U.S. Small Business Administration

Fiscal Year 2022
Contract Bundling Report to Congress

October 17, 2023

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Enclosures

Statutory Requirement
15 USC 644(p). Access to data

(1) Bundled contract defined

In this subsection, the term "bundled contract" has the meaning given such term in section 632(o)(1) of this title.

(2) Database

(A) In general

Not later than 180 days after December 21, 2000, the Administrator of the Small Business Administration shall develop and shall thereafter maintain a database containing data and information regarding-

(i) each bundled contract awarded by a Federal agency; and

(ii) each small business concern that has been displaced as a prime contractor as a result of the award of such a contract.

(3) Analysis

For each bundled contract that is to be recompeted as a bundled contract, the Administrator shall determine-

(A) the amount of savings and benefits (in accordance with subsection (e)) achieved under the bundling of contract requirements; and

(B) whether such savings and benefits will continue to be realized if the contract remains bundled, and whether such savings and benefits would be greater if the procurement requirements were divided into separate solicitations suitable for award to small business concerns.

(4) Annual report on contract bundling

(A) In general

Not later than one (1) year after December 21, 2000, and annually in March thereafter, the Administration shall transmit a report on contract bundling to the Committees on Small Business of the House of Representatives and the Senate.

(B) Contents

Each report transmitted under subparagraph (A) shall include-

(i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and

(ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including-

(I) data on the number and total dollar amount of all contract requirements that were bundled; and

(II) with respect to each bundled contract, data or information on-

(aa) the justification for the bundling of contract requirements;

(bb) the cost savings realized by bundling the contract requirements over the life of the contract;

(cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;

(dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and

(ee) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.

(5) Access to data

(A) Federal procurement data system

To assist in the implementation of this section, the Administration shall have access to information collected through the Federal Procurement Data System.

(B) Agency procurement data sources

To assist in the implementation of this section, the head of each contracting agency shall provide, upon request of the Administration, procurement information collected through existing agency data collection sources.

Abbreviations

Chief Financial Officer (CFO)
Federal Acquisition Regulation (FAR)
Federal Procurement Data System-Next Generation (FPDS-NG)
North American Industry Classification System (NAICS) code
United States Code (U.S.C.)
Fiscal Year (FY)
Small Business Concern (SBC)
Office of Small and Disadvantaged Business Utilization (OSDBU)

List of the 24 CFO Act Agencies

Department of Commerce (DOC)
Department of Defense (DoD)
Department of Energy (DOE)
Department of Homeland Security (DHS)
Department of Interior (DOI)
Department of Justice (DOJ)
Department of Labor (DOL)
Department of Transportation (DOT)
Department of Education
Environmental Protection Agency (EPA)
General Services Administration (GSA)
Department of Health and Human Services (HHS)
Department of Housing and Urban Development (HUD)
National Aeronautics and Space Administration (NASA)
Nuclear Regulatory Commission (NRC)
National Science Foundation (NSF)
Office of Personnel Management (OPM)
Small Business Administration (SBA)
Social Security Administration (SSA)
Department of State
Department of Treasury
U.S. Agency for International Development (USAID)
Department of Agriculture (USDA)
Department of Veterans Affairs (VA)

1. Report Summary

Contracting bundling occurs when agencies consolidate contracts previously performed (or suitable for being performed) by small businesses and award those contracts as a larger contract not suitable for small businesses. Agencies significantly increased their contract bundling activity in Fiscal Year (FY) 2022 to $29 billion, up from $7.9 billion in FY 2021 but below the historically high bundling level in FY 2020 of $65 billion.

Section 15(p)(4) of the Small Business Act, 15 USC 644(p)(4) requires the U.S. Small Business Administration (SBA) to annually submit a report on contract bundling to the Committee on Small Business of the United States House of Representatives and the Committee on Small Business and Entrepreneurship of the United States Senate. SBA obtains the information for the report from the System for Award Management (SAM) and by requesting reports from Federal agencies about their bundling. For this report, agencies were only required to report to SBA information "collected through existing agency data collection sources." The National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, removed that caveat and required agencies to provide SBA with all the data and information described in section 15(p)(4). Thus, for FY23, agencies must provide SBA with all the data and information required by the bundling and consolidation report statute.

Fiscal Year 2022 Results

A. SAM.gov Reporting

As of June 26, 2023, SAM.gov reports that agencies bundled $29,032,202,546.36 worth of contracting opportunities in Fiscal Year 2022, which spanned from October 1, 2021 to September 30, 2022. Eleven executive departments engaged in bundling in FY 2022, only 6 of which are from the 24 CFO Act agencies that SBA traditionally works with to encourage small-

business procurement participation: the Department of Defense, the National Aeronautics and Space Administration, the Department of Agriculture, the Department of Homeland Security, the Department of Housing and Urban Development, and the Department of State.

SBA reports bundling activity in two ways: the number of bundled actions and the total dollar value of the bundled actions, including options. Note that using the total dollar value differs from how SBA and other agencies usually refer to contract values. For most purposes, including the SBA Annual Procurement Scorecard, SBA reports the dollars obligated by an agency for spending with a particular contractor on a specific contract. The total dollar value of a contract is typically larger (and never smaller) than the dollars obligated because the total dollar value includes the potential value of future options and orders not yet exercised. For context, the total dollar value of all small-business-eligible contracts awarded in FY 2022 was $40,803,334,164,233, whereas the small-business-eligible dollars obligated were $153,319,239,449.[1]

1. Funding Department

The table below shows the number of bundled actions and the total dollar value for those bundled actions for FY 2022, by Funding Department:

Table 1: FY22 Bundled Actions and Total Dollar Value of Bundled Actions by Department

Funding Department Name	**Total Number of Bundled Actions**	**Total Dollar Value of Bundled Actions**
Dept of Defense	53,420	$25,750,578,617.53
National Aeronautics and Space Administration	9	$2,700,000,000
Agriculture, Department of	1	$21,143.84
Homeland Security, Department of	1	$182,460
Housing and Urban Development	14	$462,673,668

[1] This differs from the $162.9 billion figure that SBA reported on the FY22 Small Business Procurement Scorecard because this figure does not reflect the double-credit adjustments for disaster contracts and contracts to small businesses in U.S. territories, 15 USC 644(f) and (x), nor the inclusion of certain Department of Energy subcontracts as prime contracts, 15 USC 644(g)(3).

State, Department of	28	$883,721.57
Government-wide Total	**53,599**	**$29,032,202,546.36**

Source: SAM.gov Bundled and Consolidated Contracts Reports (accessed June 26, 2023)

As compared to the $40.8 trillion total dollar value of all contracts awarded in FY 2022, the $29 billion in bundled contracts is .07 percent of all contracts awarded.

2. Agencies below a Funding Department

The Department of Defense had multiple agencies below the department level that engaged in bundling. The Department of Housing and Urban Development did not report bundling by multiple agencies. For the agencies within the Department of Defense, the bundled actions and bundled total dollars values are as follows:

Table 2: FY22 Bundled Actions and Total Dollar Value of Bundled Actions by Agency within Department of Defense

Funding Department and Agency	**Total Bundled Actions**	**Total Dollar Value of Bundled Actions**
DEPT OF DEFENSE		
Defense Logistics Agency	52,999	$587,936,939.22
Dept of the Air Force	112	$22,738,173,816.63
Dept of the Army	91	$1,025,284,186,56
Department of the Navy	200	$239,641,799.12
Missile Defense Agency	1	$104,197,175
U.S. Army Corps of Engineers – Civil Program Financing Only	2	$5,249,346.37
U.S. Special Operations Command	9	$5,249,346.37

Source: SAM.gov Bundled and Consolidated Contracts Report (accessed June 26, 2023)

3. Size Status

The definition of "bundled contract", 15 U.S.C. §632(o), requires that the contract be "likely to be unsuitable for award to a small business concern." Nevertheless, agencies sometimes report that bundled contracts are awarded to small businesses. Approximately 2.6 percent of bundled contract dollars, or $768.3 million, were awarded to small businesses in FY 2022.

Table 3: FY22 Bundled Actions and Total Dollar Value of Bundled Actions by Size Status of the Awardee

Size Status	Total Bundled Actions	Total Dollar Value of Bundled Actions
Other than Small Business	21,624	$28,264,031,824.05
Small Business	31,978	$768,306,713.11

Source: SAM.gov Bundled and Consolidated Contracts Report (accessed June 26, 2023)

4. NAICS Codes

Agencies awarded bundled contracts in 145 unique NAICS Codes. The NAICS Code that had the most bundling activity by dollar amount was 488520: Freight Transportation Arrangement. The other top 20 NAICS Codes for bundled contracts in FY22 were as follows:

Table 4:Bundled Actions and Total Dollar Value of Bundled Actions by NAICS Code for the Top 20 NAICS Codes with Bundled Actions in FY22

NAICS Code and Description	Total Bundled Actions	Total Dollar Value of Bundled Actions
488510: Freight Transportation Arrangement	4	$16,830,615,816.99
541512: Computer Systems Design Services	7	$5,729,410,664.44
541330: Engineering Services	19	$2,994,592,903.37
332994: Small Arms, Ordnance, and Ordnance Accessories Manufacturing	7,599	$1,003,718,949.62
541519: Other Computer Related Services	32	$758,384,488.72
336412: Aircraft Engine and Engine Parts Manufacturing	42	$505,739,805.33
531311: Residential Property Managers	14	$462,673,668.00
332993: Ammunition (except Small Arms) Manufacturing	4	$227,421,011.32
541513: Computer Facilities Management Services	11	$159,531,445.69
541990: All Other Professional, Scientific, and Technical Services	5	$51,841,230.31
237990: Other Heavy and Civil Engineering Construction	1	$49,500,000.00
336413: Other Aircraft Parts and Auxiliary Equipment Manufacturing	10	$44,228,929.34
541690: Other Scientific and Technical Consulting Services	2	$33,208,758.00
332722: Bolt, Nut, Screw, Rivet, and Washer Manufacturing	13,287	$27,478,773.17

541611: Administrative Management and General Management Consulting Services	3	$23,250,836.57
325180: Other Basic Inorganic Chemical Manufacturing	1	$18,946,760.00
334412: Bare Printed Circuit Board Manufacturing	5	$13,818,696.35
333618: Other Engine Equipment Manufacturing	31,764	$13,033,351.94
315990: Apparel Accessories and Other Apparel Manufacturing	5	$7,603,662.48
334220: Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	37	$6,143,424.38
Total for Top 20 NAICS Codes	**52,852**	**$28,961,143,176.02**

Source: SAM.gov Bundled and Consolidated Contracts Report (accessed June 26, 2023)

B. Agency Reports

Prior to a statutory change that is effective for the FY 2023 report, agencies were only required to report bundling information to SBA upon SBA's request and where the information was collected through existing agency data collection sources. The FY 2023 change will require agencies to report bundling data without exception, but that change was not in effect for this report.

SBA sought the FY 2022 bundling data directly from all 24 CFO Act agencies and from the non-CFO Act agencies that had reported bundled contracts as of the end of FY 2022. In response, 22 of the 24 CFO Act Agencies reported no bundling activity.

Two CFO Act agencies responded with the enclosed FY 2022 contract bundling reports that covered bundling activity in FY 2022: Defense (**Enclosure A**) and Housing and Urban Development (**Enclosure B**). SBA did not receive responses from any of the non-CFO Act agencies from which SBA requested reports.

1. Bundled Dollars Reported to SBA

The two reporting agencies provided information on bundled contracts totaling $1.3 billion in total dollar value, as shown in the table below:

Table 5: Total Dollar Value of Bundled Actions, as Reported to SBA, by Department

Funding Department Name	Estimated Total Dollar Value of Reported Bundled Actions
Dept of Defense	$833,666,156
Housing and Urban Development, Dept of	$66,624,877
Total Value of Reported Bundled Contracts	**$900,291,033**

Source: Responses to SBA Requests for Bundling Information for FY22 to Fulfill 15 U.S.C. § 644(p).

The bundling reported to SBA constitutes 3 percent of the $29 billion in bundling reported into SAM.gov for FY22.

2. Savings from Bundling

While there is documentation of estimated savings in the pre-award acquisition planning to bundle or mitigate the impact of bundled contracts, currently there is scant documentation of the ability to capture and validate the cost savings realized in the initial award or through continued use of bundled contracts.

DoD identified pre-award cost savings estimates and cost-avoidance savings estimates; however, some DoD components were unable to identify cost savings realized or projected continued cost savings and indicated it was premature to provide a cost savings analysis. The U.S. Air Force determined costs savings from its recommended alternative of $2.4 billion over the ten-year period of performance, an 11percent cost avoidance from continuing the status quo. The U.S. Navy stated that reducing the number of program management personnel and support staff would save costs by approximately $13.7 million over the life of the Task Order. For its N0038320DWB01 contract, the U.S. Navy also found a 10 percent, or $11.6 million, savings from its bundled contract. DLA identified cost savings estimates for the following contracts:

- SPE4AX19D9400, base contract $20.5 million and life of the contract $74 million.

- SPE4AX20D9002, base contract $12.25 million and life of the contract $56 million over the course of the entire period of performance.
- SPE4AX21D9416, base contract $11.7 million but too early to estimate the life of the contract.
- SPE4AX20D9445, base contract $141.4 million and life of the contract $282 million.
- SPRPA120D9402, base contract $7.8 million and too early for life of the contract estimates.
- SPRPA120D9401, base contract $7.8 million and no estimates on life of contract.

The U.S. Department of Housing and Urban Development provided information that mentions 11% of actual annual cost savings realized over the life of the bundled contracts.

Table 6: FY22 Savings From Bundling, as Reported to SBA, by Department and Agency

Funding Department and Agency	**Total Savings from FY22 Bundling, over the life of the contract**
DEPT OF DEFENSE	
Defense Logistics Agency	$412,000,000
Dept of the Air Force	$2,400,000,000
Department of the Navy	$25,300,000
HOUSING AND URBAN DEVELOPMENT, DEPT OF	$7,328,736.47*
Total Reported Savings from FY22 Bundling	$2,844,328,736.47

Source: Responses to SBA Requests for Bundling Information for FY22 to Fulfill 15 U.S.C. § 644(p).
***Total savings from FY22 bundling for HUD was calculated by multiplying the 11% actual annual cost savings by the FY22 total dollar value of bundled actions (see Table 5).**

The reported savings of $2.8 billion is 9.77 percent of the total value of FY22 bundled contracts reported in SAM.gov of $29 billion.

3. Displaced Small Businesses

In addition to savings, agencies also report the number of small businesses displaced as prime contractors by bundled actions in the fiscal year. This information is not available from

SAM.gov. The tables below show the total number of small businesses displaced by Department, and the number of small businesses displaced by NAICS Code, for the top 20 NAICS codes reported.

Table 7: FY22 Small Business Affected by Bundling, as Reported to SBA, by Department

Funding Department Name	**Number of Small Businesses Displaced by Bundling**
Dept of Defense	1,286
Housing and Urban Development, Dept of	7
Total Number of Small Businesses Displaced	**1,293**

Source: Responses to SBA Requests for Bundling Information for FY22 to Fulfill 15 U.S.C. § 644(p).

