**COORDINATION AND APPROVAL DOCUMENT**

CONTRACTING ACTIVITY: 645th Aeronautical Systems Group

PROGRAM NAME: Predator C Test Aircraft Procurement

AUTHORITY: 10 U.S.C. 2304 (c)(1) as implemented by FAR 6.302-1(a)(2)(ii)(B)

ESTIMATED CONTRACT COST: $15,000,000

TYPE J&A: Individual

Contracting Officer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_

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**JUSTIFICATION AND APPROVAL FOR OTHER THAN**

**FULL AND OPEN COMPETITION**

**I. CONTRACTING ACTIVITY.**

The contracting organization is the Aeronautical Systems Center, Intelligence, Surveillance, Reconnaissance and Special Operations Forces (ISR & SOF) Directorate, 645th Aeronautical Systems Group (645 AESG), Special Projects Contracting Division (645 AESG/WIJK), 2530 Loop Road West, Room 144, Wright-Patterson Air Force Base, Ohio 45433-7106. The 645 AESG, Big Safari, is the single manager for the program covered by this individual Justification & Approval (J&A).

**II. NATURE AND/OR DESCRIPTION OF THE ACTION.**

This individual J&A describes the sole source procurement of one Predator C Unmanned Aerial System (UAS) for use as a test aircraft. A cost plus fixed fee contract valued at $15,000,000, is planned to be awarded to General Atomics in November 2011 in accordance with FAR 6.302-1(a)(2)(ii)(B). The Secretary of Defense (SECDEF) and Assistant Secretary of the Air Force (Acquisition) (SAF/AQ) have indicated there is a requirement for a test aircraft on the next generation UAS for OPERATION ENDURING FREEDOM (OEF). This aircraft will act as the test vehicle to develop those next generation UAS sensors, weapons, and Tactics, Techniques & Procedures (TTPs) ensuring a quick, smooth and efficient fielding of these advanced capabilities to the area of operations. Currently, the combatant commanders, with the SECDEF’s concurrence, have determined there are insufficient assets in-theater today to gather the necessary information and to fully engage the present threat. By procuring this aircraft and rapidly fielding the capabilities developed on it, the DoD and other agencies will be able to close this gap now in addition to preparing for the next generation threat. This effort is an exceptional circumstance not only due to the need outlined by the SAF/AQ but because it fulfills a multi-agency role by providing a test platform for both Office of Secretary of Defense (OSD) and customers under an ongoing, classified SECDEF directed program. To that end, the 645 AESG received a Letter of Direction from the Assistant Secretary of the Air Force (Acquisition), Information Dominance (SAF/AQI) dated 5 July 2011 to procure a Predator C aircraft for use as a test asset. As General Atomics is the only manufacturer of this aircraft, they are the only source available to contract with to fulfill the requirement.

**III. DESCRIPTION OF SUPPLIES/SERVICES.**

a. This J&A covers the procurement of one Predator C UAS for use as a test asset. The contract is valued at $15,000,000.00. The development schedule for this program matches the requested aircraft delivery schedule by the classified customer. This aircraft will be used as a test asset in direct support of customer initiatives and will provide a significantly increased weapons and sensors payload capacity on an aircraft that will be able to fly to targets much more rapidly than the MQ-9 UAS. Since it has an internal weapons bay and four hardpoints on each wing it will also allow greater flexibility and will accommodate a large selection of next generation sensor and weapons payloads.

b. This entire effort will be funded with 3600 research and development funds.

