JUSTIFICATION AND APPROVAL FOR OTHER THAN FULL AND OPEN COMPETITION SPRDL1-25-R-0145

1. **Contracting Agency:** Defense Logistics Agency - DLA Land Warren (DLA-WRN).

2. **Description of Action:** DLA-WRN proposes to award a New Firm-Fixed-Price Five-Year Long-Term Contract (LTC) to Sechan Electronics, Inc., Commercial and Government Entity (CAGE) 7Z941, or an offeror providing the approved product for National Stock Number (NSN) 7021-01-705-7959, Part Number (P/N) 13056437, Kit, Power Conditioning Unit Replacement 2 (PDCU-R2) with container, using Army Working Capital Funds.

3. **Description of Supplies/Services:**). The PDCU-R2 performs ballistic computations and weapon control, provides the interface between the Paladin Digital Fire Control System – Replacement (PDFCS-R) computer and the radios, and stores data which is displayed on the PDU-R/PDCU-R2 when entered on the keypad. This kit includes two items: PDCU-R2 and its container. The deliverable for this contract is for a guaranteed minimum quantity of four each, with a five-year maximum quantity of 165 each. The total estimated maximum value of this contract is [redacted].

Acquisition Method Code (AMC):
3 - Acquire, for the second or subsequent time, directly from the actual manufacturer.

Acquisition Method Suffix Code (AMSC):
B - Acquisition of this part is restricted to source(s) specified on "Source Control", "Altered Item" or "Selected Item" drawings/documents.

4. **Authority Cited:** The statutory authority permitting other than full and open competition for this effort is 10 United States Code (U.S.C.) 3204(a)(1) as implemented by the Federal Acquisition Regulation (FAR) 6.302-1 “Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements”.

5. **Reason for Authority Cited:** The customized PDCU-R2 with Container, is a vital part used on M109A7 Howitzer platform. This kit is composed of the PDCU-R2 (sole sourced to Sechan) and the Shipping and Storage Container, Government (USG) P/N 12999107; Vendor Item Number AL2318-1205 (sole sourced to Pelican Products (Pelican) CAGE 65442). The PDCU-R2 is used in the PDFCS-R for the M109A7 Paladin Integrated Management Self-propelled Howitzers. The PDCU-R2 hosts PDFCS-R software and provides digital control signals to the Vehicular Motion Sensor Modem, Dynamic Reference Unit-Hybrid and PDFCS Display Unit.

[redacted]

The USG does not have the pertinent technical data to enable competitive re-procurement. This part must be acquired from a manufacturing source(s) specified on a source control or selected item drawing as defined by the current version of DoD-STD-100. Suitable technical data, USG data rights, or manufacturing knowledge are not available to permit acquisition from other sources, nor qualification testing of another part, nor use of a second source part in the intended application. Although, by DoD- STD-100 definition, altered and selected items shall have an adequate technical data package, data review discloses that required data or data rights are not in Government possession and cannot be economically obtained.

The USG has a top-level drawing which is not fully defined and has no access to the approved source's detailed Level III Technical Data Package (TDP). In addition, the source-controlled drawings 13056427 and 12999107 do not disclose all the information necessary to manufacture these parts. The above two manufacturers possess unique technical qualifications and experience to satisfy USG's needs. Sechan owns detailed technical data and all the associated performance specifications to manufacture the PDCU-R2. Similarly, Pelican owns detailed technical data and all the necessary performance specifications to manufacture the Shipping and Storage Container. These approved vendors are the only contractors who have the required technical and engineering knowledge, production facility capability and expertise, internal configuration control, quality testing capability, and the overall management capacity necessary to produce this kit. The USG would have to reverse engineer the parts and develop a detailed TDP to be able to competitively procure this kit. Engaging in a competitive procurement process would result in a substantial duplication of cost, which would not be recovered through subsequent competition.

Duplication of Cost through Reverse Engineering:

Task	Cost Estimate
Reverse Engineering of Application Specific Design	[redacted]
Qualification Procedures	
Testing / Analysis of Application Specific Design	
Logistical Development	
System Support Package (SSP)	
Total	

a) Army Combat Capabilities Development Command (DEVCOM) - Armaments Center (AC) engineering estimates the cost to develop a competitive TDP for this item through reverse engineering, could run as high as [redacted]. This includes fabrication and testing of the prototype hardware and releasing a validated TDP. The subtasks involved would include the following: identify all deficiencies, conduct market research on available parts and components, identify the system's components and their interrelationships, obtain existing parts, tear down and understand the design, create representations of the system in another form or a higher level of abstraction, create the physical representation of that system, fully define functional parameters, generate

a Bill of Materials document, build prototypes, and then create a new TDP which would include component drawings, performance specifications, and qualification procedures.

b) Since there are no procedures in place to determine whether other sources are qualified to meet the USG's requirements, it would take approximately an additional [redacted] for the U.S Army, DEVCOM Armaments Center engineers to develop the requirements and qualification procedures for the prospective contractors to manufacture and qualify the new kit.

c) It would cost at least [redacted] to conduct the actual engineering testing/analysis in collaboration between the USG engineers, including the cost for any additional test equipment or fixtures; components, safety and system level/ higher level assemblies testing, end item systems required to test the item, the test facilities costs, and the cost to test the new design on the end item to ensure proper field operation. The analysis includes conducting the actual verification testing, reviewing the engineering data, and preparing a technical report to determine whether a newly designed kit has successfully met the qualification process.

d) Technical manuals and logistics procedures will be needed. These will cost approximately [redacted]

e) SSP will be needed to maintain the test vehicles running to maintain test schedule which will cost at least [redacted]

The aggregate cost of reverse engineering, developing qualification procedures/requirements, conducting testing/engineering analysis, logistical development, and developing the SSP to qualify a newly designed kit would approximately total [redacted], which would not be recovered through subsequent competition. Therefore, actions to increase competition are not being considered currently.