Compared to the reported savings above, the 1,293 small businesses displaced results in savings to the government of $2,199,790.21 over the life of the contract for each small business displaced.

In FY 2022, 62,670 small-business vendors received obligations as prime contractors for the Federal government, based on small-business-eligible data. This vendor count is down from 104,355 small business vendors in FY 2012. The total number of small businesses displaced by bundling is two percent of the total number of FY 2022 small-business vendors. (Agencies did not provide enough information to determine whether the vendors displaced by bundling might have received contracts elsewhere in Federal contracting.)

Table 8: Small Businesses Displaced by NAICS Code for the Top 20 NAICS Codes with Displaced Small Businesses, as Reported to SBA

NAICS Code and Description	**Number of Small Businesses Displaced by Bundling**
336412: Aircraft Engine and Engine Parts Manufacturing	328
332722: Bolt, Nut, Screw, Rivet, and Washer Manufacturing	206
336413: Other Aircraft Parts and Auxiliary Equipment Manufacturing	135
332991: Ball and Roller Bearing Manufacturing	73
332510: Hardware Manufacturing	72
339991: Gasket, Packing, and Sealing Device Manufacturing	69
332919: Other Metal Valve and Pipe Fitting Manufacturing	45

332119: Metal Crown, Closure, and Other Metal Stamping (except Automotive)	37
335311: Power, Distribution, and Specialty Transformer Manufacturing	29
336310: Motor Vehicle Gasoline Engine and Engine Parts Manufacturing	25
333613: Mechanical Power Transformation Equipment Manufacturing	24
326220: Rubber and Plastics Hoses and Belting Manufacturing	19
326130: Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufacturing	14
331420: Copper Rolling, Drawing, Extruding, and Alloying	14
334417: Electronic Connector Manufacturing	10
334514: Totalizing Fluid Meter and Counting Device Manufacturing	9
335931: Current-Carrying Wiring Device Manufacturing	9
336411: Aircraft Manufacturing	8
334419: Other Electronic Component Manufacturing	7
531311: Residential Property Managers	7
Total for Top 20 NAICS Codes	**1,140**

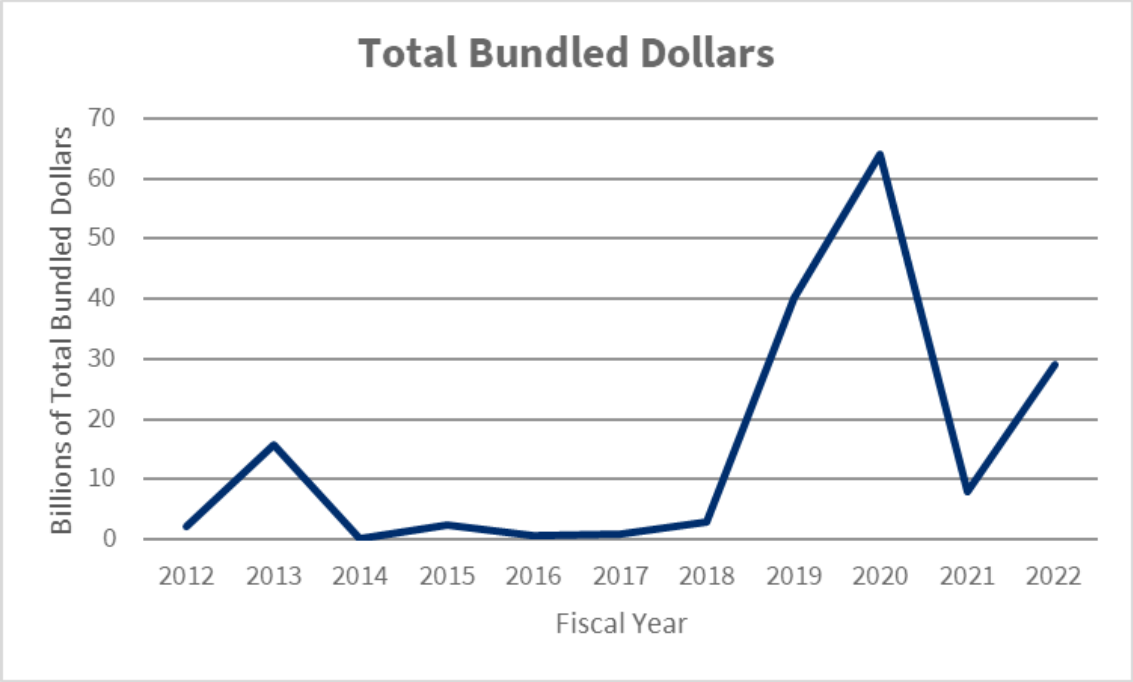
Source: Responses to SBA Requests for Bundling Information for FY22 to Fulfill 15 U.S.C. § 644(p).

As shown above, the industries with displaced small businesses are dominated by manufacturing industries.

C. Change in Bundling Activity Over Time

As shown in the following graph, FY 2022 saw an increase in dollar-level bundling compared to FY 2021. It was the third-highest bundling level over the past 10 years.

Figure 1: Total Dollar Value of Bundled Actions (B)



Source: SAM.gov Bundled and Consolidated Contracts Report (accessed June 26, 2023)

2. Conclusion

In FY 2022, agencies bundled $29 billion in total contract value, higher than bundling levels in FY 2021 but below levels in FY 2020. The bundled contract represents less than 1% of all contracts awarded in FY 2022. Agencies provided supplemental information to SBA, as required by section 15(p) of the Small Business Act. That supplemental information states that agencies expect to save $2.8 billion due to the bundling those contracts in FY22. Agencies also reported that the bundling of contracts displaced 1,293 small businesses. Those small businesses primarily were engaged in various manufacturing industries.

ENCLOSURES

ENCLOSURE A

Department of Defense
(DoD)

Department of Defense

FY 2022 Contract Bundling Report for the Small Business Administration

Office of Small Business Programs

Office of the Under Secretary of Defense for Acquisition and Sustainment

January 2022

In support of the requirement from Section 15(p)(4) of the Small Business Act for the Small Business Administration (SBA) to prepare an Annual Report on Contract Bundling, the Department of Defense (DoD) Office of Small Business Programs (OSBP) submits this report to SBA to discuss the extent of the Department's contract bundling for fiscal year (FY) 2022.

Based on an extensive review of the validated data from the *Bundled and Consolidated Contracts Report* in the SAM.gov Data Bank, as well as communication with all DoD components, the Department reports 15 bundled contract for FY 2022, from the Army, Navy, Air Force, and DLA. As requested, for FY 2022 the information below provides details regarding these contracts and any associated justifications and impacts.

1. Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by the DoD

Agency	(Referenced IDV PIID) PIID	NAICS	# of Displaced SBs
Army	(W52P1J19D0015*) W52P1J22F0208	332993	1
Army	(W52P1J19D0015*) W52P1J22F0335	332993	1
Navy	(N0017819D7741) N0016422F3005	541330	5
Navy	(N0038320DWB01) N0038321F0WB0	334412	1
Air Force	(FA701419DA005*) FA701422F0023	541513	12
Air Force	(FA701419DA005*) FA701422F0172	541513	12
Air Force	(FA701419DA005*) FA701422F0193	541513	12
Air Force	(FA872622A0001) FA872622F0035	541512	6
DLA	(SPE4AX19D9400) SPE4A522F3537	336412**	126
DLA	(SPE4AX20D9002) SPE4A522F3610	336412**	152
DLA	(SPE4AX21D9416) SPE4AX22F1148	336412**	83
DLA	(SPE4AX20D9445*) SPE4AX22F1166	33641288	330
DLA	(SPE4AX20D9445*) SPE4AX22F4262	336412	330
DLA	(SPRPA120D9402) SPRPA122F0042	336412	45
DLA	(SPRPA120D9401) SPRPA122F0043	336413	170

* - *Multiple Delivery Orders*
** - *Additional NAICS please see Attachments*

2. Description of the activities with respect to bundled contracts of the DoD

(I) Data on the number and total dollar amount of all contract requirements that were bundled

Agency	(Referenced IDV PIID) PIID	NAICS	Contract Value
Army	(W52P1J19D0015*) W52P1J22F0208	332993	$133,169,307
Army	(W52P1J19D0015*) W52P1J22F0335	332993	$93,224,681
Navy	(N0017819D7741) N0016422F3005	541330	$184,378,576
Navy	(N0038320DWB01) N0038321F0WB0	334412	$13,124,559
Air Force	(FA701419DA005*) FA701422F0023	541513	$77,203,405
Air Force	(FA701419DA005*) FA701422F0172	541513	$4,266,129
Air Force	(FA701419DA005*) FA701422F0193	541513	$71,428,351
Air Force	(FA872622A0001) FA872622F0035	541512	$16,019,340
DLA	(SPE4AX19D9400) SPE4A522F3537	336412	$39,006,939

DLA	(SPE4AX20D9002) SPE4A522F3610	336412	$34,086,872
DLA	(SPE4AX21D9416) SPE4AX22F1148	336412	$53,963,584
DLA	(SPE4AX20D9445*) SPE4AX22F1166	336412	$41,910,837
DLA	(SPE4AX20D9445*) SPE4AX22F4262	336412	$28,079,910
DLA	(SPRPA120D9402) SPRPA122F0042	336412	$4,058,766
DLA	(SPRPA120D9401) SPRPA122F0043	336413	$39,744,900

Details regarding the above DoD bundled contract is described in the following attachments:

1. Army – W52P1J19D0015 (x2)
2. Navy – N0017819D7741
3. Navy – N0038320DWB01
4. Air Force – FA701419DA005 (x3)
5. Air Force – FA872622A0001
6. DLA – SPE4AX19D9400
7. DLA – SPE4AX20D9002
8. DLA – SPE4AX21D9416
9. DLA – SPE4AX20D9445 (x2)
10. DLA – SPRPA120D9402
11. DLA – SPRPA120D9401

Summary

The DoD recognizes the importance of minimizing contract bundling to avoid adverse impacts to small businesses in the defense industrial base. DoD's ability to mitigate most bundling in FY 2022 reflects the Department's dedication to fostering a healthy small business industrial base. Preliminary data for FY 2022 shows that DoD awarded $85.3 billion in small business prime contracts, which represents over 24.9% of all small business eligible DoD procurement dollars. This exceeded the SBA-assigned goal for DoD of 22.5%. Based on this preliminary data, DoD expects to surpass its small business goal while mitigating most bundling. DoD implements bundling only when it is the best option in the interest of the Department and the Federal government, based on objective analysis and projected cost savings.

The involvement of Small Business Professionals throughout the acquisition process, including training of contracting personnel and participation in acquisition strategy reviews, was critical to mitigating the bundling of contracts.

DoD remains committed to providing maximum practical opportunities for small business participation in Department acquisitions. DoD Contracting Officers will continue to ensure that if they bundle contracts, they will provide appropriate justification after considering ways to mitigate the loss of opportunities for small businesses in the development of acquisition strategies. One effective strategy for the mitigation of bundling's adverse impacts to small business is a continuing commitment to maximizing subcontract opportunities for small business.

Attachment 1
Army - W52P1J19D0015

DEPARTMENT OF THE ARMY
DETERMINATION AND FINDINGS
BUNDLING OF CONTRACT REQUIREMENTS FOR
TRITONAL BOMB KITS

FINDINGS

1. Headquarters, U.S. Army Contracting Command (ACC), through ACC-Rock Island (ACC-RI), on behalf of the Program Executive Officer Ammunition, plans to solicit offers as a bundled procurement under Federal Acquisition Regulation (FAR) 7.107 for Tritonal Bomb Kits. Market research has been conducted that demonstrates bundling of this procurement to be both necessary, justified and critical to the agency's mission success. The United States Air Force (USAF) will obtain measurably substantial benefits in being able to meet its warfighting readiness requirements for inventory of the MK80 Series and BLU-109 Tritonal bomb kits through bundling that it cannot meet through separate smaller contracts or orders. The Tritonal bomb kits requirement is considered both consolidated and bundled, and this Determination and Findings therefore follows FAR 7.107-1 guidance regarding bundling. IAW FAR 7.107-3(f)(1)(i) and (ii), "the expected benefits do not meet the threshold for a substantial benefit but are critical to the agency's success and the acquisition strategy provides for maximum practicable participation by small business concerns," which are supported by this document. Further, FAR 7.107-4(b)(1) through (6) have been fully considered and fully addressed in Sections 2 through 7.

2. Description of the Procurement Action:

Procurement of the Tritonal Bomb Kits include the following:

Item	NSN
MK 81 MOD 5 Empty Case Assembly	1325-00-580-1799
MK 82 MOD 1 Empty Case Assembly	1325-00-585-3841
MK 83 MOD 4 Empty Case Assembly	1325-00-104-7268
MK 84 MOD 4 Empty Case Assembly	1325-01-008-1335
MS3314 Suspension Lug	1325-00-116-4452
MK3 MOD 0 Suspension Lug	1325-00-684-1364
BLU-109/B Empty Case Assembly	1325-01-335-8828
CNU-417/E Container	8140-01-252-7060
Trinitrotoluene (TNT)	1376-00-628-3333
Aluminum Powder	6810-00-628-3382

The proposed procurement action will procure the Tritonal Bomb Kits used for tactical defense by the United States Air Force and Allied Nations. This acquisition will be for the new production of the MK80 Series General Purpose (GP) Bombs and BLU-109/B Bomb Case Assemblies, which will be filled with an explosive fill of 80% TNT and 20% aluminum powder. This acquisition includes all of the components for a complete end item as detailed above. The MK80 Series and BLU-109/B bombs are used as building blocks for numerous variants of non-guided and precision-guided air delivered munitions. To ensure strategic readiness, a systems approach is vital for the USAF and Allied Nations as they operationalize their essential functions at the tactical, operational, and strategic levels to assure sustainable readiness to defeat any adversary.

Bundling the Tritonal Bomb Kit components will optimize quality improvements, increase efficiency, improve delivery and reduce risk to the Government. These improvements will be recognized through opportunities for lean manufacturing control practices, such as the ability for all producing contractors to collaborate their efforts, skills, and knowledge to provide a quality product at a just-in-time delivery rate from suppliers to support the production line at McAlester Army Ammunition Plant (MCAAP). The small business participation opportunities required within this action will complement each contractor's capabilities and provide a mentor protégé experience for the small businesses to further develop their capabilities of performing successfully on future contracts and subcontracts.

This bundling action is critical to the USAF and Allied Nations mission success, as it is imperative that the Tritonal Bomb Kits are readily available to support the ongoing effort globally for contingency operations. The Insensitive Munition (IM) versions of the MK80 Series and BLU-109 Bomb bodies cannot be produced at a fast enough rate to support the significant increased expenditures, which have rapidly depleted the USAF and Allied Nations inventory. The current inventory/readiness level poses an unacceptable risk to the Combatant Commanders and the supported Warfighter. Without this procurement, the USAF and Allied Nations inventory will continue to decrease to a level that jeopardizes mission performance and degrades the ability to conduct global contingency operations.