**IV. STATUTORY AUTHORITY.**

10 U.S.C. 2304 (c)(1) as implemented by FAR 6.302-1(a)(2)(ii)(B), Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.

**V. APPLICABILITY OF AUTHORITY.**

a. In order to meet the SAF/AQI-directed procurement of this aircraft, a sole-source procurement from General Atomics Aeronautical Systems Inc (GA-ASI) is required, as GA-ASI is the only source that can provide this aircraft and the required capabilities. In addition, this urgent requirement to procure the Predator C UAS precludes the ability to use normal acquisition methods due to the high interest of OSD, the Air Force, and a classified customer, who are all in need of a permanent next generation UAS test capability. Delaying the award of this contract would result in further developmental and fielding delays of the advanced capabilities that will be rapidly developed and demonstrated on this aircraft. The Predator C aircraft will provide increased capability to prosecute enemy targets with heavier and “smarter” munitions and next generation sensors. This procurement effort will enable the Air Force and customer to further mature the aircraft into a platform able to carry a greater variety of sensors and weapons, up to and including 2000 pound stores, which is double the ability of current UAS platforms. Ultimately, through development and demonstration of advanced integrated sensors and weapons on this aircraft, the Air Force will be able to deliver better near real time surveillance information to the users and give the warfighters a wide range of advanced weapons to prosecute the targets regardless how large or small.

b. A sole source award to GA-ASI is the only way to avoid unacceptable schedule delays and meet the intent of SAF/AQI’s Letter of Direction. General Atomics Systems Inc. is the only company that has built and flown a demonstrator with the required capabilities and is developing a larger, more capable version suitable for deployment. General Atomics Systems Inc. has shown the ability and willingness to quickly ramp up production capacity if the Air Force and other customers decide to rapidly field the Predator C UAS.

c. General Atomics Systems Inc. is the only known source that can provide an aircraft meeting the requirements in the limited time available. An award to any other vendor would cause an unacceptable technical and schedule risk and a substantial duplication in cost to the government not just in terms of non-recurring engineering, but in production costs and infrastructure since the Predator C UAS is compatible with the ground control equipment of the MQ-9 Reaper. Research regarding the other known jet engine UAS platforms has indicated that the best capability they could offer was on an air vehicle using inappropriate sensors and non-existent weapons technology. This needless duplication of effort would take an estimated two years to perform on another platform as a Quick Reaction Capability based on our prior experience in writing code, integrating, and testing weapons on various UAS platforms. This delivery timeline would not meet the schedule we have been directed to achieve. If another platform was selected, the non-recurring engineering costs would likely exceed $150M to develop and validate software for a stores management system, integrate the necessary sensors and weapons and ultimately test those successfully on a government range. Making this more problematic is the fact that any other UAS vendor that can carry this class of munition would have no experience performing this work which would cause a high amount of risk to this aggressive schedule.

**VI. EFFORTS TO OBTAIN COMPETITION**

Secretary of the Air Force (Acquisition), Information Dominance directed the ISR & SOF Directorate to procure the Predator C aircraft. This effort was assigned to the ISR & SOF Directorate due to its previous history in procuring this type of demonstrator aircraft. The need for accelerated delivery was the overriding reason it was assigned to the ISR & SOF Directorate and that precluded the ability to perform full and open competition. The ISR & SOF Directorate initially performed market research among the contractors known to provide similar aircraft in order to identify companies that were qualified and could deliver the required capability to meet the schedule. The market research was limited based on the following assessment: requirements assigned to the ISR & SOF Directorate have significant National Security implications. Releasing requirements information into unclassified or “for official use only” channels poses a disclosure risk which can only be mitigated by using companies who are knowledgeable of and sensitive to the Intelligence, Surveillance and Reconnaissance (ISR) mission. As a result of this analysis it was necessary to limit market research to a restricted list of companies. General Atomics is the Originating Equipment Manufacturer for this system; and as such they are the only company deemed capable of meeting the critical demands of the specifications.

