



EXCEPTION TO FAIR OPPORTUNITY (ETFO) JUSTIFICATION

1. Nature and/or Description of the Action

The Defense Threat Reduction Agency (DTRA) contracting activity proposes to procure, without requesting proposals from all five (5) contractors under the Combating Weapons of Mass Destruction (CWMD) Research and Technology Development Indefinite Delivery/Indefinite Quantity (ID/IQ) contract support for the effort entitled “Target Assessment Technologies Support”. Applied Research Associates (ARA) and Leidos will be the only contractors solicited to provide the required technical effort as dual awards.

2. Description of the Supplies/Services Required

The Defense Threat Reduction Agency (DTRA) requires Research and Development and associated operational services in support of the Target Assessment Technologies Program. The ongoing Target Assessment Technologies Program develops and integrates geotechnical analysis, structural and functional analysis, emerging technology information and modeling tools for full dimensional defeat of Weapons of Mass Destruction (WMD) associated targets and Hard and Deeply Buried Targets (HDBTs). The program also employs these tools to produce target characterizations in direct support of the Defense Intelligence Agency (DIA) Underground Facility Analysis Center (UFAC). Additionally, the program, through the Counter-Weapons of Mass Destruction Analysis Cell (CWAC) integrates DTRA Research and Development (R&D) efforts with DIA Defense Counterproliferation (DCP) analytical capabilities to develop models and tools to counter current and emerging adversary WMD threats.

The Intelligence Community (IC) and Combatant Commands (CCMDs) have a need to hold adversary WMD targets and HDBTs at risk for Full Dimensional Defeat. This need includes the capability to find, physically and functionally characterize, and assess these type targets as well as conduct target defeat mission planning. This need also includes analysis of full WMD life cycles related to targeting. Target characterization processes need Artificial Intelligence (AI) and Machine Learning (ML) features in order to overcome adversary denial and deception techniques. Finally, these processes require enhanced mission planning and target visualization technologies.

The overall objectives of this requirement are to improve US capabilities to find, identify, characterize, analyze, model, defeat and assess WMD threats and HDBTs world-wide; transition these capabilities to the IC and CCMDs; and identify potential new concepts and technologies and techniques to identify vulnerabilities of WMD threats and HDBTs world-wide. The required scope of work in support of these objectives encompasses both R&D and Operations and Maintenance (O&M) funded tasks.



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The R&D funded scope of work is to provide scientific, technical and engineering support for Target Assessment Technologies Division programs, which includes the development of analytical methodologies, models and tools for characterizing, assessing vulnerabilities, and targeting foreign WMD and HDBTs and the associated processes; the associated validation and testing of such methodologies, models, and tools to ensure quality products are delivered to the CCMDs; identification and assessment of emerging WMD technologies, programs, and networks; provide scientific, technical and system engineering support for the development of technologies and techniques, including sensors and sensor systems, applicable to finding, characterizing and assessing UGFs and WMD technologies.

The O&M funded scope of work is to integrate new modeling methodologies, conduct technology and vulnerability analyses to improve the CCMD's and IC's capabilities to combat WMD, perform engineering analyses and characterization of foreign WMD facilities and processes, and provide other support based on prioritized tasks from the government. Provide modeling and assessment support to the IC and CCMDs on WMD threats and HDBTs world-wide; identify vulnerabilities of WMD threats and HDBTs world-wide in order to enhance targeting and intelligence collection and transition new capabilities to operational support.

This requirement is a follow-on to two Target Assessment Technologies Division Mission Support CWMD ID/IQ contract Task Orders (TO) HDTRA1-18-F-0039 (ARA) and HDTRA1-18-F-0023 (Leidos). This will be the third dual award TOs for this requirement under the CWMD ID/IQ.

This requirement has historically been met via three (3) separate task orders since 2014. The three task orders are the dual awards mentioned here and a third task order whose period of performance was offset by approximately two (2) years. The initial CWMD ID/IQ TOs for this effort were awarded competitively in 2014 where ARA and Leidos were the dual awardees, with a third task order in the middle of execution. The initial competitive awards in May 2014 were sized at a total contract value of \$49,760,545 for ARA under task order HDTRA1-14-D-0003-0006, and \$46,226,655 for Leidos (formerly SAIC) under task order HDTRA1-14-D-0008-0003. This equated to a 52%/48% cost ratio between the ARA and Leidos TOs, respectively. The third task order was competitively awarded to Leidos in September 2016 under task order HDTRA1-14-D-0008-0011 at a contract value of \$54,321,405.