A single Firm Fixed Price, Indefinite Delivery Indefinite Quantity contract will be awarded sole source to General Dynamics – Ordnance and Tactical Systems (GD-OTS). The contract will cover Fiscal Year (FY) 2019-2023 requirements. Award is projected for October 2018. The anticipated guaranteed minimum quantity is 10,000 each, which can be comprised of any combination of the Tritonal Bomb Kits. The estimated total dollar value for this procurement is $989,600,000.00. The total maximum contract value includes all configurations of the Tritonal Bomb Kit.

MK80 Series

BLU-109

a) The USAF and supporting Allied Nations have experienced significant increases in MK80 Series GP and BLU-109 Bomb expenditures due to overseas contingency operations and expect the higher expenditure rate to continue into the future in response to the war on terror. Procurement lead times prevent sudden increases in production rates to match these fluctuations (upon order, nearly three years to deliver a bomb). The USAF led coalition has dropped more precision guided munitions and conducted increasing strafing attacks since 2014 in support of ground troops. As the war on terror intensifies, there will be an exponential depletion of inventory for the MK80 Series GP and BLU-109 Bombs, as they are the preferred munitions for area attack. Failure to replenish and maintain the inventory will place warfighters at a severe disadvantage in theatre tactically, as well as operations will be impacted and critical missions will not be carried out due to the danger ground troops would be put in.

b) This surge in expenditures has driven an increase in USAF and Allied Nations requirements for FY 2019-2023, which are above the current industrial base capacity for IM bombs. An IM explosive filled bomb is the preferred explosive fill for the MK80 Series GP Bombs and BLU-109 Bombs, as it is less volatile than TNT; however, the industrial base maximum IM bomb production will not keep pace with expected expenditures over the next several years. Therefore, the USAF and Allied Nations must rely on the use of Tritonal filled bombs to make up the shortfall. The cure time for the Tritonal filled bomb is half the time it takes for an IM filled bomb, thus resulting in a quicker production and delivery schedule to support the current USAF and Allied Nation's requirements.

c) Utilizing the proposed Tritonal Bomb Kit systems approach will deliver the required MK80 Series GP and BLU-109 bombs that the USAF and Allied Nations desperately need to conduct their missions to maintain peace and security in less than half the time associated with utilizing a component breakout strategy.

Based on historical requirements, the Procurement Acquisition Lead Time (PALT) for individual contracting actions for all of these components, from acquisition planning through contract award and contractual requirements, such as First Article Test, would take approximately three years, with product deliveries not beginning until FY 2020. Combining all of the components will allow for an October 2018 award, resulting in the earliest possible deliveries to the USAF and supporting Allied Nations which will enable the Government to retain the existing skill base and production capability for bomb bodies. The USAF and Allied Nations require first deliveries to begin in 2019. Therefore, the component breakout strategy is not feasible and would endanger national security. GD-OTS is currently delivering all of the Tritonal Bomb Kit components and would be able to deliver immediately to support the USAF and Allied Nations requirements.

d) The procurement of all of these items are critical to the agency's success. The Authorization for Use of Military Force, Pub. L. 107-40, codified at 115 Stat. 224 and passed as S.J. Res. 23 by the United States Congress on September 14, 2001, authorizes the President to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001, or harbored such organizations or persons, in order to prevent any future acts of international terrorism against the United States by such nations, organizations, or persons. From October 2001 to December 2014, under Operation Enduring Freedom, the USAF and Allied Nations executed airstrikes on Taliban, al Qaeda, and ISIS targets in Afghanistan in order to prevent any future acts of terrorism. The USAF continues to play a significant role in the campaign, as the U.S. relies on coordinated airstrikes with Special Forces and USAF forward air controllers, or Joint Terminal Attack Controllers, to assist the Northern Alliance in their fight against the Taliban and al-Qaeda.

e) In October 2014, the Department of Defense formally established Combined Joint Task Force - Operation Inherent Resolve in order to formalize ongoing military actions against the rising threat posed by ISIS in Iraq and Syria. As the war on terror intensifies today with Iran, North Korea, and states that sponsor terrorism, there will be an exponential depletion of inventory for the MK80 Series GP and BLU-109 Bombs. Failure to replenish and maintain the inventory, will place our warfighters at a severe disadvantage in theatre. It is critical for the warfighter to be adequately armed for protection in combat situations. Inadequately arming the warfighter will drastically reduce the combat capability and survivability of the armed forces in current world situations. Inadequately arming the warfighter will also result in a decreased capability and capacity to conduct counter insurgency operations against organizations who threaten the security of the U.S.

f) Existing contracts cannot be used to meet the increased requirements. Therefore, this acquisition proposes to consolidate the empty case assemblies, suspension lugs, TNT and Aluminum Powder. The existing contracts for MK80 Series GP Bomb Bodies, BLU-109 Bomb Assembly and MS3314 and MK3-0 Suspension Lugs do not contain sufficient headspace to execute the quantity of additional bomb bodies needed for this procurement. The MK80 Series GP Bomb Body contract maximum quantity is 25,000 units per year. The projected bomb body requirements for each year, considering the MK80 Series Bomb Bodies needed for these increased requirements, are at least 30,000 to 40,000 per year. The existing contract for suspension lugs also does not contain sufficient headspace to execute the quantity needed for this procurement; in addition, the current contractor does not have the facility capacity to fulfill these suspension lug requirements. GD-OTS Garland is currently and will continue to maintain two small business sources to fulfill the MS3314 and MK3-0 Suspension Lug requirements for the MK80 Series GP Tritonal Bomb Kits.

g) In order to ensure an adequate bomb inventory to support USAF contingency operations and to support Allied Nations, deliveries must begin in October 2019. Consolidating these requirements is the only executable approach to support required deliveries. Any other acquisition strategy could not support the required delivery time. This is confirmed by the current and historical contractual PALT actions for the required components of the Tritonal Bomb Kit. Individual acquisition strategies would not deliver product until FY 2021.

h) The U.S. and its Allied Nations must be prepared to engage rogue regimes such as Iran, North Korea, and states that sponsor terrorism. These regimes have and continue to threaten our nation and the peace and security of our Allied Nations. The expenditure rate of these munitions is expected to increase even further should the U.S. be faced with additional conflicts. Without this systems approach procurement, the USAF and supporting Allied Nations readiness posture will fall to a level that jeopardizes mission performance and degrades the ability to conduct global contingency operations.

i) The MK80 Series GP and BLU-109 Bombs expenditures have increased significantly since the start of the current overseas contingency operations. The FY 2016 and FY 2017 Presidential Budgets increased from an average of $135,000,000.00 per year to $560,000,000.00 to accommodate the increase in expenditures. This trend will continue through the foreseeable future as the war on terror intensifies. This significantly higher expenditure rate has negatively impacted inventories for MK80 Series GP and BLU-109 Bombs. The current readiness level poses an unacceptable risk to the Combatant Commanders and the supported Warfighter. Failure to consolidate these requirements will result in

the inability of the warfighters to properly engage enemy targets in theatre. This will cause catastrophic long term effects to the United States of America and Allied Nations.

3. Applicable Statues/Regulations: Title 15 United States Code, Section 644(e) and FAR 7.107, Additional Requirements for Acquisitions Involving Consolidation, Bundling or Substantial Bundling.

4. Results of Market Research:

Market research for the Tritonal Bomb Kits was coordinated with the local Small Business Office and publicized in Federal Business Opportunities on 22 December 2016 for 30 days in order to assess contractor capabilities. The source sought notice asked industry to provide economical production rates, alternative approaches for quicker production deliveries to commence, annual quantities of each variant of bomb body and suspension lug, as well as identifying manufacturing constraints. A summary of the responses including the Government's analysis is contained below.

List of Respondents		Small Business	Capable	Risk
1	General Dynamics Ordnance and Tactical Systems (GD-OTS) Garland, TX	No	Yes	Low
2	Simtech, Inc. East Granby, CT	Yes	No	High

a) The Industrial Capabilities Facilities Investments Division (AMSJM-ICF), at the Joint Munitions Command, completed an industrial base assessment of these responses. Each respondent was assigned a risk rating that took into consideration the contractor's technical and manufacturing capabilities, equipment, facilities, quality system, personnel experience, past manufacturing experience, potential key subcontractors, and any other known history. Based on the analysis performed, there is one large contractor within the domestic industrial base that is capable of supplying all configurations of the Tritonal Bomb Kits and has a supplier chain that can provide the critical components and the vital facilities to achieve industrial mobilization as system contractor.

b) As the current producer of the MK84-4 Tritonal Bomb Kit, GD-OTS Garland has experience in manufacturing MK80 Series Bomb Bodies, as well as the assembly of Tritonal Kits. GD-OTS possess the skills, expertise, and equipment for the production of the MK80 bomb bodies and will utilize proven subcontractors to produce loaded MK80 bombs. Since 2007, GD-OTS Garland has teamed with

its subcontractors to produce over 47,000 MK84-4 Bomb Bodies with over 17,000 provided to the International market as MK84-4 bombs loaded with Tritonal. GD-OTS Garland has utilized and maintained critical manufacturing equipment/processes integral to the production of bomb cases, warheads and metal parts production, such as, forging, induction heating, nosing, machining, welding, heat treating, phosphating, testing, and painting. The critical skills (forging and heat-treating setup personnel; inspection and testing technicians; maintenance, tooling, manufacturing, and quality control engineers; and machinists) are in place for the production of MK80 Series GP Bomb Bodies. GD-OTS has complete laboratory facilities for the mechanical properties testing, as well as the physical testing. GD-OTS possesses an extensive Destructive and Nondestructive Testing Program including, Hydrostatic, Salt Spray Testing, and X-Ray. GD-OTS also identified five subcontractors which they would utilize to provide the BLU-109/B, Suspension Lugs, TNT, and Aluminum Powder. Although GD-OTS has a contract for the BLU-109 Empty Case Assemblies, they have indicated they will utilize Ellwood National Forge as a subcontractor for the production of this item for this requirement. Based upon the information provided in the sources sought response, GD-OTS' identified subcontractors have adequate capability and capacity to meet the requirements for this procurement. Given their skills and expertise, GD-OTS Garland was given a low risk rating.

c) Simtech has no experience in the production of any bomb component for the Department of Defense, since they act as an exporter and distributor of spare parts, rather than a manufacturer. They have proven the ability to package, ship, and deliver MK81 and MK82 bomb bodies in the past. They did not give any information on who their subcontractors could or would be. Simtech did not fully describe their personnel or facility capabilities to manufacture all components. Simtech is not considered a viable domestic source. Simtech is considered not capable and would be consider a high risk producer.

d) Ellwood National Forge (ENF), the current prime contractor for the BLU-109 Empty Warhead Case Assemblies, did not respond to the sources sought announcement. On 10 August 2017, ACC-RI contacted ENF to see if they had any interest in becoming the prime contractor for the Tritonal Bomb Kits. ENF responded they were not interested in this procurement; however, they were fully capable and willing to supply Empty BLU-109 Warhead Cases in a subcontractor role as required.

e) A representative from Orbital ATK Incorporated, Armament Systems Division, submitted a Freedom of Information Act Request in June 2017, requesting information in regards to the current Tritonal Bomb Kit contract. Based on this request, ACC-RI contacted Orbital ATK Incorporated, on 10 August 2017, to see if they still had any interest in becoming the prime contractor for the Tritonal

Bomb Kits. Orbital ATK responded that their facilities were not set up to support any of the requirements and they were no longer interested in this requirement.

f) Four capable small businesses responded to a previous announcement for the MK3-0 and MS3314 Suspension Lugs; however, all four are unable to produce or supply the entire Tritonal Bomb Kit to support the Army's readiness ability to fight and win by delivering the right materiel, equipment and capabilities on time at point of need. Based upon the recent market research results, there is no current capable small business that can meet the Tritonal Bomb Kit requirement; therefore, any resultant contract for the Tritonal Bomb Kits would be from a large business. In addition, should Simtech prove to be a capable small business producer of the Tritonal Bomb Kits, the 'rule of two' would not be met; therefore, any new procurement would be open to large businesses.

5. Alternative Contracting Approaches and Rationale for Rejection:

a) Option 1: Consolidate and bundle only the MK80 Bomb Body Series with the MK3-0 and MS3314 Suspension Lugs, Aluminum Powder and TNT. (This would exclude consolidating the BLU-109 Tritonal Bomb Kit)

This action was partially consolidated in FY 2016 to support the USAF depleted MK84-4 GP Bomb supply. At the time the USAF current inventory was at 67 percent supportable and the industrial base maximum IM bomb production could not keep pace with expected expenditures over the next several years. The Government has witnessed an improved quality of items associated with the previous consolidation of Tritonal Bomb Kit components. This was achieved by GD-OTS ability to increase inspections at the supplier's sites and tighten rejection criteria to correlate with the fluxes in quality issues, as well as share supply chain management expertise and lessons learned across component production overall. Furthermore, by transferring the risk to the Contractor, the Government was able to eliminate the liability for any cost associated with expediting schedules and transportation to preclude a MCAAP production line shutdown due to shortage of Tritonal Bomb Kit components.

The consolidation of only the MK80 Bomb Body Series Tritonal Bomb Kit realizes considerable benefits; however, including only the MK80 Bomb Body Series is not the preferred path as the benefits could be increased substantially in the same areas identified above by consolidating the BLU-109 Bomb Body Tritonal Bomb Kit. Accordingly, consolidation of both the MK80 and BLU-109 Bomb Body Kits substantially outweighs this option (Option1) of consolidating the MK80 Series Tritonal Kit exclusively.

b) Option 2: Consolidate only the BLU-109 Bomb Body Assembly with Aluminum Powder and TNT. (This would exclude consolidating the MK80 Bomb Body Series Tritonal Bomb Kits)

The benefits of consolidation the BLU-109 Tritonal Bomb Kit are similar to the aforementioned in Option1. This option would avoid an impact to small businesses should the MK80 Series be excluded from consolidation, as there are no producers of any of the BLU-109 Tritonal Bomb Kit components supported by a prime small business contractor. However, by segregating this requirement into smaller contracts, it creates an unnecessary requirement of administration and quality management and precludes gaining the benefits that would be achieved through optimizing processes and quality improvements gained by the prime contractor. GD-OTS is the current producer of the MK80 Series Bombs and the BLU-109 Bombs. Separating these items into two actions would only duplicate the use of resources and require additional administrative work (e.g. requiring the same documentation to be sent out twice for the same guidance and/or findings). The benefit of one contractor would create an infrastructure that would allow for guidance and requirement updates to be deployed quickly amongst all subcontractors. Furthermore, ENF, another producer of the BLU-109 Bomb requirement has stated that they are not interested in supporting a Tritonal Bomb Kit requirement and are only interested in supporting this requirement as a subcontractor. Accordingly, consolidation of both the MK80 Series GP and BLU-109 Bomb Body Kits substantially outweighs this option (Option 2) of consolidating the BLU-109 Tritonal Bomb Kit exclusively.

c) Option 3: Consolidate none of the components.

