

JUSTIFICATION REVIEW DOCUMENT

Description of Acquisition: Modification to extend the contract performance period for HDEC02-08-D-0001 to provide the uninterrupted delivery of fresh fruits and vegetables to 29 commissary store locations assigned to the Defense Commissary Agency.

Statutory Authority: 10 U.S.C. 2304(c)(1)

Amount: \$28,349,825.

Prepared by: Sarah E. Saunders
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Contracting Officer
Date: July 2, 2012

PCO: Sheila S. Norfus
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Contracting Officer
Date: July 2, 2012

**Technical/
Requirements:** Bridget A. Bennett
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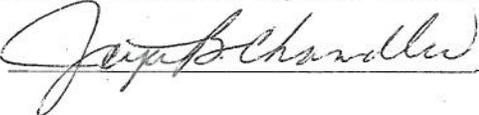
Commissary Management Specialist
Date: July 2, 2012

Signatures are required below:

Reviews: I have reviewed this J & A and find that the justification is adequate to submit to the approving official to support other than full and open competition:

Chief, Perishable Division: Joyce B. Chandler

Telephone: (804) 734-8000, 4-8238

Signature:  Date: 8/31/2012

General Counsel:

Telephone: (804) 734-8000, 4-8116

Signature:  Date: 31 Aug 2012

Resale Contracting Directorate Director:

John P. Lavinus III

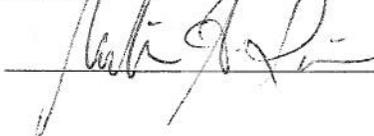
Telephone (804) 734-8000, 4-8547

Signature:  Date: 31 Aug 2012

DeCA Competition Advocate:

Melissa A. Rios

Telephone: (804) 734-8000, 4-8680

Signature:  Date: 9/4/12

**JUSTIFICATION AND APPROVAL
FOR OTHER THAN FULL AND OPEN COMPETITION**

1. **Contracting Office:** This action is made on behalf of the Sales, Marketing & Policy Group, Resale Contracting Directorate (MPR), Defense Commissary Agency (DeCA), located at 1300 E. Avenue, Fort Lee, Virginia 23801-1800.
2. **Type of Contract Action:** Contract modification action to extend the performance period of contract HDEC02-08-D-0001 with Raymond Express International, located in Sacramento, California, for an additional 11 months, from October 1, 2012, to August 31, 2013. The contract type is a requirements contract. Funding is provided by the Resale Stock Fund Activity of the Defense Working Capital Fund (DWCF).
3. **Description of Supplies/Services:** This action will provide for the uninterrupted delivery of a full line of USDA certified fresh fruits and vegetables for resale in 29 commissary store locations listed on page 5 that are assigned to the Defense Commissary Agency (DeCA). The total amount of the contract modification action is estimated at \$28,349,825 for an 11-month additional contract performance period. The estimated total dollar value of the modification is based on the total amount the contractor was paid over an 11 month timeframe for fresh fruits and vegetables delivered to the 29 stores located in the Pacific Theater between October 1, 2010, and August 31, 2011.
4. **Authority Cited:** 10 U.S.C. 2304(c)(1), in accordance with FAR 6.302-1(a)(2)(ii), only one responsible source and no other supplies and services will satisfy Agency requirements.
5. **Reason for Authority Cited:**

Contract HDEC02-08-D-0001 is scheduled to expire on September 30, 2012. The use of this authority is needed because the supplies required are only available from the current contractor for the timeframe required.

The current contractor is the primary source of supply to provide delivery of a full line of USDA certified fresh fruits and vegetables to the 29 commissaries listed on page 5 of this document. Interruption in the chain of supply would cause irrevocable damage to store operations and would negatively impact DeCA's mission to fully provide the commissary benefit to the military members and their families as well lost sales for the Agency.

Extensive market research is required for the re-solicitation of this contract. Contract administration of the current contract has proven problematic over the performance period specifically with purchasing locally sourced produce with reasonable pricing. Blanket Purchase Agreements (BPAs) were implemented as an interim measure in South Korea to correct the concerns with lower pricing and better quality. However, the measure was labor intensive and did not resolve the issues with pricing or quality on any type of long term basis. A more streamlined approach is definitely required.

Another significant piece to the re-solicitation of FF&V to the Far East is the logistics, specifically second destination transportation. As the system exists today, when the stateside produce products reach the inbound port of destination; i.e., South Korea, Japan/Okinawa and Guam, logistical support (deliveries to the stores) is required under separate contract. The separate contract ensured that second destination transportation costs are not included in the cost of the produce products and not passed on to the commissary patrons. Historically, the Defense Logistics Agency (DLA) wrote and administered the contracts that provided the transportation services from the ports of debarkation to the commissary stores. However, DLA changed their procedures in December of 2011, and advised DeCA the transportation services contracts will no longer be available after September 30, 2012.

There are strong indications that separating the stateside purchases from locally sourced purchases may be a more effective manner of purchasing FF&V in the Far East which is similar to the current model used in Europe. Additionally, there are discussions of long term resource solutions such as establishing an acquisition unit in Japan to address local purchases for Japan, Okinawa, and South Korea. As more and more DoD Agencies' funding shrinks, each agency is taking care of its own charges which may leave DeCA ultimately in the same position. This proposed acquisition unit in Japan would also handle other types of procurements that are currently being done by other Agencies. Tasking the acquisition group in Europe to procure the FF&V in the Far East was discussed as a short term solution to replace the expiring contract. Until this determination is finalized, the next step in this process would be for the HQ Sales Group, Resale Contracting Group to execute an extension to the current contract to allow uninterrupted FF&V to the Far East and time for the re-solicitation of the FF&V contract by the European acquisition unit.