In April 2018, ARA & Leidos were awarded new TOs via ETFO logical follow-ons. These new TOs were larger than the initial requirement, with a total contract value of \$84,305,651 for ARA under HDTRA1-18-F-0039 and \$103,810,294 for Leidos under HDTRA1-18-F-0023. This equates to a 45%/55% cost ratio between the ARA and Leidos TOs, respectively.

Leading up to the completion of the third task order (Leidos-0011) in September 2021, the Target Assessment Technologies Program conducted an extensive analysis of SOW and ceilings for all three task orders. The program concluded that the dual awardees had enough overlap of SOW and available ceiling to support the entire requirement set until the end of the dual award task order in April 2023. This provided multiple advantages to the government. Two of the task orders were awarded to the same performer, and using a single task order simplified administration. Given sufficient mapping of tasks across the SOWs and available contract

ceiling, requirements could be met within the remaining two task orders without additional contracting actions. Therefore, in September 2021, task order HDTRA1-14-D-0008-0011 completed without a follow-on, but with the expectation that future contracts would be sized appropriately to meet requirements historically met by three task orders.

The current TOs end in April 2023, which requires an award by the beginning of April 2023 as follow-ons to the two current IDIQ TOs to avoid a break in service. The anticipated total period of performance is April 1, 2023 to December 2, 2025 (32 months) to coincide with the end of the available period of performance for TOs under the CWMD ID/IQ contract's restriction. These 32 months include a 12-month base period, a 12-month option period, an 8-month option period, and additional options of varying lengths for surge, incentives and foreign military sales. The total estimated value of these dual awards is \$200,000,000, inclusive of base and all options. The level of effort is to be apportioned at approximately 50%/50% between the two planned performers resulting in award of two TOs of approximately \$100,000,000 each. Note the increase from about \$96,000,000 for the two initial TOs in 2014, to \$188,000,000 in 2018, to the present plan of \$200,000,000 is attributable to an increased level of effort by external partners and inclusion of wider project plans within the Target Assessment Technologies Program. The increase is also due to accounting for the level of effort previously executed by the third task order, which equated to a total contract value of \$130,900,000 in 2014 and \$242,000,000 in 2018.

As of December 6, 2022, the existing CWMD ID/IQ has approximately \$2,245,000,000 of ceiling available which will cover the estimated cost of this effort.

3. Exception to Fair Opportunity

Under FAR 16.505(b)(2)(i)(C), the order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to an order already issued under the contract, provided that all awardees were given a fair opportunity to be considered for the original order.

4. Justification Rationale

These proposed CWMD ID/IQ TO dual awards are a logical follow-on to two current CWMD ID/IQ TOs. The proposed actions are for a continuation of R&D and related O&M services in support of continuing requirements of the Target Assessment Technologies Support program. The scope is a continuation of the existing effort and remains unchanged. The funding sources remain the same, but the level of effort has increased with expected additional funding from external partners. This work consists of critical long-term R&D of target characterization tools and techniques that is unique within DOD. These task orders also support the transition of the R&D products to the end-users for application to the specific target sets. This arrangement of R&D and transition to operational applications is also a unique feature of these TOs. While this work is characterized as severable, the planned work is closely related to the current work and builds on R&D foundations laid in the current effort.

Multiple methods exist to transition to a new performer, ranging from documentation only to 100% contract overlap. In order to meet the highly specialized nature of tasks and skillsets to

accomplish those tasks across the Target Assessment Technologies Program, the most efficient transition to a new performer likely includes some portion of contract overlap to ensure mission critical aspects of required tasks maintain continuity. Some of the transition activities will include security, access badging, property, and other personnel issues to be transitioned. Majority of the transition will be focused on the assistance to the new contractor including delivery of continuity folders for each position, providing relevant points of contact, file locations, travel plans, scheduled suspense dates, and details on accounts and subscription services to be terminated or transferred. Mission critical aspects reflect O&M, time sensitive tasks integrating Intelligence Community products and requirements. Tasks not identified as mission critical, but highly specialized, provide higher efficiency with contract overlap versus documentation transfer only. These include R&D efforts related to WMD processes, geological analyses, and both above ground and underground facilities and the expertise required to meet these tasks, as laid out in the Statement of Work (SOW).