The exclusive benefit of this option would only be experienced by the prime contractor inasmuch as it reduces its risk and liability should any of the Tritonal Bomb Kit components of suppliers experience quality issues and/or not be able to meet the necessary delivery schedule. However, if both Tritonal Bomb Kits are included in the consolidation systems approach, the prime contractor would have the flexibility to pursue additional suppliers or alternatives quicker than the Government. The existing peace-time acquisition framework with associated extensive procurement timelines could not support the increased demand. In addition, the Army does not have existing contracts for TNT or aluminum powder. The timeline associated with awarding a contract for each separate component will approximately take over three years for delivery of an end item. The additional bomb requirements exceeded the headspace on the existing bomb body contract and the capacity of the current lugs contract(s). The USAF and Allied Nations require first deliveries to begin in 2019. There is not an existing contract that could support immediate deliveries in 2019. Therefore, the component breakout strategy is not feasible and would endanger our national

security. GD-OTS Garland is currently delivering all of the Tritonal Bomb Kit components and would be able to deliver immediately to support the USAF and Allied Nations requirements.

If all components were not delivered on time to support the Tritonal Bomb Kit requirement, the Tritonal bomb production line at MCAAP would be shut down and repurposed to support a different bomb production line that has all of the components available. It takes approximately three days to start up and take down a bomb production line.

With today's environment of a declining budget, it is our responsibility to use resources prudently, and any savings is of merit. The use of separate contracts to fulfill this requirement, all of which would use normal contracting lead-times, would not allow for contract awards until FY 2020, and resulting bomb deliveries until at least FY 2021 which is two years after the Warfighter requirement. The use of separate solicitations using the same resources (personnel) and requiring separate acquisition planning documents and normal contracting lead-times, would significantly delay the delivery of these critical assets to the USAF and Allied Nations. It would also place an unacceptable risk on the USAF and Allied Nations inventory and detract from its ability to conduct effective air-to-ground missions.

Utilizing the proposed systems approach strategy will deliver the required MK80 Series GP and BLU-109 bombs that the USAF and Allied Nations desperately need to conduct their missions to maintain peace and security. This approach will deliver these munitions in less than half the time associated with utilizing a component breakout strategy. Accordingly, the tremendous benefit that could be achieved by the bundling of components for both Tritonal Kits into one procurement substantially outweighs not consolidating.

In summary, this option of not consolidating the MK80 Series GP and BLU-109 Tritonal Bomb Kits achieves only one benefit for the prime contractor to reduce their liability/risk and would be disadvantageous to the Government.

d) Bundling the critical bomb components of the Tritonal Bomb Kits allows for quality improvements and increased efficiencies that will be achieved through a single contractor's use of its supply chain management resources. A single contractor will be able to do the following: address nonconformance issues directly with the suppliers, give timely notification and performance feedback, provide direct communication of quality issues with the supplier, provide additional resources to identify the root cause and reduce the probability of manufacturing additional nonconforming materials due to lack of resources and cognizance of a problem. A multi-contractor environment would hinder the

production process and have a negative impact on delivery schedule due to utilizing numerous Government resources. Conversion to having one contractor procure all of the components of the Tritonal Bomb Kits reduces the number of parties involved in the transaction, thus decreasing the time and personnel engaged in the disposition and handling of the components. Further consolidating these components would allow for improved production processes, shared efficiencies and improved quality amongst all suppliers.

6. The consolidation of the MK80 Series GP and BLU-109 Bomb Bodies, MK3-0 and MS3314 Suspension Lugs, CNU-417/E Container, TNT and Aluminum Powder will have no effect on Small Business. The current MK3-0 and MS3314 Suspension Lug contractor, which is a small business, does not have the ability to produce the quantities of lugs that are required to support this procurement. The current contract has been maximized and final delivery of all orders is not expected until June 2020. All existing orders on this contract are committed to other programs, such as the MK80 Series GP Bombs and the BDU-50 Cast Ductile Iron (CDI) Practice Bombs. Future MK3-0 and MS3314 Suspension Lug requirements for the MK80 Series GP Bombs and BDU-50 CDI Practice Bombs will continue to utilize a small business set aside acquisition strategy.

A follow on suspension lug requirement was solicited on August 2017, to support the MK80 Series GP Bombs and BDU-50 CDI Practice Bombs programs, with anticipated award in February 2018. For the anticipated contract(s), first delivery will be approximately 365 days after award. However, based on recent suspension lug production under the MK-84 Tritonal Bomb Kit requirement, deliveries are not anticipated to start until 455 days after award. Due to the growing global conflict situation, the Government cannot accept the risk of a protest on the new procurement or any type of delay in production of suspension lugs. A protest can take anywhere from 90 days to 365+ days. In order to support our nation, as the war on terror intensifies today, the use of a systems contractor as integrator is deemed more effective and efficient than a component breakout strategy with the Government as systems integrator.

A systems contracting approach is now successfully underway for MK84-4 Tritonal Bomb Kits awarded in July 2016 to GD-OTS Garland. Under a component breakout, the Government obtains all of the components from various sources, and performs systems integration which includes Load, Assemble and Pack. Government resources are not available to assume the component acquisition and integration efforts. The current systems contractor, GD-OTS Garland, has more than two decades of experience providing the U.S. Government with quality MK80 Series GP Bombs. GD-OTS is the only contractor currently in production of MK80 Series GP bombs and possesses a substantial surge capability. GD-OTS has proven its capability to be a

systems integrator to the U.S. Allied Nations through its Direct Commercial Sales contracts for MK80 Series GP Bombs.

Further, as indicated through Market Research for the Tritonal Bomb Kits, small business subcontractors will be utilized to produce the suspension lugs for this requirement; thus, no small businesses will be displaced by the proposed systems approach. The contract will contain FAR clause 52.244-5, Competition in Subcontracting, which states that the contractor shall select subcontractors on a competitive basis to the maximum practicable extent. The contract will also contain FAR clause 52.219-9, Small Business Subcontracting Plan, which requires that the contractor develop and abide by a Government approved Small Business Subcontracting Plan, and 52.219-16, Liquidated Damages – Subcontracting Plan. The approved Subcontracting Plan will be incorporated into the contract.

Failure to replenish and maintain the USAF and Allied Nations inventory will jeopardize our national security and place our warfighters at a severe disadvantage in theatre. Bundling all of the Tritonal Bomb Kit components will optimize quality improvements, increase efficiency, improve delivery and reduce risk to the Government. It is imperative the Army adopts a strategy to quickly respond to the immediate needs of the war-fighter and procure these items as a consolidated systems approach.

7. Circumstances, Facts, and Reasoning Supporting the Determination:

As illustrated in paragraph 4, the Market Research results support the consolidation effort of the MK80 Series GP and BLU-109 Bomb Bodies, MK3-0 and MS3314 Suspension Lugs, CNU-417/E Container, TNT and Aluminum Powder. Furthermore, as explained in paragraph 5, issuing separate procurements for each of the required items is not in the best interest of the Government. To ensure strategic readiness, a systems approach is vital for the USAF and Allied Nations as they operationalize their essential functions at the tactical, operational, and strategic levels to assure sustainable readiness to defeat any adversary. Additionally the risk and responsibility associated with procurement, storage and use of all required components would be at the risk of the prime contractor and not the Government. As outlined above, having the prime contractor procure all of the components will drive quality improvements in real time, reduce efficiency issues caused by defects or nonconforming materials, streamline the process and allow the operating contractor to handle quality problems in an efficient and effective manner. Furthermore, the prime contractor management of the components supply will provide opportunities for improved inventory control via lean manufacturing practices, such as just-in-time delivery, to support production quantities produced and alleviate storage costs.

In addition to the Government continued utilization of small businesses to support the Suspension Lug requirement for all future contractual requirements of the MK80 Series

GP Bombs and BDU-50 CDI Practice Bombs, GD-OTS indicated through Market Research they will continue to utilize the two small business subcontractors to produce the suspension lugs for this requirement. Thus, small businesses will continue to produce the suspension lugs as a prime on existing contracts and as subcontractors on the Tritonal Bomb Kits. As a result, no small businesses will be displaced by the proposed bundling of the items. GD-OTS's proposal will include an acceptable small business subcontracting plan in accordance with FAR 19.704, will be implemented at the time of award and become a material part of the contract. The contractor's failure to comply in good faith with the small business subcontracting plan could result in the assessment of liquid damages in accordance with FAR 19.705-7, in addition to any other remedies available to the Government.

8. Summary:

This bundling action is critical to the USAF and Allied Nations mission success as it is imperative that MK80 Series and BLU-109 Tritonal Bomb Kits are readily available to support the ongoing effort globally for contingency operations. The IM versions of the MK80 Series and BLU-109 Bomb bodies cannot be produced at a fast enough rate to support the significant increased expenditures, which have rapidly depleted the USAF and Allied Nations inventory. The current inventory/readiness level poses an unacceptable risk to the Combatant Commanders and the supported Warfighter. Without this procurement, the USAF and Allied Nations inventory will continue to decrease to a level that jeopardizes mission performance and degrades the ability to conduct global contingency operations. GD-OTS Garland is the only contractor within the domestic industrial base that possesses the interest, the required capabilities to provide the Tritonal Bomb Kits, and has successfully delivered the same/similar components on time with no known quality issues. Bundling these requirements is necessary and justified since existing contracts and normal procurement acquisition lead-times cannot meet this critical USAF requirement. An October 2018 award will result in the earliest possible deliveries to the USAF and Allied Nations which will enable the Government to retain the existing skill base and production capability for Tritonal Bomb Kit components.

DETERMINATION

Based on the foregoing findings, I hereby determine, pursuant to the authority of Title 15, United States Code, Section 644(e), as implemented by Federal Acquisition Regulation 7.107, that the proposed bundling of the requirements for the MK80 Series and BLU-109 Tritonal Bomb Kits, which includes five variants of empty case assemblies, two variants of suspension lugs, TNT, and Aluminum Powder for the Tritonal fill, is both necessary and justified.

28 Feb 2018
Date

Bruce D. Jette
Senior Procurement Executive

Attachment 2
Navy - N0017819D7741

D&F No.: CR-20076
CODE: SEA 0252

DETERMINATION AND FINDINGS
AUTHORITY TO CONSOLIDATE AND BUNDLE CONTRACT REQUIREMENTS

Upon the basis of the following findings and determination, which are hereby made pursuant to the authority of 15 U.S.C. Section 644(e), Federal Acquisition Regulation (FAR) 7.107-2, FAR 7.107-3 and FAR 7.107-4, and the Navy Marine Corps Acquisition Regulation Supplement (NMCARS) 5207.107-2 and 5207.107-3, the proposed Task Orders described below may be entered into on a consolidation and bundling basis for a base period of one year with continuing support provided under four (4) option periods of one (1) year each. The prospective Task Orders are Engineering Support Services for Program Executive Office Integrated Warfare Systems (PEO IWS) C Director, Development and Integration, D Director, Production, Deployment, and Fleet Readiness, 1.0 AEGIS, 4.0 International and Foreign Military Sales (FMS), 8.0 Small Surface Combatant, 9.0 ZUMWALT, and 10.0 Ship Self-Defense System (SSDS).

FINDINGS

1. Identification of Agency and Contracting Activity

This Determination and Findings has been prepared by the Naval Surface Warfare Center (NSWC) Crane Division, Crane, IN, a contracting activity under the authority of Naval Sea Systems Command (NAVSEA).

2. Nature/Description of Action

This Determination and Findings describes the proposed award of two (2) Task Orders that will include the combining of requirements that meet the FAR definition of bundling or consolidation. PEO IWS currently has three (3) Engineering Support Task Orders aligned by program office and one (1) Professional Support Omnibus Task Order. PEO IWS plans to reduce the number of Task Orders by consolidating and bundling requirements into functionally aligned Task Orders
Based on an analysis of the administrative costs, contractor oversight requirements, contracting burdens, mission alignment and small business participation, it was determined that the follow-on requirements should be issued as two (2) separate Task Orders for Engineering Support. One (1) that will require

consolidation and bundling which will be issued as Full and Open (F&O) competition and one (1) that will require consolidation and will be issued as a Small Business Set-aside (SBSA). A separate SBSA procurement was competed and awarded on 29 January 2020 for the Business Financial Management (BFM) tasking requirements, which is not the subject of this Determination and Findings (D&F).

Current Task Orders and requirements outlined in the below table:

CURRENT TASK ORDERS

N0017804D4119 EH05	**N0017804D4061/ N0016417F3001**	**N0017804D4138 EH04**	**N0017804D4138 EH03**
IWS D, 1.0 & 9.0	**IWS 10.0**	**IWS 4.0**	**PEO IWS Omnibus**
Large Business SAIC $141.0M	**Large Business Gryphon $75.0M**	**Small Business Tech Marine Business $20.0M**	**Small Business Tech Marine Business $129.2M**
Systems Engineering	Systems Engineering	Systems Engineering	Business Financial Management
Ship & Systems Integration & Test	Ship & Systems Integration & Test	Ship & Systems Integration & Test	Cost Engineering
Product Development	Product Development	Cyber/System Security	Earned Value Management
Cyber/System Security	Cyber/System Security	International Engagement/ Releasability	

NEW SUPPORT TASK ORDERS TO BE AWARDED

IWS *SBSA* Cost, Cyber and Data Engineering Support Service $108.1M
IWS *F&O* Combat Management Systems Engineering Support Service $247.3M
IWS *SBSA* Business Financial Management $126.9M[1]

The SBSA Task Order will consolidate Cyber Security, System Security, Information System, Data Engineering and Cost Engineering support services.

[1] Awarded 29 January 2020

The Cyber/System Security support has been acquired from Task Orders N0017804D4119 EH05 (large business), N0017804D4061/ N0016417F3001 (large business) and N0017804D4138 EH04 (small business) and Cost Engineering Support acquired through Task Order N0017804D4138 EH03 (small business). The SBSA Task Order for Cost, Cyber and Data Engineering support service requirements does not meet the definition for a bundled contract and will continue to support small business and provide additional opportunity. The Cost, Cyber and Data Engineering support services SBSA Task Order will consolidate tasks from four (4) separate Task Orders into one (1) SBSA. The BFM tasking on Task Order No. N0017804D4138 EH03 was competed separately as a SBSA and awarded under Task Order No. N0016420F3006.

The Cost, Cyber and Data Engineering support service requirements will be competed as a 100% SBSA under the SeaPort-NxG Multiple Award Contract (MAC). The SBSA will consist of one (1) 12-month base period and four (4) 12-month option periods.

The anticipated small business cost, cyber and data engineering support service requirements are outlined in the below table:

Anticipated Small Business Task Order	
IWS C, D, 1.0, 4.0, 8.0, 9.0 and 10.0	
Task	**Task Analysis**
Cyber Security	• Currently performed under 2 large business and 1 small business o Supports IWS D, 1.0, 4.0, 9.0 and 10.0 • IWS 8.0 does not have a current Task Order • IWS 1.0 also receives Cyber support through NSWC Dahlgren • New opportunity for small business, moving task from large business
System Security	• Currently performed under 1 small business o Supports IWS 4.0 • IWS 1.0/4.0 also receives System Security support through NSWC Dahlgren • Task will remain with small business
Information System and Data Engineering	• New tasking not currently supported under current Task Orders o Support IWS C, 1.0, 4.0, 8.0, 10.0 • New opportunity for small business
Task	**Task Analysis**

Cost Engineering	• Currently performed under 1 small business o Supports PEO IWS Omnibus • Transitioning from Professional Support (PSS) to Engineering Support (ESS) • Task will remain with small business

The anticipated Full and Open Task Order (Estimated Value: $247.3M) will consolidate and bundle Systems Engineering, Ship and Systems Integration and Test, Product Development, International Engagement and Releasability Engineering support services.

