estimated monthly price at NAS Jacksonville is $8,687.99 or 3.75% higher than NAS Pensacola and $3,424.01 or 1.46% less than NAS Key West. The monthly price is within a reasonable range since NAS Jacksonville offers specialized services such as pilot training. Due to the specialized nature of the services at NAS Jacksonville, the contracting officer concluded that a new solicitation would not produce better pricing and a new solicitation would create unacceptable delays and the potential for mission failure. Ultimately, the contracting officer determined the price of the bridge action is fair and reasonable in

accordance with FAR 15.404-1(b)(6), c*omparison of proposed prices with prices obtained through market research for the same or similar items*.

8. Description of the market research conducted and the results or a statement of the reason market research was not conducted (FAR 6.104-1(a)(8)):

Market research performed for the follow-on contract, SPE603-25-R-0508, was also used for this bridge action. The SSN was published on the SAM website by DLA Energy – FESAB on July 19, 2024, to solicit capability statements from potential vendors and provide notice of the follow-on contract. DLA Energy received nine responses: [redacted] The program manager reviewed the capability statements and found each capable of meeting the requirements based on their responses to the SSN. Solicitation SPE603-25-R-0508, which was competed using full and open competition, was issued on August 14, 2025, and closed October 16, 2025.

9. Any other facts supporting the use of other than full and open competition, such as (FAR 6.104-1(a)(9)):

(i) Explanation of why technical data packages, specifications, engineering descriptions, statements of work, or purchase descriptions suitable for full and open competition have not been developed or are not available.

Not applicable.

(ii) When 6.103-1 is cited for follow-on acquisitions as described in 6.103-1(c), an estimate of the cost to the Government that would be duplicated and how the estimate was derived.

Solicitation SPE603-25-R-0508 was issued on August 14, 2025, and closed on October 16, 2025. The anticipated date of award is [redacted]. The potential awardee is required to obtain vehicles and based on historical data, the timeframe to procure the vehicles is six months. The expiration of the current contract is May 31, 2026.

If contractual services at NAS Jacksonville, FL cease, the impact would be immediate and severe. There is a critical distinction between a planned handover and a sudden cessation of operations. NAS Jacksonville is a high-volume Department of War fuel complex that moves millions of barrels of JP5 and lubricants annually through a massive network of tanks and pipelines. If services cease outright, the impact is immediate and severe. It would instantly halt the replenishment of naval vessels and aircraft, crippling the operational readiness of Navy, Marine Corps, and joint service operations.

During a standard competitive transition, duplication of effort and overlap are carefully scheduled to ensure continuous mission support. A break in service, however, offers no such buffer. The strategic cost of paralyzing a major continental U.S. fuel node compromises national defense readiness and regional energy security. Therefore, the immediate operational risk of this specific service disruption far outweighs the potential cost savings we originally sought through the competitive award.

The cost for the current contract is approximately $2,774,987.88 per year. Cost to the Government would be duplicated if another contractor provided the service instead of moving forward with a bridge contract. The total estimated duplicated costs are $338,700 which includes costs for Administrative, Insurance, maintenance, personal protective equipment, and personnel training.

Based on the solicitation, key areas where costs could be duplicated include:

• **Administration/Operations:** The cost is approximately $50,000.
• **Insurance:** Liability insurance is approximately $35,700.00.
• **Maintenance/Parts:** The cost is approximately $50,000.
• **Permitting and Licensing:** Obtaining necessary permits and licenses (environmental, safety, operational) is time-consuming and costs around $100,000 in fees, studies, and legal consultations. This is a one-time cost.
• **Personal Protective Equipment (PPE):** Costs range between $2,000 - $5,000.
• **Personnel Training:** Training a new workforce to U.S. Navy standards is expensive (fuel handling procedures, safety protocols, quality control). Training, including classroom instruction, on-the-job training, and certifications, could cost $5,000 per employee. Training for an estimated 20 employees would cost approximately $100,000. The incumbent's workforce is already trained.
• **Vehicle Procurement:** While the new solicitation requires the awardee to obtain vehicles, this is required for the new contract and does not apply to duplicated costs.

Total Estimated Duplicated Costs:
Adding the estimates together:
$50,000 (Administrative) + $35,700 (Insurance) + $50,000 (Maintenance) + $100,000 (Permitting) + $3,000 (PPE) + $100,000 (Training) = **$338,700**

How the Estimate Was Derived:

Estimates were reached through market research, reviewing the Independent Government Cost Estimate (IGCE) provided by the program manager, and reviewing data from Florida Department of Environmental Protection (FDEP), City of Jacksonville, FL, Florida Statutes, and Florida Administrative Code (Underground and Aboveground Storage Tank Systems).

Awarding this contract to any source other than the incumbent, UPC, would create an unacceptable risk of mission failure due to a critical gap in service delivery. Furthermore,

the Government estimates that awarding a contract to a new contractor would result in approximately **$340,000** in duplicated costs. A new contractor would face significant delays in acquiring the necessary infrastructure, permits, and training personnel, which would lead to a gap in services.

(iii) When 6.103-2 is cited, estimated cost, or other rationale as to the extent and nature of the harm to the Government.

Not applicable.

10. A listing of the sources, if any, that expressed, in writing, an interest in the acquisition (FAR 6.104-1(a)(10)):

[redacted]

11. Actions that may be taken to remove or overcome barriers to competition before any subsequent acquisition for the supplies or services are required (FAR 6.104-1(a)(11)):

There are no barriers to competition at this location. The Government has procured these services competitively in the past and intends to continue to do so. Solicitation SPE603-25-R-0508, the follow-on contract, was issued using full and open competition, and is scheduled to be awarded prior to the expiration of the three-month bridge with a three-month option. The anticipated award date is on or before July 21, 2026, with performance beginning on November 1, 2026.

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I hereby certify that the data which forms the basis for this justification is accurate and complete to the best of my knowledge and belief.

[redacted]
Contracting Specialist

[redacted]
Contracting Officer

[redacted]
Division Chief

I hereby certify that the data which forms the basis for this justification is accurate and complete and that the purchase request covers only the minimum requirements to satisfy the needs of the Government.

[redacted]
Chief of Requirements Division

I have reviewed and concur with this Justification.

[redacted]
Director, Bulk Petroleum Services

Approved:

[redacted]
JAMES CLOUGH
DLA Energy Advocate for Competition