Transition to a new performer likely requires a reasonable span of time (3 months) of contractual overlap due to the complexity and uniqueness of the specified tasks handed off from the current performers to a new performer (or performers). The average mission critical O&M analysis takes three (3) months. An appropriate overlap will provide for the current performer to hand off each step of an analysis. Using the worst case scenario, transition would be a complete overlap of new and old personnel to complete the analysis process side-by-side in its entirety. There is likelihood that some tasks will require a single, serial hand off but it is reasonable to assume that the current performer can hand off multiple steps at once to the new performer to gain efficiency. Many of the R&D tasks have highly specialized skillsets with just one person supporting a given task, such as a single nuclear process engineer, geologist, or chemical scientist. Therefore, a transition of current R&D efforts via contract overlap provides the level of detail and context that is often lost via a document-only transition. R&D efforts will likely experience a more noticeable ramping of efforts compared to O&M. Additionally, the majority of R&D efforts could succeed in a hand off in 3 months, while very few specialties could substantiate a longer transition as valuable for the government.

The current 12-month average execution rate across both tasks orders, combining O&M and R&D, is approximately \$4,200,000 per month. Estimating a straight-forward, single serial handoff, results in an estimated \$12,600,000 of additional cost for three (3) months of transition. Alternatively, pursuing an extensively planned and phased transition incorporating contract overlap for only the most critical and sensitive activities, and assuming some measure of contractor transition to a new performer, an additional estimate is achievable. A reasonable estimate is 75% overlap for the first month, 50% overlap the second month, and 25% overlap the third month, resulting in \$6,300,000 in overlapping transition costs. Regardless of method determined most economical to the government, the cost is significant. However upon completion of the transition, the new performer(s) carries all responsibility for ramping up to the same (or higher) level of performance as the current performers, and a concerted transition effort will minimize time to ramp up. Using analogous government estimates, the use of an aggressive transition plan reduces ramp up time to only three (3) months of contract overlap with an expected cost of no more than \$3,800,000 for costs associated with ramp up (due to training required).

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Any new performer experiences a span of time ramping up to equal the level of performance as the previous performers. Though the new performer(s) must possess all the technical skills to execute the tasks, they will take time to reach the level of maturation and efficiency of the outgoing performers with their own methods of process and task execution. This time spent ramping up translates in a loss of productivity against assigned tasks within the SOW, when compared to the outgoing performers. Though this is a services contract, the tasks assigned have regular and recurring deliverables, or products, that are the output of requirements in the SOW. For instance, an O&M task (SOW 4.21) results in regular recurring documents published to the IC, meeting rigorous standards for an intelligence report. An example of an R&D product (SOW 4.2) is a high-fidelity model showing the intricacies of a chemical agent production process. The new performers will likely take time to reach or exceed the output and quality required in the SOW. In certain cases, they will experience a loss in initial productivity to achieve required training and certification standards only possible once under contract.

DIA funded O&M tasks have reportable metrics including reports produced, and time spent ramping up will not achieve the rates of the current performer, who is already trained and maximized efficiency in product generation and delivery. As a specific example, DIA's Underground Facility Analysis Center (UFAC) has mandatory training that requires 50% time the first year and 10% time the second year to achieve certification. This training is mandated and provided by UFAC for any tasks funded by them.

Without a contract overlap/transition a 25% loss of productivity during the first year of the new contracts would result in up to \$18,000,000 in lost target task production, if realized across both task orders. This equates to significant loss of efficiency to the government while new engineers ramp up and receive required training and qualifications. As the work required by the contractor is specific, unique, and complex, the time required for a new contractor to reach expected full production capacity without a dedicated transition will take up to 12 months. An example of these specific tasks include incorporating specific knowledge of a WMD process with intelligence analyst products and methods instead of having complete system knowledge readily available. Another example is incorporating R&D analytical processes unique to the Target Assessment Technologies Program to further design analysis related to abnormal operation of underground facilities.

5. Market Research

- a. Historical acquisition information examined. The initial TOs HDTRA1-14-D-0003-0006 with ARA and HDTRA1-14-D-0008-0003 with Leidos were competitively awarded under the CWMD ID/IQ. The current TOs HDTRA1-18-F-0039 with ARA and HDTRA1-18-F-0023 with Leidos are follow-ons awarded as sole source duals awards via ETFO logical follow-on under the CWMD ID/IQ. Raytheon was also a previous performer on this work via TO HDTRA1-07-D-0004-0002 awarded in 2011 under a previous ID/IQ.
- b. Market research for prospective 8(a) firms was conducted using the Small Business Administration's (SBA's) Dynamic Small Business Search website (http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm). Searched using the Quick Market Search function with NAICS code 541715 and search terms WMD, UGF, and M&S. The database

did not identify any prospective Small Business firms in any categories that would be able to fulfill the tasks in the statement of work.