The Engineering support has been acquired from Task Orders N0017804D4119 EH05 (large business), N0017804D4138 EH04 (small business) and N0017804D4061/N0016417F3001 (large business). The Full and Open Task Order meets the definition of a bundled Task Order by moving PEO IWS 4.0 Foreign Military Sales (FMS)/International Systems Engineering, Ship and Systems Integration and Test, International Engagement and Releasability tasking from small business and consolidating into a Full and Open.

The Full and Open requirements will be competed as Full and Open under the SeaPort-NxG Multiple Award Contract (MAC) for Systems Engineering, Ship and Systems Integration and Test, Product Development and International Engagement and Releasability activities. The Full and Open will consist of one 12-month base period and four 12-month option periods.

The anticipated Full and Open requirements are outlined in the below table:

Anticipated Full and Open Task Order	
IWS C, 1.0, 4.0, 8.0, 9.0 and 10.0	
Task	**Task Analysis**
Systems Engineering	• Currently performed under 2 large business and 1 small business o Supports IWS 1.0, 4.0, 9.0 and 10.0 • IWS 8.0 does not have a current Task Order • IWS C has a requirement for Systems Engineering

Ship & Systems Integration & Test	• Currently performed under 2 large business and 1 small business o Supports IWS 1.0, 4.0, 9.0 and 10.0 • IWS 8.0 does not have a current Task Order
Product Development	• Currently performed under 2 large business o Supports IWS 1.0, 9.0 and 10.0 • IWS 8.0 does not have a current Task Order
International Engagement	• Currently performed under 1 small business o Supports FMS 4.0 only
Releasability	• Currently performed under 1 small business o Supports FMS 4.0 only

3. Results of Market Research

FAR 7.107-2(a)(1), Market research has been conducted, and

FAR 7.107-2(a)(3), The determination is coordinated with the Office of Small Business Programs:

For the purpose of determining which task area(s) would be best suited for small business with respect to PEO IWS C, D, 1.0, 4.0, 8.0, 9.0 and 10.0 future procurements, a Sources Sought notice was issued via SeaPort-e on 30 August 2019 and closed on 09 September 2019. The announcement allowed responding parties to communicate interest in proposing on the entirety of the tasking or specific task areas only. Fourteen responses were received, with ten (10) responses submitted from small businesses and four (4) responses submitted from large businesses.

Based upon the Sources Sought results and various strategy meetings between PEO IWS C, D, 1.0, 4.0, 8.0, 9.0, 10.0, SEA 00K and NSWC-CR Code 022, it was ultimately determined PEO IWS would compete two (2) separate procurements as detailed above. Additionally, SEA00K reviewed the small business strategy on 12 September 2019 and concurred that consolidation and bundling could be accomplished without adverse impact to small business, in aggregate, as demonstrated by market research below.

Currently a small business is the Prime for PEO IWS 4.0 Task Order ($20M) and performs 76% System Engineering, 50% Ship and System Integration and Test, and 100% Releasabilty and International Engagement tasking. However, the current small business did not provide a capability statement to support the

entirety of the consolidated and bundled Statement of Work. Based on procurement history, Sources Sought responses and efficiencies to be gained; the Government has determined to issue Systems Engineering, Ship and System Integration and Test, Product Development, Releasability and International Engagement tasks as Full and Open. The Large Business primes capable of performing engineering support services in the areas of Systems Engineering, Ship and System Integration and Test, Product Development, Releasability and International Engagement include, but are not limited to:

- American Systems Corporation
- CACI, Inc.-Federal
- Delta Resources, Inc.
- Gryphon Technologies, Inc. (Current Task Order Holder)
- SAIC (Current Task Order Holder)

Based on prior procurement history and Sources Sought responses, Small Business primes capable of performing Cyber and System Security support services include, but are not limited to:

- ELS Inc.
- G2 Ops, Inc.
- Tech-Marine Business, Inc.

Based on prior procurement history and Sources Sought responses Small Business primes capable of performing Cost Engineering support services include, but are not limited to:

- ELS Inc.
- Technomics, Inc.
- Tech-Marine Business, Inc.,
- Tecolote Research

Since the original Sources Sought issued 30 August 2019, PEO IWS has increased the small business requirements to include Information System and Data Engineering support services. Therefore, a second Sources Sought notice was issued as SBSA via SeaPort-NxG on 23 October 2019 and closed on 30 October 2019. The announcement allowed responding parties to communicate interest in proposing on the entirety of the tasking or specific task areas only. Thirteen responses were received from small business and based on prior procurement history and Sources Sought responses, Small Business primes capable of performing Cyber Security, System Security, Information System, Data

Engineering and Cost Engineering support services include, but are not limited to:

- Herren Associates, Inc.
- SENTEK GLOBAL
- STARGATES Inc.
- VSolvit, LLC

PEO IWS provided updated market research to SEA00K and received concurrence on 04 December 2019 to proceed with this strategy. SEA00K was provided an updated market research matrix as well as revised estimates for the SBSA requirements. SEA00K confirmed on 04 December 2019 their support to proceed with the strategy based on the market research presented. There is a high expectation of robust competition based upon the number of companies that have expressed interest in this requirement.

4. Consolidation and Substantial Bundling Is Necessary and Justified:

In accordance with FAR 7.107-4(a)(1), substantial bundling is any bundling that results in a contract or order that meets the dollar amounts in FAR 7.107-4(a)(1)(i), which is $8 million or more for the Department of Defense. This determination documents the justification for both consolidation in accordance with FAR 7.107-2 and substantial bundling in accordance with FAR 7.107-4(b).

FAR 7.107-4(b)(1) The specific benefits anticipated to be derived from substantial bundling:

Mission Alignment (FAR 7.107-2(c)(4)): The scope of work for the Task Orders identified above directly supports Combat Systems managed across the US Navy surface fleet and applicable allied navies. The combination of engineering support enables the PEO to innovate and better incorporate advanced technology concepts into future architectures apace with SECNAV Integrated Naval Force Structure Assessment. This contracting approach will aid in the delivery of systems that meet warfighting requirements in a timely and affordable manner to support our Fleet and national security objectives. Consolidation will also promote NAVSEA's priorities to include on-time delivery of ships and submarines, improve warfighting capability of ships and systems and cybersecurity in support of CNO's strategy and priorities. The scopes of work are technically similar, require similar technical knowledge base, are interrelated and promote the

Common Source Library (CSL), which enables deployment of common software solutions for both the United States and international partners. This enterprise approach will support PEO IWS's top priorities to include application of Model Based Systems Engineering and DEVSECOPS to achieve rapid and continuous delivery of combat capability to the Fleet and advancement of the PEO's Digital Strategy.

Quality and Schedule (FAR 7.107-2(c)(1), FAR 7.107-2(c)(3), FAR 7.107-3(c)(3) and FAR 7.107-3(c)(5)): To solicit, compete and award separate Task Orders for services that are similar in scope is inefficient. This approach would decrease consistency in the quality of services provided and lead to higher contract costs, slippage of milestones and schedules and quality control redundancies. There would be duplicative quarterly program review support, Contract Data Requirements List (CDRL) and Data Item Descriptions (DID) deliverables and the management of CDRLs and DIDs. The consolidation of the engineering requirements will also reduce overlap and eliminate barriers between contractors leading to overall improvement of the delivery and quality of services. Instead of being in competition with the other contractors who are also staffing engineers, the contractor performing the consolidated contract would handle staffing to service all the program offices. An additional benefit would provide flexibility for the contractor to shift resources among program offices to meet surge requirements. This leads to a reduction in personnel turmoil leading to improved performance. Consolidation of the engineering support will increase the quality and timeliness of services provided by having fewer Task Orders and enabling standard terms and conditions. Unquantifiable benefits also include eliminating duplication of processes for concurrent requirements. The development of multiple acquisition documents (RFP's, BCM's, technical evaluation, etc.) is eliminated.

Cost Savings (FAR 7.107-2(d)(1)(ii), FAR 7.107-3(c)(1) and FAR 7.107-3(d)(2)): Based on an analysis it was determined that consolidation would eliminate contractor program management and administrative redundancies and increase efficiencies in utilizing the same contractor to integrate functions across the program offices and reduce contracting costs. Contractor building space and security requirements would be reduced by consolidating the number of contractors providing central access for onsite secure storage and secure network requirements, along with large conference rooms. The BFM Task Order No. N0016420F3006 that was recently awarded is not figured into the cost savings for the anticipated two (2) new Task Orders.

The anticipated program management and support staff cost for the remaining two (2) Task Orders are as follows:

Anticipated Program Management Cost	
Task Order	**Five Year Cost**
SBSA IWS Cost, Cyber and Data Engineering Support Services	$3,418,322
F&O IWS Combat Management Systems Engineering Support Services	$3,418,322
	$6,836,645

PEO IWS Task Orders are currently aligned by program office, not functional alignment, and it would be this strategy that PEO IWS would continue to follow if the consolidation and bundling does not occur. Additionally, the cost and data engineering tasking would be competed separate, thus resulting in six (6) Task Orders vice the two (2) that would be solicited as documented under Section 5. The anticipated program management and support staff costs for the six (6) Task Orders are as follows:

Anticipated Program Management Cost [2]	
Task Order	**Five Year Cost**
SBSA IWS 4.0 Engineering Support	$3,418,322
F&O IWS C, D, 1.0, 9.0 Engineering Support	$3,418,322
F&O IWS 10.0 Engineering Support	$3,418,322
New IWS 8.0 Engineering Support	$3,418,322
New IWS 1.0, 4.0, 8.0 10.0 Cost Engineering Support	$3,418,322
New IWS C, 1.0, 4.0, 8.0, 10.0 Data Engineering Support	$3,418,322

[2] Cost includes: Program Manager, Deputy Program Manager and Support Staff (3FTE)

	$20,509,934

Reducing the number of program management personnel and support staff would be a cost savings of approximately $13.7M over the life of the Task Order. Additionally, the pre-solicitation, technical evaluation, cost evaluation and Task Order oversight workload associated with contracting costs would be reduced.

FAR 7.107-4(b)(2): An assessment of the specific impediments to participation by small business concerns as contractors that result from substantial bundling and;

FAR 7.107-2(a)(4) Any negative impact by the acquisition strategy on contracting with small business concerns has been identified:

As documented under Section 3, the market research results confirmed small businesses could not support the entire breadth of all tasking requirements. The tasking between the two (2) new anticipated Task Orders was separated based on the market research results. Although some effort currently performed by small business (the IWS 4 effort) will be included in the F&O task order, some work currently performed by large business (cyber and systems security) will now be set aside for small business. As described below, the overall acquisition approach (including the recently awarded BFM SBSA task order) increases the total value to be awarded to small business. Therefore, there would be no impediment to small business, in aggregate, resulting from the two (2) new anticipated Task Orders.

Promote Small Business: Currently, as shown below, small business is receiving $203.0M of $365.0M or 56%.

Current Task Orders:

	IWS D, 1, 9 F&O	**IWS 10 F&O**	**IWS 4 SBSA**	**PEO IWS Omnibus**	**Total**
Task Order Value	$141.0M	$75.0M	$20.0M	**$129.2M**	**$365.2M**
Small Business %	25%	25%			
Small Business Value	$35.3M	$18.8M	$20.0M	**$129.2M**	**$203.3M**

The two (2) new anticipated Task Orders, along with the recently awarded BFM Task Order would result in a 46% increase to small business.

Anticipated Task Orders:

	F&O	SBSA	BFM SBSA	Total
Task Order Value	$247.0M	$108.0M	**$126.9M**	**$481.9.0M**
Small Business %	25%			
Small Business Value	$61.8M	$108.0M	**$126.9M**	**$296.7M**

FAR 7.107-4(b)(3): Actions designed to maximize small business participation as contractors, including provisions that encourage small business teaming and;

FAR 7.107-2(a)(5) Steps are taken to include small business concerns in the acquisition strategy:

The anticipated two (2) Task Orders will provide small business $169.8M of the $355.0M or 48%. Although not the subject of the proposed consolidation and bundling, the IWS SBSA BFM procurement was awarded at $126.9M, which results in an estimated total of $296.7M going to small business between the SBSA for engineering support, small business participation on the F&O Task Order and the SBSA procurement for BFM.

FAR 7.107-4(b)(4): Actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract, or order, that may be awarded to meet the requirements:

Small Business will receive 25% of the workshare under the Full and Open Task Order, equivalent to $61.8M per the Small Business Participation requirement.

FAR 7.107-4(b)(5): The determination that the anticipated benefits of the proposed bundled contract or order justify its use;

This substantial bundling approach is necessary and justified as the benefits per FAR 7.107-3(c) have been documented and per FAR 7.107-3(d)(2) the financial benefits exceed five percent of the estimated value of the F&O task order.

FAR 7.107-4(b)(6): Alternative strategies that would reduce or minimize the scope of the bundling, and the rationale for not choosing those alternatives and;

FAR 7.107-2(a)(2) Any alternative contracting approaches that would involve a lesser degree of consolidation have been identified:

While alternative acquisition strategies involving a lesser degree of consolidation and bundling were considered, no alternatives were deemed as advantageous as demonstrated below.

Alternatives: To avoid consolidation and bundling each PEO IWS program office would have standalone Engineering Support Service (ESS) Task Orders with similar scope with multiple Program Managers and support staff. Additionally, the Government would have multiple Contracting Officer Representatives, Contract Specialist, Contracting Officers, financial and contract administration staff. While currently there are three (3) ESS Task Orders (IWS D, 1.0/9.0, IWS 4.0 and IWS 10.0) and one (1) BFM/PSS Task Order, six (6) ESS Task Orders would be required due to the addition of IWS 8.0, Cost and Data Engineering requirements. Six (6) Task Orders would be required as the ESS Task Orders are currently aligned by program office and Cost and Data Engineering would be competed separate.

The first Table below breaks out the current Task Orders that would be re-competed "as is" with common tasking and duplicate program management and support staff cost. The second Table breaks out the new Task Orders that would be competed in addition to the current Task Orders if Consolidation and Bundling is not approved.

