

JUSTIFICATION REVIEW DOCUMENT Control No. HDEC05-12-81

Description of Acquisition: Provide Initial Product Upgrades and Monthly WIC EBT System Maintenance

Statutory Authority: 10 U.S.C. 2304(c) (1) **Amount:** \$277,182.88

Prepared by: Typed Name Michael F. Barnes Title Contract Specialist
Telephone No. 804-734-8000 x 86180 Date 9/25/2012

PCO: Typed Name Michael G. Shaffer Title Contracting Officer
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Technical: Typed Name Derrick Young Title IT Specialist
Telephone No. 804-734-8000 x 48561 Date 9/25/12

Requirements: Typed Name Ronald R. McMasters Title Chief of Store Operations
Telephone No. 804-734-8000 x 48593 Date 9-26-12

Signatures Are Required Below:

REVIEWS: I have reviewed this J&A and find the justification adequate to support other than full and open competition.

Program Manager: Typed name N/A Phone 804-734-8000x
(If none, show N/A) Signature _____ Date _____

Legal Counsel: Typed name Elliot Clark Phone 804-734-8000x48116
Signature Elliot Clark Date 9/25/12

Chief of Contracting Office: Typed name Terri Kerby Phone 804-734-8000x48391
Signature Terri Kerby Date 9/26/2012

DeCA Competition Advocate:* Typed name Melissa Rios Phone 804-734-8000x48680
Signature Melissa Rios Date 9/25/12

**JUSTIFICATION AND APPROVAL Control No. HDEC05-12-81
FOR OTHER THAN FULL AND OPEN COMPETITION**

1. **Contracting Office** – This action will be awarded by the Chief of the Supply, Revenue and Headquarters Support Branch of the Defense Commissary Agency.

2. **Type of Contract Action** – This new contractual action to provide Women, Infants, and Children Electronic Benefits Transfer (WIC EBT) product upgrades and maintenance will be firm fixed price. The period of performance will start October 1, 2012 and with the four one year options, ending September 30, 2017. The total price for this contract will be \$277,182.88.

3. **Description of Supplies/Services** – The products and services that will be provided by the contractor, Cash Register Services (CRS), will be WIC EBT product upgrades and WIC EBT maintenance for commissaries located in Texas and New Mexico. The products that will be provided consist of new pin pads for select stores, to replace obsolete models. Services are for maintenance of systems installed from a 2006 competition between State eligible vendors. CRS won that competition and are needed to perform maintenance to ensure the Commissary and State interface remains in working condition to sustain the requirement of the Government's WIC program. These maintenance services will include preventative maintenance, phone support, on-site support, emergency service, and software upgrades. The total cost of the WIC EBT product upgrades (which will only be needed in the base year) will amount to \$6,107.32 and the cost of just the WIC EBT maintenance for the base year will be \$54,167.77 with a five year total of \$271,075.56.

4. **Authority Cited**– 10 USC 2304(c)(1) and FAR 6.302-1 Only One Responsible Source and no Other Supplies of Services Will Satisfy Agency Requirements. More Specifically FAR 6.302-1(a)(2)(iii)(a), "For DOD, NASA, and the Coast Guard, services may be deemed to be available only from the original source in the case of follow-on contracts for the continued provision of highly specialized services when it is likely that award to any other source would result in"... "Substantial duplication of cost to the Government that is not expected to be recovered through competition".

5. **Reason for Authority Cited** – Texas and New Mexico have only 3 authorized WIC vendors. As previously stated, Cash Register Services (CRS) was awarded the contract in 2006 to support the DeCA commissaries located in Texas and New Mexico. As a result of that award, CRS installed WIC EBT with ISS 45 software. CRS is the only authorized vendor for maintaining, upgrading or serving the equipment and systems. CRS also holds the proprietary rights to the software. Re-soliciting this requirement would not be cost effective since switching to another company would result in great costs to the Government. In addition, the commissaries would require re-training store personnel as they would be dealing with multiple types of software, different forms of data, different processing functions, and different equipment. This would ultimately cause an increase in man hours and labor costs, as well as add possible confusion over processing the transactions, which could impact the stores' reconciliation and Treasury

deposits. Since CRS is the only WIC EBT provider with the ability of working on the currently installed software and equipment, a sole source award to CRS is in the best interest of the Government.

6. Efforts to Obtain Competition – Market research indicated that there are 3 certified WIC EBT companies that service the Texas and New Mexico areas; however, only CRS has the ability to service the ISS 45 software that is currently installed in the WIC EBT terminals at the commissaries. The other companies indicated that they could not provide maintenance on the existing equipment unless the software and equipment were replaced with their systems. Replacing the systems would cause a significant cost to the Government. The Contracting Officer determined it was in the Government's best interest to award the upgrade and maintenance to the incumbent contractor; therefore, the requirement for maintenance and upgraded pin pads will not be solicited.

7. Fair and Reasonable Cost Determination – The Contracting Officer will ensure that the costs offered by CRS are comparable to their current commercial rates. In addition, the projected costs were compared to the previously negotiated Blanket Purchase Agreement, where the costs were determined fair and reasonable based on comparison to the Virginia Department of Health WIC EBT Feasibility Study and Cost Benefit Analysis. The prices offered by CRS were found to be less than half of per unit pricing in the Department of Health analysis.

8. Market Research – As stated above, CRS is one of three companies authorized and certified to perform WIC EBT services in Texas and New Mexico. CRS is also the only contractor authorized to work on the current equipment and software. No additional sources are available and no additional market research was conducted per paragraph 6 above.

9. Other Factors – In February 2006, the Defense Commissary Agency (DeCA) identified a need to have WIC EBT terminals installed in our Texas and New Mexico commissaries. These terminals were necessary in order to process WIC purchases by interacting directly with the state providers rather than the Treasury credit/debit/EBT providers. At the end of the business day, the cash office personnel close out the cashier's till and confirm the WIC system receipts equal what CARTS shows. The next day, cash office personnel sign into the WIC system computer and transmit sales data from the previous day to WIC. Because the WIC EBT transactions are dictated by state regulations, there are a limited number of contractors who are certified by the states to operate the terminals. CRS was the contractor awarded the equipment and maintenance contract in 2006. When the equipment warranty expired in 2009, DeCA awarded BPA HDEC05-09-A-0008 to provide the stores with continued equipment maintenance.

10. Interested Sources – No other sources have expressed interest in this requirement.

11. Actions to Increase/Foster Competition – Since the states dictate which contractors are certified to install and maintain WIC EBT systems, DeCA has no control over the number or types of contractors that are certified.

Technical 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 DERICK YOUNG Title LATZ PURIFICATION OPER

Signature *Derrick Young* Date 9/25/2012

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 RONALD R. McMASTERS Title CHIEF, STORE OPERATIONS GROUP

Signature *Ronald R. Masters* Date 9-26-12

Fair and Reasonable Cost Determination and Contracting Officer Certification

"I hereby determine that the anticipated cost 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 Michael G. Shaffer Title Contracting Officer

Signature *Michael G. Shaffer* Date 9/25/2012

APPROVAL

Based on the foregoing justification, I hereby approve the procurement of the WIC pin pad upgrades and the monthly WIC EBT system maintenance 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 property herein described have otherwise been authorized for acquisition.

APPROVED: *Michael G. Shaffer* Date 9/26/2012
(Signature)

Michael G. Shaffer
Typed Name Contracting Officer
Title _____