- c. Review of Internet resources. This included a review of capabilities inside and outside the DTRA CWMD ID/IQ team members. The results of the six (6) ID/IQ holders concluded that the incumbents, ARA and Leidos, were the only offerors that possess all of the required capabilities. The results of the reviews outside the ID/IQ were based on a search between August 2022 and September 2022 to identify companies with the capability and expertise in counter WMD and underground facility; there were no results from these searches that identified any companies who possess all of the capabilities to perform the requirement.
- d. Request for Information (RFI). A RFI (14WMD0126-0127) was released on 9 August 2022 and closed 8 September 2022 to the five (5) holders under the CWMD ID/IQ. Two responses were received, both from the incumbents, ARA and Leidos. The assessment of the responses concluded that both ARA and Leidos possess the extensive capabilities in all required areas for the successful execution of the follow-on effort.
- e. Personal knowledge in procuring supplies/services of this type. The overall results indicate that although other contractors possess some capabilities, only ARA and Leidos possess all of the required capabilities for counter WMD and underground facility expertise.

Based on the market research above, besides the incumbents, ARA and Leidos, there are no other known companies that have the unique technical expertise to cover all the major elements of the Target Assessment Technologies Program, as well as in a timely and cost-efficient manner. Market research has revealed no other performer with the requisite knowledge, experience and expertise to perform without introducing considerable risk into the program.

6. Determination of Fair and Reasonable Cost

This requirement's anticipated cost will be reviewed in accordance with cost analysis techniques found in FAR 15.404-1(c) in order for the contracting officer to determine that it will be fair and reasonable.

7. Other Supporting Facts

Recognizing the need to maximize transition efficiency to any new performer at the conclusion of this task order, the SOW now includes a CDRL to create and deliver a transition plan. It will build in the recommended contract overlap required to accomplish the transition between the current performers and potential new performers in the most efficient and effective possible manner. It will be required to formally outline timelines and actions to facilitate the transition to potential new performers. The transition to the new contracts should occur no later than December 2025.

8. Subsequent Actions



Under the current task orders, both performers had the option to receive an incentive for subcontracting a portion of engineering tasks to one of the other prime contractors on the CWMD ID/IQ. [REDACTED]

[REDACTED] Each of the two performers on this requirement will once again be incentivized to employ a CWMD ID/IQ prime contract holder in a technical role and at a significant level of effort on their TO to give that subcontractor insight, capabilities and experience to compete for this work in the future.

At present, ARA and Leidos are the only known sources with the depth and breadth of knowledge and experience, and demonstrated performance-based capability to fulfill these unique requirements. Due to the relative short and transitory period of performance of these TOs, a logical follow-on is more advantageous to the government than competing and possibly qualifying a new contractor when the period of performance of the current IDIQ is nearing an end in 2025. The longer term plan is to compete the follow-on to these new task orders in the 2025 timeframe.

As similar acquisitions are undertaken in the future, market surveys will be completed in order to assess emerging market conditions and determine whether viable contractors have entered the market place for potential competition. As this is a small industry niche, small businesses in this field rapidly change; however, because of this small depth, these changes in industry are often readily visible to DTRA and others in the DoD who heavily rely on their immediate services and expertise.

Technical Certification

I certify that the data and information forming the basis for this justification are accurate and complete to the best of my knowledge and belief.



Project Manager

Date





Contracting Officer Certification and Determination

I certify that this justification is accurate and complete to the best of my knowledge and belief. Additionally, I determine that the order represents the best value consistent with Federal Acquisition Regulations.

CHANG.DAISY.M. [Redacted]

Digitally signed by
CHANG.DAISY.M. [Redacted]

Date: 2023.01.23 15:39:07 -05'00'

Contracting Officer

Date

General Counsel Coordination

This justification is legally sufficient.



Attorney

Date





Competition Advocate Coordination

Based on the above justification, I hereby concur with accomplishment of this acquisition based on other than full and open competition.



Competition Advocate

Date

Head of Contracting Activity Coordination

Based on the above justification, I hereby concur with accomplishment of this acquisition based on other than full and open competition.

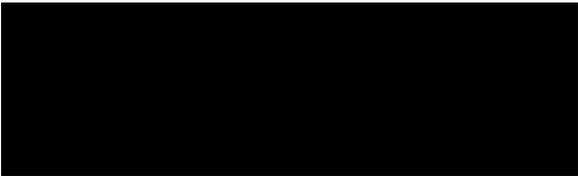


Head of Contracting Activity

Date

Approval

Based on the above justification, I hereby approve accomplishment of this acquisition by means of limited sources.



Senior Procurement Executive

Date