Current Task Orders Re-Competed

TASK ORDER 1 **$206,857**	**TASK ORDER 2** **$32,075**	**TASK ORDER 3** **$44,182**
Engineering Support Service	**Engineering Support Service**	**Engineering Support Service**
Full & Open Re-compete IWS C, D, 1.0 & 9.0	**SBSA Re-compete IWS 4.0**	**Full & Open Re-compete IWS 10.0**
Systems Engineering	Systems Engineering	Systems Engineering
Ship & System Integration and Test	Ship & System Integration and Test	Ship & System Integration and Test
Product Development	Cyber/System Security	Product Development

Cyber/System Security	International Engagement	Cyber/System Security
Surge Support	Releasability	Surge Support
	Surge Support	

New Task Orders

TASK ORDER 4 **$26,797**	**TASK ORDER 5** **$21,469**	**TASK ORDER 6** **$44,182**
Data Engineering Support Service	**Cost Engineering Support Service**	**IWS 8.0 Engineering Support Service**
New Task Order-TBD IWS C, 1.0, 4.0, 8.0 10.0	**New Task Order-TBD IWS 1.0, 4.0 8.0, 10.0**	**New Task Order-TBD IWS 8.0**
Information System	Cost Estimating	Systems Engineering
Data Engineering	Earned Value	Ship & System Integration and Test
Surge Support	Surge Support	Product Development
		Cyber/System Security
		Surge Support

Having individual program office Task Orders is inefficient and fails to realize the benefits described above. Three (3) additional Task Orders would be solicited supporting Information Systems, Data Engineering, Cost/Earned Value Management and PEO IWS 8.0 Engineering support. PEO IWS would potentially have six (6) different prime companies supporting the development, coordination and integration of technical solutions and integration of major combat systems from development and production, through at sea acceptance testing in surface ships to in service support. Having multiple companies on the six (6) different Task Orders could impact the delivery of systems that meet warfighting requirements in a timely and affordable manner due to different technical approaches and inconsistent business practice.

Task Order quality would suffer because PEO IWS will lose any efficiencies and best practices that could be gained from utilizing one (1) contractor to support systems engineering, ship and system integration and test, and product development for the combat system baselines. There would be an increase in

program management and administrative cost under this strategy and subject matter expertise would not be shared among programs. Each Task Order would be managed individually limiting visibility into contractor cost, technical and schedule performance.

The consolidation and bundling approach is necessary and justified, as its quality improvements, better terms and conditions, and financial benefits, as well as other benefits such as increased small business participation and mission alignment, will substantially exceed the status quo.

DETERMINATION

Based upon the foregoing findings, I hereby determine that:

(1) the proposed consolidation resulting in the proposed SBSA task order is necessary and justified, as the benefits of the acquisition would substantially exceed the benefits that would be derived from each of the identified alternative contracting approaches;

(2) the bundling resulting in the proposed F&O task order is necessary and justified because the agency would obtain measurably substantial benefits as compared to meeting its requirements through separate smaller orders; and

(3) the anticipated benefits of the proposed bundled order justify its use.

_____ _____

James F. Geurts Date

Attachment 3
Navy - N0038320DWB01

THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

DETERMINATION AND FINDINGS FOR AUTHORITY TO BUNDLE CONTRACT REQUIREMENTS

Upon the basis of the following findings and determination, which are hereby made pursuant to the authority of 15 U.S.C Section 644(e), Federal Acquisition Regulation (FAR) 7.107-3 and the Navy Marine Corps Acquisition Regulation Supplement (NMCARS) 5207.107-3, the proposed contract described below may be entered into on a bundling basis to provide for a five-year base, no options. The prospective contract is a Requirements contract for support of the MK-41 Vertical Launch System (VLS) via a Performance Based Logistic (PBL) contract.

FINDINGS

1. Identification of Agency and Contracting Activity

   This Determination and Findings has been prepared in the Contracting Directorate of Naval Supply Systems Command Weapon Systems Support (NAVSUP-WSS), a contracting activity that falls under Naval Supply Systems Command.

2. Nature/Description of Action

   This Determination and Findings describes the proposed award of a sole-source Requirements Performance Based Logistics (PBL) contract to Lockheed Martin Corporation (Cage Code 38597) for supply support of the MK-41 Vertical Launch System (VLS). This requirement is for NAVSUP Weapon Systems Support - Mechanicsburg, PA. This proposed contractual action will satisfy a five-year requirement (5 base years, no options) employing a Firm-Fixed Price Contract. The base period (22 November 2019 through 21 November 2024) estimate is approximately $68,994,681.25 in support of 282 components. This contract will bundle the following requirements, representing 1.6% of the total estimated value of the proposed contract:

   a. Cable and Conduit Assembly, National Stock Number 6150-01-466-6258
   b. Cable and Conduit Assembly, National Stock Number 6150-01-466-6259
   c. Cable and Conduit Assembly, National Stock Number 6150-01-466-6260
   d. Cable and Conduit Assembly, National Stock Number 6150-01-466-6261
   e. Cable and Conduit Assembly, National Stock Number 6150-01-486-4193
   f. Cable and Conduit Assembly, National Stock Number 6150-01-502-2634

   These cables represent a family of cables with similar construction and characteristics IAW Naval Sea Systems Command (NAVSEA) engineering drawing 6912309, which differ primarily in length and connector keying. They electrically connect the Launch Sequencer to the Ordnance (missiles), therefore they have critical performance

requirements, such as shielding effectiveness, thermal and mechanical shock, flexibility, and bend radius. When the cables are found to be defective during visual inspection and/or electrical test during a simulated launch, the MK-41 VLS becomes degraded as it is not cable of firing a full missile load. The MK-41 VLS becomes combat ineffective if it cannot fire the quantity of missiles required to conduct the mission successfully, or fails to fire during a live missile launch attempt.

3. Results of Market Research

The following actions were taken in attempt to ascertain whether there are sources capable of fulfilling the contract requirements:

a. These cables currently have a procurement Acquisition Method Code = 2C, allowing them to be procured competitively. Currently there are two companies source approved for manufacture, Lockheed Martin (Cage Code 38597) and small business DCX-Chol Enterprises (Cage Code 63127). Market research has not identified any new sources attempting to become qualified for any of the items covered by this proposed contract. No source approval requests, including any from a small business, are currently pending.
b. A sources sought notice was released in the Navy Electronic Commerce Online (NECO) and FedBizOpps (FBO), the website for the government-wide point of entry on 23 March 2018. MC2 Sabtech Holdings, Inc., DBA IXI Technology, expressed interest in the repair of NIINs 016617326 & 016073303. IXI Technology is a small business and an approved source to repair NIINs 016617326 & 016073303. IXI Technology previously supported NAVSUP WSS requirements through individual purchase orders and has successfully demonstrated their ability to adhere to the contractual requirements. Due to the non-critical nature of these components and in efforts to foster participation of small businesses, NAVSUP WSS removed NIINs 016617326 & 016073303 from the requirement and will contract directly with IXI Technology for future requirements. Lockheed Martin was the only company to express interest in the full requirement of the proposed contract.
c. The proposed acquisition strategy was reviewed by the NAVSUP WSS Office of Small Business Programs and conditionally approved via DD2579, Small Business Coordination Record, on 10 September 2018. Conditional approval is contingent on:

i. Lockheed Martin qualifying DCX-Chol as a subcontractor within their subcontracting base giving DCX-Chol the opportunity to compete for the business, and
ii. Lockheed Martin must subcontract to small business(es) the total estimated value of that would be available to small business through traditional contracting support in addition to their traditional small business subcontracting goals.

A synopsis was issued to NECO and FedBizOpps on 07 August 2018. No sources expressed an interest in this proposed acquisition, except for Lockheed Martin, in response to this synopsis. In efforts to promote the participation of small business concerns, the solicitation and resultant contract will incorporate FAR clause 52.219-8, Utilization of Small Business Concerns, FAR 52.219-9 with Alt II, small business Subcontracting Plan (DoD Contracts), and FAR 52.242-5, Payments to Small Business Subcontractors. Lockheed Martin will be required to submit an acceptable small business subcontracting plan with their offer in accordance with FAR 19.705-4. The PCO will review the subcontracting plan in accordance with FAR 19.705-4 and ensure that Lockheed Martin submits timely reports into Electronic Subcontracting Reporting System (eSRS) as required.

d. Below reflects the most recent contract history awarded in FY18 to DCX-Chol Enterprises for the six NSNs:

NSN	Purchase Order
6150-01-466-6258	SPRMM118PWH69
6150-01-466-6259	SPRMM118PWF70
6150-01-466-6260	SPRMM118PWE95
6150-01-466-6261	SPRMM118PWF55
6150-01-486-4193	SPRMM118PWH84
6150-01-502-2634	SPRMM118PWF84

The above purchase orders include an average Production Lead Time (PLT) of 5-6 months. However, historically DCX-Chol has been late on delivery. In FY16 & FY17, DCX-Chol was awarded individual purchase orders for the NIINs identified above which included First Article Testing (FAT). The FY16-17 purchase orders included a 270 day PLT pending the approval of FAT. Currently the average supply response time for these items is 1318 days. The average response time of 1318 days is attributed to long administrative lead times during the pre-award source selection process and long production lead times during post award for the vendor to produce the items. Additionally, time has been added for the government to complete validation and testing of the vendor's products.

4. Substantial Benefits

The criteria for determining that the benefits are measurably substantial is if individually, in combination, or in the aggregate the anticipated financial benefits are equivalent to ten percent of the estimated contract or order value (including options) if the value is $94 million or less. While NAVSUP WSS understands that a full analysis is necessary prior to contract award, performing the analysis early in the initiative would not produce an accurate assessment. NAVSUP WSS's decision is to conduct a preliminary analysis at this time and perform a full analysis after negotiations are complete. This allows the most accurate analysis of savings by comparing today's "as-is" cost to actual negotiated prices of the potential arrangement.

As mentioned above, the only two sources approved for manufacture are Lockheed Martin and small business DCX-Chol Enterprises (DCX-Chol). Preceding the contracts awarded to DCX-Chol, these items were acquired through purchase orders awarded to Lockheed Martin. Lockheed Martin did not submit a quote for current (FY18) requirements. A price analysis was conducted, utilizing historical unit pricing. After historical unit pricing was pulled for each contractor, these unit prices were adjusted to account for differences in inflation since time of procurement using the Producer Price Index for Ship Building and Repair (PPI 336611). These inflation-adjusted prices were further escalated to the mid-point of performance unit price under the proposed contract using PPI 336611. The mid-point of performance of the proposed contract is year three of the performance period and reflects the average unit price for these cables over the five-year performance period. Once mid-point of performance unit price was developed it was multiplied against the five year forecasted demand to compute the extended value. The tables below delineate the price analysis. The analysis reflects a 25.9% savings on price alone for the subject six NIINs when under the management of Lockheed Martin vice procurement under DCX-Chol.

Lockheed Martin

NIIN	Mid-Point of Performance U/P	Five Year BEQ	Extended Value
014666258	$ 14,235.09	11	$156,585.99
014666259	$ 21,750.63	11	$239,256.93
014666260	$ 13,919.17	16	$222,706.72
014666261	$ 21,158.30	11	$232,741.30
014864193	$ 13,917.00	12	$167,004.00
015022634	$ 19,587.99	11	$215,467.89
Total			$ 1,200,780.54

DCX-Chol

NIIN	Mid-Point of Performance U/P	Five Year BEQ	Extended Value
014666258	$ 21,190.22	11	$ 233,092.42
014666259	$ 19,560.20	11	$ 215,162.20
014666260	$ 19,560.20	16	$ 312,963.20
014666261	$ 27,166.95	11	$ 298,836.45
014864193	$ 21,733.56	12	$ 260,802.72
015022634	$ 27,166.95	11	$ 298,836.45
Total			$ 1,619,693.44

The proposed acquisition is also expected to result in the following benefits which are presently unquantified:

a. The benefit of bundling is the targeted use of qualified sources with certified production lines and processes. Since Lockheed Martin is the Original Equipment Manufacturer (OEM) and system integrator of the MK-41 VLS, they have qualified sources of product that meets NAVSEA requirements for every component in the system, to include the bundled items. In many instances Lockheed-Martin provides technical assistance and process oversight to validate and improve the production process of their sources. In order for the Government to ascertain whether their competitive sources meet NAVSEA requirements, it must conduct continual first article and production lot testing which adds a significant amount of delay in delivery of a product. When these tests fail, no delivery of product occurs, so the Government is forced to restart the procurement process.

b. This contract will contain performance metrics for supply response time which will establish time definite delivery dates that meet the Program's readiness goals. Using this contract will reduce average supply response time from 1318 days to the proposed desired SRT metric of less than 30 days. The contractor will achieve this through material requirements planning (forecasting). Failure to achieve the delivery requirements within each performance period will result in a total contract price reduction.

c. These cables as a group are constantly impacted by Engineering Change Proposals (ECPs) and many have known obsolescence issues. Under the PBL contract, both obsolescence and configuration management risk is assumed by Lockheed Martin. Lockheed Martin will be required to engage in Program Management Reviews (PMRs) which will allow NAVSUP WSS to monitor Lockheed Martin's performance in this area. Lockheed Martin may not request relief from contract metrics due to diminished sources of supply or the need to qualify new sources of supply for alternate material. Failure to meet delivery requirements may result in a total contract price reduction.

Furthermore, the average cost of the cables is $20.6K each under a traditional logistics

support strategy. It is unknown at this time what the average cost of the cables will be under this new PBL approach, so it is not feasible at this time to calculate a tangible cost savings. However, as Casualty Reports increase and fleet readiness degrades, Type Commanders (TYCOM) will require On Board Repair Part allowances to establish these cables as Store Room Inventory items for all of the vessels and shore sites to increase readiness. This will realize an additional cost for the Navy to procure them. With six (6) cables per vessel, the approximate cost per vessel is $123.6K ($20.6K x 6). With 94 vessel locations, the total cost for Cable Allowances will be approximately $11.6M. Currently that cost is $0 based on current readiness based sparing requirements, so the cost avoidance realized by this action is $11.6M.

Based on the above, the anticipated cost savings for this effort will be a minimum of ten percent. If the savings after negotiations is not at least ten percent, NAVSUP WSS will re-engage Small Business Administration (SBA) and the NAVSUP WSS Small Business Office to determine the additional impact to small business and a path forward.

5. Alternative Strategies

The alternative strategy is to continue to manage these cables through traditional logistics support strategy that provides increased opportunities for competition, while increasing risk to fleet readiness. Contracting separately has failed to deliver the high level of readiness that the fleet requires due in large part for DCX-Chol late deliveries on previous contracts. The use of performance based contracting will allow the contractor to directly impact the supply chain, aligning the goals of sustainment, readiness and material availability, with the requirements of this contract while affording the contractor the flexibility and opportunity for innovation necessary to achieve them. Additionally, maintaining the approach of separate contracts duplicates contracting and administrative efforts, increasing administrative costs, and eliminates the potential for supplier efficiencies and readiness improvements that would benefit the MK-41 VLS performance. Transactional support does not provide the single point of accountability over the entire supply chain for the MK-41 VKS which will be obtained under the proposed contract. The accountability and management responsibility inherent in a PBL contract, compels the contractor to identify and resolve common concerns of the sustainment phase including obsolescence and maintainability, ultimately leading to an anticipated reduction in sustainment costs of those components covered. As such, there was no alternative strategy involving a lesser degree of consolidation that would provide the desired readiness support, while obtaining a lower cost solution.