**VII. DETERMINATION OF FAIR AND REASONABLE COST:**

a. The Contracting officer will ensure the cost of this acquisition will be fair and reasonable to the government in accordance with FAR 15.4. The program office has resources available in house and at the various Big Safari squadrons, detachments, and operating locations to accomplish detailed engineering/ technical analysis. Cognizant Defense Contract Management Agency offices will be requested to provide analysis of proposed costs and provide field reports when determined necessary by the contracting officer. The Defense Contract Audit Agency (DCAA) will also be utilized to provide audit support to assess labor cost estimates, material subcontract costs and assist in negotiations.

b. In accordance with the Truth in Negotiations Act, the contracting officer will obtain certified cost and pricing data as required by FAR 15.403 as appropriate to ensure that the contractor’s proposed costs are current, accurate and complete. A technical evaluation will be performed to determine whether the labor hours proposed are reasonable for the effort at hand and that the labor mix is appropriate. If the contract type and cost are within the parameters for obtaining a DCAA audit, one will be requested and utilized to assist in the cost analysis. If no audit is warranted, the contracting officer and technical evaluation team will look at all elements of cost including material to ensure pricing is reasonable. If the contractor has a forward price rate agreement, those rates will be utilized as part of the Air Force Objective. If no Forward Pricing Rate Agreement exists, either a Forward Price Recommendation will be utilized, historical pricing will be used for comparison, or recommended rates provided by DCAA will be used to help establish fair and reasonable direct labor rates. Among other things, the contracting officer will compare contractor prices to historical information available for the same or similar items, as well as information obtained through market research. An objective will be developed, and negotiations will ensue after the appropriate business and contract clearances and legal reviews have been obtained. Finally, a Price Negotiation Memorandum will be completed to verify the negotiated prices are fair and reasonable. Proposals will be fully evaluated utilizing all avenues available. These measures will ensure that the contracting officer can certify the contract costs, and price arrangements as being fair and reasonable to the government.

**VIII. MARKET RESEARCH**

The 645 AESG has extensive knowledge of the aircraft development/modification/surveillance industry. Market research was conducted to evaluate the appropriate system required for this program, as well as the capability of the contractor to meet the very aggressive aircraft delivery schedule. Because most of the programs supported by this office fall under the auspices of National Security initiatives, much of the information necessary to compete for these actions cannot be released to companies without the necessary clearances. Therefore, while open market research rarely occurs, a continuous effort is made to develop and maintain additional sources. Of all the other companies capable of performing similar functions, none were capable of providing the exact system specifications, nor of meeting the aggressive schedule.

**IX. OTHER FACTS**

The 645 AESG has a streamlined process regularly used for urgent requirements. A Class J&A is utilized to support National Security requirements for 99 percent of the acquisitions performed in this group. Only programs that are directed by the Assistant Secretary of the Air Force for Acquisition are procured by the 645 AESG and those acquisitions are critical, quick reaction-type supplies and services that are deemed necessary for our National Security. Occasionally this group is directed to purchase supplies or services that are outside the normal parameters utilized and do not fall under the National Security J&A. This requirement is one of those unusual circumstances which, although it is critical to the National Security, the fact that only one source is capable of meeting the need warrants an individual J&A. However, the acquisition process must still be streamlined in order to meet the required schedule deadline, and other than full and open competition is the only method available to meet this extremely challenging delivery schedule and critical need.

**X. INTERESTED SOURCES**

See paragraph VIII above.

**XI. STEPS TO FOSTER COMPETITION**

The potential for full and open competition of this requirement is low. Individual components will be competed by the prime contractor to the maximum extent practicable at the subcontractor level. Additionally, all technical data and computer software necessary to design, develop, manufacture, certify, operate, maintain and train personnel on the Predator C UAS will be made available through deferred ordering and deferred delivery in case a future competition is held. The intent is to obtain sufficient data to allow a full and open competition on any follow-on efforts, although these competitions may not be done in the 645 AESG.

**XII. CONTRACTING OFFICER’S CERTIFICATION**

The contracting officer’s signature on the coordination and approval document evidences that she has determined this document to be both accurate and complete to the best of her knowledge and belief.

**XIII. TECHNICAL/REQUIREMENTS PERSONNELS’ CERTIFICATION**

As evidenced by their signatures on the coordination and approval document, the technical and/or requirements personnel have certified that any supporting data contained herein, which is their responsibility, is both accurate and complete.