DeCA is also in the process of soliciting and awarding a transportation contract that will replace the DLA contract prior to its expiration on September 30, 2012. This will allow an internally coordinated and uninterrupted supply of FF&V under the current contract until new contracts are in place.

Raymond Express International has been performing this contract successfully for the past four and one-half years. Based on the past performance information provided by the stores covered under this contract Raymond Express International is providing the produce required by the contract. Raymond Express International is the only known source that is capable of supplying the USDA certified fresh fruits and vegetables to the 29 commissary stores on this requirement.

6. **Efforts to Obtain Competition:** A pre-solicitation notice and request for information is scheduled to be published on the FedBizOpps government website in September 2012, identifying the government's intention to procure a full line of fresh fruits and vegetables to the 29 commissary store locations covered under the subject contract. Normally, this requirement is exclusively reserved for participation by small business firms and would be issued as a 100% small business set-aside. However, it is possible that if the European acquisition unit solicits for local source produce, other than small businesses may need to

be considered. The maximum effort will be made to obtain the broadest basis for competition. This justification will be made available for public inspection, after the completion of the contract modification to extend contract performance with the incumbent contractor, in accordance with FAR 6.305.

7. **Fair and Reasonable Cost Determination and Contracting Officer Certification:** The Contracting Officer (KO) has determined that the anticipated cost to the Government for the contract modification for the eleven month extension will be fair and reasonable based on cost and/or price analysis of the contractor's proposal. Based on the percentage of savings that has been achieved over the current contract performance period, the incumbent contractor has demonstrated the ability to meet the minimum percentage of patron savings required under the proposed contract performance extension. The incumbent contractor has agreed to continue meeting the minimum percentage of patron savings required under the proposed contract performance extension.
8. **Market Research:** Market research will be conducted for the subject contract through an RFI and the follow-on requirement will include previous acquisition history, a search of the Small Business Administration's Dynamic Small Business database, and a search of the Central Contractor Registration database.
9. **Other Factors:** As stated above, Raymond Express International is the only known source that is able to provide the fresh fruits and vegetables for the 11-month extension period. As the incumbent contractor, Raymond Express International has the existing infrastructures in place, and the web-based ordering system to continue just-in-time deliveries. Given the normal 30-day transitional period necessary for a new contractor to start performance, it is not possible to award this required to another contractor for the extension period.
10. **Interested Sources:** Raymond Express International is the only source capable of providing the fresh fruits and vegetables for the 29 commissaries required under the existing contract. However, if any companies express interest in the new requirement, they will be added to future mailing lists.
11. **Action to Increase/Foster Competition:** The follow-on acquisition will be solicited on an unrestricted basis unless additional market research confirms that adequate competition can be achieved from soliciting this requirement as a 100% small business set-aside. The last time this requirement was solicited as a 100% small business set-aside, 7 small business firms responded, but not for all 3 groups. Further, 2 proposals were not included in the competitive range, 1 proposal was eliminated from the competitive range, and 1 offeror withdrew their proposal during the last stage of the procurement. However, these facts may change if the procurement office changes as indicated above in items 5 and 6.

Commissaries covered under contract HDEC02-08-D-0001:

SOUTH KOREA	GUAM	JAPAN
1. Camp Carroll 2. Camp Casey 3. Camp Eagle 4. Camp Humphreys 5. Camp Red Cloud 6. Camp Stanley 7. Chinhae 8. Hannan Village 9. Kunsan AB 10. Osan 11. Taegu 12. Yonsan	1. Anderson AFB 2. Orote	1. Camp Courtney, Okinawa 2. Camp Foster, Okinawa 3. Camp Kinser, Okinawa 4. Kadena AB, Okinawa 5. Atsugi NAF, Japan 6. Camp Kure, Japan 7. Hario Village, Japan 8. Iwakuni, Japan 9. Misawa AB, Japan 10. Sagami, Japan 11. Sagamihara, Japan 12. Sasebo, Japan 13. Yokosuka, Japan 14. Yokota, Japan

Technical/Requirements Certification:

I certify that the supporting data under my cognizance, which are included in this justification, are accurate and complete to the best of my knowledge and belief.

Name: Joyce B. Chandler

Chief, Perishable Division

Signature: Joyce B. ChandlerDate: 8/31/2012**Fair and Reasonable Price Determination and Contracting Officer Certification:**

I hereby determine that the price for this contract action will be fair and reasonable. I certify that this J & A is accurate and complete to the best of my knowledge and belief.

Name: Sarah E. Saunders

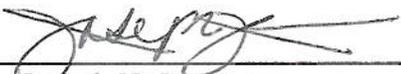
Contracting Officer

Signature: Sarah E. SaundersDate: 31 Aug 12

APPROVAL

Based on the foregoing justification, I hereby approve the procurement of the continuation of deliveries of fresh fruits and vegetables for the 29 commissaries covered under contract HDEC02-08-D-0001 for an 11-month contract performance extension, October 1, 2012, through August 31, 2013, on an other than full and open competition basis pursuant to the authority of 10 U.S.C. 2304(c)(1), provided funds are available, or will be available, and provided that the services and products herein described have otherwise been authorized for acquisition.

APPROVED:

Signature:  _____
Joseph H. Jeu

Date: 9/5/12 _____

Head of the Contracting Activity
Director and Chief Executive Officer
Defense Commissary Agency