DETERMINATION

Based upon the above findings, it is hereby determined that bundling is necessary and justified. The benefits that are expected to be achieved through bundling are significant but not expected to meet the threshold established in FAR 7.107-3(d)(1). This action is critical to the agency's mission success, and the acquisition strategy provides for maximum practicable participation by small business concerns.

James F. Geurts

18 Dec 18
Date

Attachment 4
Air Force - FA701419DA005

1 NOV 2018

DETERMINATION AND FINDINGS

BUNDLING

Air Force National Capital Region Information Technology Services
(Solicitation Notice FA7014-19-R-0002)

Pursuant to FAR 7.107-3(a) the agency shall make a written determination that the bundling is necessary and justified in accordance with 15 U.S.C. 657q. In accordance with FAR 7.107-3(f)(2), the approving authority, without power of delegation, is the Senior Procurement Executive. As the Senior Procurement Executive, after careful consideration of the facts and circumstances, to include consideration of the Contracting Officer's bundling analysis (signed on 26 October 2018) incorporated herein by reference, I make the following determination and findings.

FINDINGS

1. The proposed acquisition strategy Air Force National Capital Region Information Technology Services (AFNCR ITS) includes combining two or more requirements for services, previously performed under separate smaller contracts, into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern due to

    a. The variety of expertise and knowledge required for successful performance of asset management, cybersecurity, helpdesk support, technical support, configuration management of highly specialized military systems is so diverse and specialized that no small business is capable of performing the full requirement.

    b. The anticipated contract award value is $566M for a five year ordering period. The North American Industry Classification System (NAICS) code for this acquisition is 541513, Computer Facilities Management Services, with a small business revenue standard of $27.5 Million.

2. Successful performance of the AFNCR-ITS requirement is vital to national security. If AFNCR-IT systems were to fail or be disrupted, multiple critical military mission that cannot fail would lack the necessary support.

3. The acquisition team conducted market research. While conducting market research the Government exchanged information with 12 small and 24 large businesses. Only seven large business vendors were deemed capable of meeting AFNCR ITS requirements. Although no small businesses were assessed as capable of fulfilling the complete requirement, several were interested in performing as subcontractors or under a teaming arrangement with a large business.

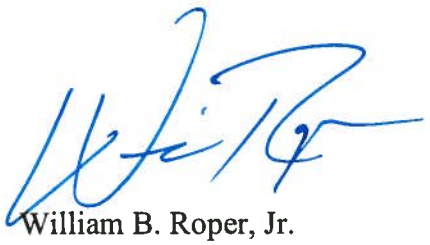
4. Bundling AFNCR ITS into a single contract is critical to the agency's mission success and vital to our national security. Specifically, end-to-end management of the AFNCR ITS enterprise will enable unity of effort for cybersecurity and sustainment measures, establish

clear lines of responsibility and accountability, allow a standard approach to quality control, eliminate the need for the Government to serve as an integrator between two contractors, and align performance metrics and incentives across the entire effort resulting in streamlined problem identification and resolution. Alternatives were considered, including the status quo of performance under two contracts, awarding a single contract to a small business, breaking out different aspects of the overall bundle into several more contracts, and the use of a multiple-award task order contract with partial small business set-aside or reserves for small businesses. Bundling all functions supporting the computer and cybersecurity needs of AFNCR customers and the protection of their communication is necessary to mitigate risks to national security.

5. The acquisition strategy provides for maximum practicable participation by small business concerns by incorporating a 35% small business subcontracting requirement of the total contract.

DETERMINATION

Based upon the findings above and those in the Contracting Officer's bundling analysis, I hereby determine the expected benefits do not meet the thresholds for a substantial benefit but are critical to the agency's mission success and the acquisition strategy provides for maximum practicable participation by small business concerns. Therefore, substantial bundling is necessary and justified.



William B. Roper, Jr.
Assistant Secretary of the Air Force
(Acquisition, Technology & Logistics)

Attachment 5
Air Force - FA872622A0001

DETERMINATION & FINDINGS

Necessary and Justified Bundling

Enterprise Information Technology as a Service (EITaaS) Wave 1 Requirement

I. Identification of the Agency

The contracting activity responsible for this Determination and Findings (D&F) is the United States Air Force (USAF) Materiel Command, Air Force Life Cycle Management Center (AFLCMC), Enterprise IT & Cyber Infrastructure Contracting Division (HNIK), 3 Eglin Street, Bldg. 1612, Hanscom AFB MA, 01731-2100.

II. Nature and Description of the Action being approved

This D&F demonstrates the EITaaS Wave 1 requirement will provide measurably substantial benefits and is critical to the Department of the Air Force's mission success, as a substantially bundled contract, in comparison to meeting requirements through separate, smaller contracts. This D&F also documents the required approval. Given EITaaS Wave 1 is considered both consolidated and bundled, per FAR 7.107-1(a), this D&F will follow the regulatory guidance at FAR 7.107-3, in accordance with (IAW) 15 U.S.C. § 644e, and FAR 7.107-4. In addition, the Wave 1 requirement exceeds $8 million and therefore represents substantial bundling, IAW FAR 7.107-4 (a)(1)(i), and requires approval from the Senior Procurement Executive, IAW FAR 7.107-3(a), FAR 7.107-3(f)(1), and AFFARS MP 5301.601-90, Items 11 and 12. This class determination applies to all orders placed under the Wave 1 Blanket Purchase Agreement (BPA). This class determination is subject to program compliance with all applicable laws and regulations (i.e., 10 U.S.C. § 2461, applicable Appropriations Acts, Circular A-76, etc.). This D&F justifies bundling at the BPA level, as it is most consistent with the Wave 1 Acquisition Strategy, reflects the integral relationship of all single-award BPA orders, evaluates Wave 1 bundling benefits at a holistic level, and provides comprehensive mitigation of potential impact to small business concerns. While this class determination approach is not required, it is not prohibited.

III. FINDINGS

1. Background

EITaaS undertakes an end-to-end enterprise IT transformation by transitioning users around the world to a set of commercially provided network, end user, cloud, and security services. In 2018, the Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics) (SAF/AQ) authorized EITaaS to launch a notional three-year risk reduction effort (RRE) experiment to test the viability and scalability of base-level services proposed by commercial companies, consisting of three Lines of Effort (LOEs): Network as-a-Service (NaaS), End User Services (EUS), and Compute and Store (C&S) cloud services. This RRE established a foundation for the growth of EITaaS across the Department of the Air Force (DAF). The EUS RRE scope closely represents Wave 1 since the work involved acts as a fundamental building block for future Waves (C&S and NaaS). The Wave 1 effort provides the underpinning for connectivity of back end processes for smooth operability and reliable cybersecurity functions, while remaining transparent to the end user. Further, an enterprise level Information Technology Service Management (ITSM) functionality, in particular, aggregates useful

data in one comprehensive repository allowing decision makers to gain insight into cost and performance elements.

Dominance in this new security environment depends less on individual capabilities and significantly more on integrated, connected warfighting systems with advanced analytics to shrink the data-to-decision loop. This directive is absolute. The DAF must transform to employ the data, technology, and infrastructure needed to prevail over great power adversaries. To that end, the DAF is taking a multi-point approach to forging a Digital Air and Space Force:

a. Leverage the power of data as the foundation of artificial intelligence and machine learning to enable faster decision-making and improved warfighter support.

b. Field a twenty-first century IT infrastructure responsive to the demands of modern combat.

c. Adopt agile business practices that improve the effectiveness and efficiency of our management enterprise.

2. Scope of Wave 1 Acquisition

As a part of the larger EITaaS initiative, the EUS RRE LOE produced a feasibility assessment to explore technical, operational, security, and organizational requirements that correspond to the current state DAF Enterprise IT structure. Wave 1 services for the EITaaS program will be implemented in support of 750,000 Airmen and Guardians across 500 different locations operating in the Continental United States (CONUS) and Outside of the Continental United States (OCONUS) and includes Information Technology Service Management (ITSM), End User Devices (EUD), Service Desk, and Organizational Change Management (OCM). The Wave 1 EUS services in scope are defined in Table 1 as follows:

Table 1. Wave 1 End User Services

Wave 1 Services	Definition	Includes
Information Technology Service Management (ITSM) and Service Desk	• ITSM solution in IL-5 Cloud • Service Catalog Featuring Self-Service Capabilities • Self-Service Portal • 24x7x365 Phone and Chat Support • Level 1 & Level 2 Tech Support • Field Service Agent Support for AF Issued Devices	• Service Desk & ITSM • Help Desk & Issue Management
End User Devices (EUD)	• Modern Products: Desktops, Laptops, Mobile, Tablets, Thin Clients, Zero Clients, Rugged Devices & Smart Devices • Mobility End-to-End Management • Simplified Asset Management • Secure endpoint management (configuration and maintenance) of a modern, fast device image • Threat Detection & Remediation, Data Leak Protection, & Enterprise Data-at-Rest Capability	• Computing & Device Purchasing • Computing Device Provisioning & Distribution • Endpoint Management • Bring Your Own Approved Device (BYOAD) Integration • Voice Devices Purchasing • Voice Devices Provisioning & Distribution • Emergency Mass Notification • Print
Organizational Change Management (OCM)	• Workshops & Communications Focused on Process Improvement	• OCM and Integration

The proposed Acquisition Strategy envisions an enterprise-wide Wave 1 single-award BPA under General Services Administration (GSA) Multiple Award Schedule (MAS) for IT Services, in which individual orders placed under the BPA will result in substantial bundling as described and justified in section 5, Benefits Analysis. The BPA's duration will be a maximum of ten years, consisting of a five-year base and five annual award terms.

3. Market Research

Wave 1 market research included refining the requirements and assessing the ways in which contractors could implement an enterprise-wide approach. Research activities focused on refreshing data collected from earlier market research reports, such as EUS RRE, gathering inputs to inform the development of the acquisition strategy, evaluating methods to mitigate risks identified during the EUS RRE, and validating how industry could perform the scope of work at the required scale. The EUS RRE contractor is a large business, which also factored into the market research and lessons learned.

Several market research activities were undertaken to determine how many contractors were capable of supporting the EITaaS Wave 1 requirements as described in the following section and contained in the Wave 1 Market Research Report. A request for information (RFI) was released to industry through beta.SAM.gov on 04 January 2021, including seven technical and nine contractual questions. The technical questions were designed to assess how contractors would address key risks, inform strategy decisions on Service Level Agreements (SLA), and determine future sequencing of EITaaS services as a result of the Wave 1 EUS effort. The contractual questions evaluated industry's opinion on contract types, vehicles, and categorization of the requirement.

Of the twenty-seven RFI respondents, six were small businesses and twenty-one were large businesses. A virtual industry day was conducted on 13 January 2021, regarding the Wave 1 requirements and basic strategy. This event informed the twenty-seven responses from industry received for the Wave 1 RFI.

The acquisition team conducted seven contractor one-on-one meetings on 11 and 12 March 2021 with select respondents of the Wave 1 RFI. The goal of the meetings was to further inform and clarify if industry could perform Wave 1 requirements at scale and also to provide additional feedback on contracting vehicles and pricing models. Under the Wave 1 effort, the contractor must have the capacity to support 750,000 users under their Service Desk model within five years, as this is a critical requirement to an enterprise-wide approach which necessitated more targeted research.

Consultation from independent subject matter experts in the IT market, specifically as it relates to providing Wave 1 requirements on an enterprise-wide scale, further informed the acquisition team's research. This research provided insight into the pricing model, metrics, and core competencies as analyzed from hundreds of outsourced IT contracts in the public and private sectors. Additionally, the Air Force met with the United States (U.S.) Army to ascertain lessons learned from its pilot EITaaS, an effort similar to the EUS RRE experiment.

The RFI and follow-on questions and answers identified Wave 1 as potentially unsuitable for small business prime contractor consideration leading the acquisition team to request information regarding

small business subcontracting opportunities. Responses from both large and small business validated that the scale and scope of Wave 1 makes this requirement unsuitable for small business prime contracting; however, industry feedback indicated that multiple, meaningful opportunities exist for subcontracting and contractor teaming arrangements. This information directly contributed to the small business impact mitigation strategies contained herein.

4. Coordination with the Small Business Programs Office/Small Business Administration

The Director, Hanscom Small Business Programs (SBO), Deputy Director, Small Business Administration (SBA) Office of Government Contracting for Area 1, and the cognizant SBA Procurement Center Representative (PCR) have been consulted throughout the acquisition process to provide guidance related to small business considerations in assessing justification for this consolidated and substantially bundled action. As required by 15 U.S.C. 644, 13 C.F.R. 125.2, and FAR 19.201, the Director, Department of the Air Force Office of Small Business Programs (SAF/SB), was notified of this substantial bundling and provided recommendations on the D&F and on the acquisition strategy. SAF/SB Director's recommendations were fully considered by the Contracting Officer and the Program Executive Officer (Command, Control, Communication, Intelligence, and Networks). The resulting D&F has been coordinated with the local SBO IAW FAR 7.107-2 (3) and reviewed by the cognizant SBA/PCR. Documentation of SBA coordination (DD2579) on the final signed D&F and the acquisition strategy will be obtained IAW FAR 19.202-1 and 19.402, and 13 C.F.R. 125.2.

5. Benefits Analysis

The purpose of this analysis is to document the considerable savings, based off calculations of the EITaaS Wave 1 Business Case Analysis (BCA). While the BCA analysis is detailed, thorough, and a reasonable basis to derive measurably substantial benefits between the status quo, current state, which includes an unknown number of contracts and contractors, and the recommended course of action (COA), which assumes a unified, enterprise (i.e., bundled) requirement. A more traditional method of benefits analysis would be impractical, as the current state of IT purchasing, business systems, and available contract data, would require a detailed, forensic analysis of thousands of contracts, across hundreds of contracting activities, to even determine the universe of potential contracts with partial applicability to the bundling analysis. The manpower and resources to accomplish this, along with the time needed to complete the analysis, would considerably delay a capability critical to the mission success of the DAF. Therefore, the approach described herein provides the most logical benefits analysis, given the circumstances.

a. Cost Savings

A total life cycle approach to the full implementation of the Wave 1 EUS effort was employed to develop the Government's cost estimate (GCE) and to assess financial savings over the projected ten-year award period of performance. Three alternatives (Status Quo, Full EITaaS Implementation, Partial EITaaS Implementation) were assessed in the EITaaS Wave 1 Business Case Analysis (BCA), dated September 2021. A life-cycle cost estimate (LCCE) was developed for the Status Quo alternative by costing teams within Air Force Materiel Command (AFMC)/Air Force Life Cycle Management Center (AFLCMC)/HNIB. Cost estimates for each alternative were the compared to the

Status Quo LCCE. The Advanced Battle Management System (ABMS), AFWay, and the EITaaS RRE were used as referential data sources to generate estimates.