The Government would not be able to recover, through subsequent competition, the duplication of costs involved in reverse engineering the item to create a competitive TDP or qualify additional source(s) within a reasonable time frame. At the current average usage rate of [redacted] units each year with a current unit cost of [redacted], and assuming 25% savings achieved through competition, the [redacted] in annual savings would take over [redacted] years to offset the estimated [redacted] cost of reverse engineering the item and validating a competitive TDP or qualifying another source.

The table "Scheduling Delay Concern Table" below presents the estimated schedule delay that the Government will have to deal with if reverse engineering this motor is being considered.

Scheduling Delay Concern Table:

Task	Schedule Delay
Reverse Engineering of Application Specific Design	[redacted]
Qualification Procedures	
Testing / Analysis of Application Specific Design	
Logistical Development	
System Support Package (SSP)	
Total	

Reverse engineering this kit would require an estimated delay of at least [redacted] months. Qualification procedures development would take a minimum of [redacted] months to be completed. In addition, the testing/ analysis of the design would require at least [redacted] months prior to releasing a validated competitive TDP. Logistical development would take a minimum of [redacted] months to complete. Moreover, the SSP and the logistical development would each require [redacted] months minimum to be completed. This brings the overall estimated schedule delay to [redacted] months.

6. Efforts to Obtain Competition:

a. **<u>Effective competition</u>:** Due to the reasons cited in Section 5 above, the Government is not pursuing competition for this item. Notices required by FAR 5.201 will be posted.

b. **<u>Subcontracting competition</u>:** Unless the contract is awarded to a small business, the solicitation and resulting contract will include FAR clauses 52.219-8, "Utilization of Small Business Concerns", 52.244-5, and “Competition in Subcontracting" to maximize small business opportunities and utilization.

7. Actions to Increase Competition: There are no plans to increase competition for future procurements due to the reasons cited above.

8. Market Research: A Sources Sought Notice was posted to SAM.gov on 20 March 2025 and was open for 15 days. No responses were received.

DEVCOM-AC engineering conducted market research on 28 March 2025, by performing an internet search for part numbers 13056427 and 12999107. No suitable sources were found.

The search results are described below:

Keyword(s): 13056427
Website: NSN-NOW (https://nsn-now.com/Indexing/PublicSearch.aspx). Findings: No results.

Keyword(s): 13056427
Website: Ability One (https://www.abilityone.gov).
Findings: No Results

Keyword(s): 12999107
Website: NSN-NOW (https://nsn-now.com/Indexing/PublicSearch.aspx). Findings: Manufacturer - Packing Strategies Incorporated (CAGE 0N4N5). This vendor is a supplier for the sole source approved contractor Pelican Products (CAGE 65442).

Keyword(s): 12999107
Website: Ability One (https://www.abilityone.gov).
Findings: No Results

9. Interested Sources: To date no additional sources have expressed interest in this item.

10. Other Facts: Procurement History: There is no procurement history available.

11. Technical Certification: I certify that the supporting data under my cognizance which is included in the justification is accurate and complete to the best of my knowledge and belief.

Name: [redacted]
Title: Acting Chief, Long Range Fires Branch
Signature: 5/6/2025

X [redacted]

Signed by: USA

12. Requirement Certification: I certify that the supporting data under my cognizance which is included in the justification is accurate and complete to the best of my knowledge and belief.

Name: [redacted]
Title: Chief, Sourcing Division
Signature: 5/7/2025

X [redacted]

Signed by: USA

13. Fair and Reasonable Cost Determination: I hereby determine that the anticipated cost to the Government for this contract action will be fair and reasonable. This determination will be based on the results of a detailed cost and/or price analysis. The contractor will be required to submit certified cost or pricing data as this item has been determined to be an other than commercial product.

Name: McCarthy, Ralph F CIV DLA LAND AND MARITIME (USA)
Title: Contracting Officer
Signature: 5/6/2025

X Ralph McCarthy

Signed by: MCCARTHY.RALPH.FITZGERALD.[redacted]

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

Name: McCarthy, Ralph F CIV DLA LAND AND MARITIME (USA)
Title: Contracting Officer
Signature: 5/6/2025

X Ralph McCarthy

Signed by: MCCARTHY.RALPH.FITZGERALD.[redacted]

Approval Authority for Acquisitions Greater Than $750K But Less Than $15M

APPROVAL OF JUSTIFICATION
FOR OTHER THAN FULL AND OPEN COMPETITION

Based on the foregoing Justification, I hereby approve the procurement of the following:

a. Noun: Kit, PDCU-R2 with Container

b. NSN: 7021-01-705-7959

c. Minimum Guaranteed Quantity: Four Each

d. Estimated Maximum Quantity: 165 Each

e. Minimum Guaranteed Contract Value: [redacted]

f. Estimated Maximum Contract Value: [redacted]

h. Length of Contract: Five-Year LTC

This action will be awarded on an Other Than Full and Open Competition basis pursuant to the authority of 10 U.S.C. 3204(a)(1) and subject to the availability of funds. This approval is subject to the provision that the property herein described has otherwise been authorized for acquisition.

Signature:

X WIEBUSCH.JAMIE.[redacted] Digitally signed by WIEBUSCH.JAMIE.[redacted] Date: 2025.05.09 12:58:57 -04'00'

Competition Advocate