The recommended BCA Alternative 2 represents a full enterprise-wide implementation of EUS and meets all requirements specified in the Production Capabilities Document yielding a total LCCE of $16.7 billion. The selected, single contractor will assume a Contractor Owned and Contractor Operated (COCO) role, responsible for all services and asset management for all material goods, except for end-user devices. To implement enterprise services, services and categories will be released sequentially through a design, implementation, and optimization process. These services will be migrated in a strategically sequenced manner as determined by need, fit, and base readiness. Legacy functions will persist in the first years of implementation and accounts for the higher cost estimate versus the first alternative scenario since both the legacy current state and Wave 1 implementation will exist in tandem. Costs of retaining legacy functions will be phased based on an assumption that the DAF 'turns off' 20% of the commensurate legacy capability (and by extension, cost) year to year, turning off all of legacy ITSM by the end of year two and all other migrations by the end of year five. The recommended scenario reflects the contracting approach proposed for the Wave 1 acquisition and inherently results in substantial bundling, as described in Section 6, paragraph (a), Proposed Strategy. This alternative applies the contracting approach found in Section 6, Alternative Contracting Strategies, paragraph (a), Proposed Strategy.

BCA Alternative 1– status quo encompasses the total LCCE, or baseline, of continuing the current state totaling $19.1 billion across a 10-year period beginning with FY22. The baseline calculation includes the maintenance and continuation of legacy DAF solutions, including the continued payment and provisioning of legacy modernization programs including EITSM 2.5 & 3.0, the BYOAD program, and existing distributed, independent help desk contracts. This alternative applies the contracting approach found in Section 6, Alternative Contracting Strategies Considered, paragraph (b), subparagraph (i), Alternative COA 1.

BCA Alternative 3is a hybrid approach incorporating the ITSM and OCM services in BCA Alternative 2 and the award of a new contract for IT devices. This hybrid alternative yields a total LCCE of $20.1 billion since implementation of a new device delivery capability combined with maintaining current devices for a period of time simultaneously, increases the overall cost.

The recommended BCA Alternative 2, full implementation of Wave 1 EUS, yields a cost avoidance of $2.4 billion over the ten year period of performance (inclusive of all award terms) from the $19.1B status quo LCCE. This represents a 11 % cost avoidance from continuing the status quo. :

Alternative 2 has a unique opportunity to drive significant cost avoidance through increases in productivity, efficiencies in software asset management, and workforce transformation and re-missioning. These efficiencies are additive to the direct labor hour savings outlined in the paragraph above. EUD services will improve boot-up and login times, as evidenced by results from EITaaS RRE. Increasing productivity will result in a significantly increased factor of productive time across the DAF. Estimated savings in right-sizing licenses and optimization of software were determined with an assumption that the AF will avoid spending on dormant licenses. Execution of the ITSM Platform's License Manager will enable the execution of this savings. This process is facilitated through the deployment of an enterprise license manager in conjunction with the EITaaS Wave 1 ITSM Platform.

Last, EITaaS will facilitate savings through reduction in recruiting and training expenditures resulting from the availability of personnel who may be re-missioned or focused into core mission functions required by the DAF to execute the department's operational strategy.

b. Qualitative Benefits/Technical Improvements

The implementation of EITaaS will enable wide-reaching benefits for the USAF worthy of the initial financial investment required to implement services. EITaaS will address the current state challenges and enable the USAF to meet Department of Defense (DoD) and Air Force-specific strategic mandates. In addition to addressing the current state challenges, implementing the recommended alternative described in the BCA will enable the USAF to meet mandatory and strategic requirements such as those outlined in the National Defense Strategy, DoD Chief Information Officer (CIO) Modernization Plan, and DAF Deputy Chief Information Officer (DCIO) Strategic Priorities. Furthermore, the financial impact will be offset by the cost of maintaining outdated, redundant legacy IT systems.

Considering the challenges of the current state, implementing the recommended alternative described in the BCA Alternative 2 will enable the USAF to address these challenges, generating the following mission and operational benefits as described in Table 2 below.

Table 2. EUS Current Challenges/Future Benefits

Element	Current State Challenges	EITaaS Benefits
Mission Readiness	× Airmen & Guardians time is taken up dealing with non-mission facing activities (connecting the network/virtual private network (VPN), accessing email, troubleshooting general IT issues) × Disconnect between mission requirements for EUD and fulfilled orders × Lack of interoperability with Air Force Network (AFNET)/Defense Information Support Network (DISN) and contractor solutions	Remove technology roadblocks that hinder mission focus to free up valuable Airman & Guardian time to focus on mission operations ✓ Modernizes infrastructure to support mission readiness ✓ Optimizes cyber workforce ✓ Rapid adoption of new technology and approaches ✓ Improves Airmen & Guardian productivity
Cybersecurity	× Communicating and receiving approval for cybersecurity equivalencies × Current technical solution tied to Defense Information Systems Agency (DISA) Internet Access Provider (IAP) and Certified Authorization Professional (CAP) × Solar Winds and other attacks	Leverage industry solutions to provide resilient IT and data operations that maintain and secure a mission ready posture, tightly integrating capabilities from multiple contractors. Enable our Airmen & Guardians to refocus from traditional IT service delivery to core mission assurance defending cyberspace. ✓ Tightly integrate capabilities from multiple contractors ✓ Automated patch management & data protection ✓ Emphasizes End Point Device Security ✓ Responsive, EITaaS Security Operations Center (SOC) ✓ Containerized applications ✓ Embraces Zero Trust capabilities
User Experience	× Outdated and underpowered end user devices unable to support 21st century capabilities × Slow speed of connectivity to the network that is overwhelmed with permissions, certificates, and software packages × Unreliable and inconsistent IT service	Enhance the quality and consistency of service delivery by investing in modern IT capabilities to provide a more efficient, transparent, and empowered user experience. ✓ Mobile, fast, and modernized end user devices ✓ Resilient, interoperable network with better performance ✓ Responsive ITSM providing quality services readily available

Element	Current State Challenges	EITaaS Benefits
	× Disjointed processes for incident management and remediation across the DAF × Ineffective or inadequate service management processes	

6. Alternative Contracting Strategies Considered

The requirements of EITaaS were split into waves allowing for separate contract actions to ensure the competitive landscape, reduce risk to the program, and to provide opportunities for multiple companies to provide services. The requirements were separated and grouped based upon industry feedback, market research, and RRE lessons learned. The findings from this research revealed that the majority of companies and other Government agencies group desktop services together within a single requirement. Desktops are then purchased 'as-a Service' to provide the best level of performance while minimizing the effort required by the Government to manage this function, as outlined in the Benefits Analysis section. Any further split to the already divided requirements of EITaaS will result in poorer performance and will require additional manpower to manage the multiple contractors providing similar services. The 'as-a Service' model is dependent on a single contract vehicle managed by a prime contractor to provide user help desk services to trouble shoot IT issues through timely completion. The help desk service model is structured with tiered levels of service to match the user issue complexity with the appropriate resolution solution.

An explanation and chart representation of the proposed enterprise-wide strategy and the four alternative courses of action (COA) considered to maximize small business participation are depicted and defined in sections (a) and (b) below.

The Tier service elements are defined as:

Tier 0 - Self-Service (bots or HELP menus)*
Tier 1- Enterprise IT Help Desk Support
Tier 2 – Local Field Support (in-person support)

*future state only; extremely limited under the current day requirement

a. Proposed Strategy

The Wave 1 effort is best suited to achieve an enterprise-wide approach to satisfy IT requirements by utilizing industry best-in-class practices in which the DAF will be serviced under a single award BPA. The DAF operates in both CONUS and OCONUS locations comprised of 187 bases and over 300 geographically separated units servicing 750,000 users. As indicated by market research, the requirement's geographic dispersion, magnitude of scope, need for massive scalability, and high contract value reinforces the AF's capability assessments, concluding that this requirement is not suitable for a small business in assuming a prime contractor role, nor as a small business set aside. However, the Government considered and evaluated a number of alternative strategies regarding small business participation.

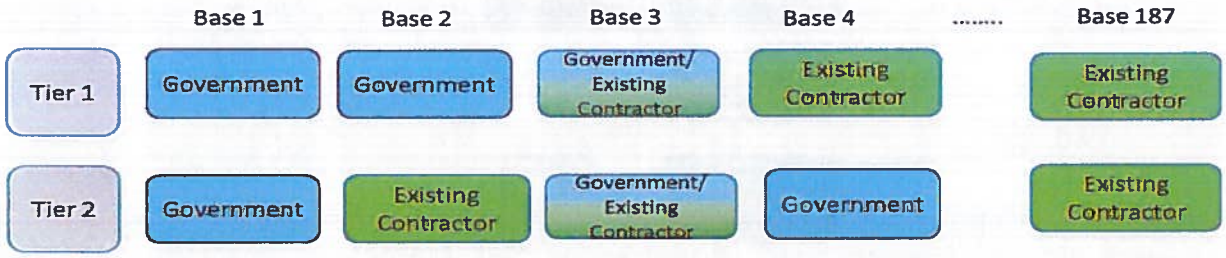
The proposed strategy is visually displayed here.

b. Alternative Strategies

The acquisition team carefully considered contracting strategies to minimize the impact of bundling leading to the development of four potential alternate COAs in procuring Wave 1 services as described below. Each strategic COA focused on IT help desk services and field services (tiers 0-2) as these services represent over 40% of the requirement cost estimate and are comprised of a significant number of contracts currently awarded to small businesses.

i. Alternative COA 1. The first alternative is to maintain the status quo framework and forgo soliciting for a new service desk contract, but instead, implement standardized performance requirements for each installation service desk contract the Air Force has in place across the enterprise, including Government operated sites. Maintaining this approach would not bundle any requirements. This approach, however, does not allow the Air Force to 1) leverage its considerable buying power to reduce overhead costs; 2) provide cost reduction at scale from commercial automation and self-help services; 3) eliminate the managerial burden the Air Force currently faces in governing numerous seams for IT services support among each of the service desk tiers.

This representative status quo construct is visually displayed here.

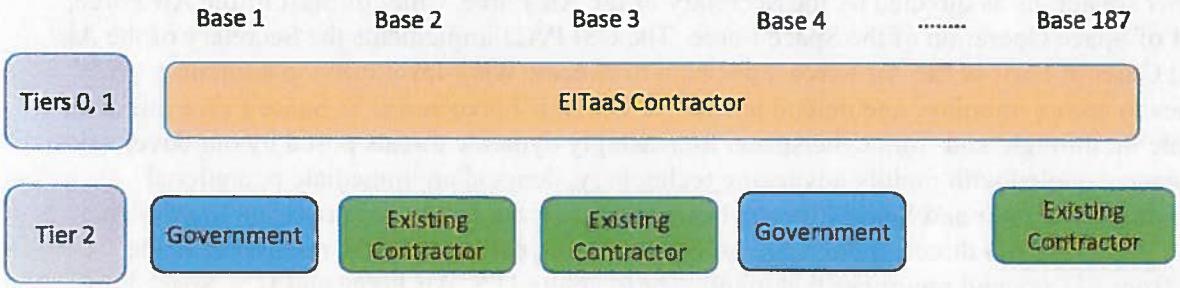


ii. Alternative COA 2. The second alternative is to implement a regional approach, issuing approximately seven contracts (tiers 0-2) to support 750,000 users that are globally dispersed. Under this COA, contracts would be divided into four U.S. regions, Europe, Asia, and South America. Dividing the requirement as such would align with the commercial network construct the Air Force is considering for the future. This approach does little to minimize bundling, however, as the requirement still bundles hundreds of contracts, into seven. This approach also increases the managerial footprint required as there are still twelve different business units or major commands (MAJCOMs) that are dispersed within the regions. Market research has indicated that there are less than ten U.S. owned companies that can perform service desk services at this scale and with the capability to continually modernize, consequently limiting the competitive environment needed in each region. Additionally, this effort would take at least an additional year to award seven regional contracts, thus making this COA unacceptable as the EUS requirement is obligated to meet improved performance goals and user experience standards within two years. Lastly, under this construct, the Air Force could only achieve the enterprise-wide uniformity required by implementing only one regional contractor's processes and standards across all regions, thus forcing each individual regional contractor to forgo their particular commercial best practices.

This representative approach is visually displayed here.

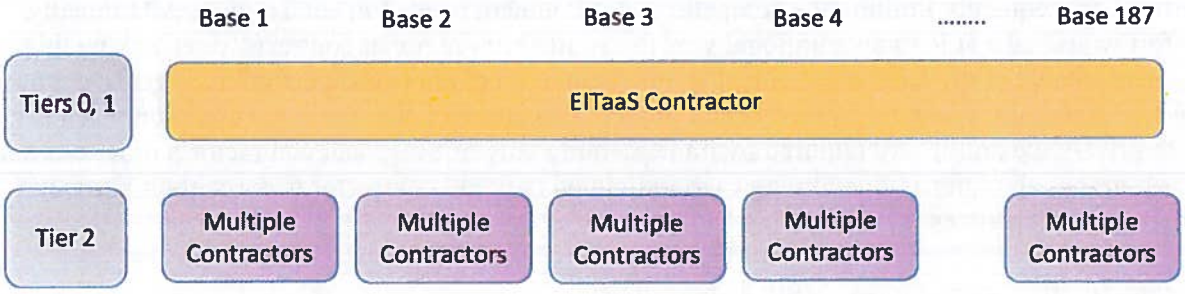
iii. Alternative COA 3. The third alternative is to provide a combined call center that would provide tier 0 and tier 1 requirements, but would not provide tier 2 device support. This approach still requires significant bundling and most existing service desk contracts would require descoping of their tier 0 and tier 1 requirements. Additionally, this creates a seam between tier 1 and tier 2 servicing for devices with no governing oversight to ensure smooth ticket resolutions. A contractor could not be held to a performance standard for end-to-end device servicing under this construct. Technical benefits such as eliminated service disruptions and improved interoperability would be lost under this construct as well.

This representative approach is visually displayed here.



iv. Alternative COA 4. The final alternative would be to build a contract vehicle for tier 2 support to a large contingent of capable contractors separate from the combined call center and device management contract. As with COA 3, this approach still requires a significant amount of bundling of tier 0 and tier 1 requirements that are spread across numerous service desk contracts. Additionally, the time to award this contract could take twelve to eighteen months after the tier 0 contract is awarded, delaying the timeline. Technical benefits such as eliminated service disruptions and improved interoperability would be lost under this construct as well.

This representative approach is visually displayed here.



c. Alternative COA Analysis Conclusions

Similar to desktop services, market research has shown that the most efficient and effective service desk framework is an enterprise service desk that serves an entire organization's users for IT. A 2019 study conducted by global IT research firm, Gartner, identified an average reduction of cost per user/per month of up to 68% when IT automation tools and network support are fully implemented and maintained. Industry standards for service desk operations are also defined as having a 'single point of contact' in an enterprise environment when requesting IT services. Having multiple service desks results in enterprise confusion, non-standard work, and ultimately a poor end-user experience. Therefore, an AF-wide approach to service desk management is critical in providing a best in class end user experience by ensuring seam cohesiveness, resolution response consistency throughout the enterprise and improved cost effectiveness.

7. Bundling is Critical to the Agency's Mission Success

EITaaS is vital to the mission success in executing the Cyber Squadron Initiative Program Action Directive (CSI PAD) signed 12 May 2020. The CSI PAD directs the implementation of Air and Space Force cyber squadrons as directed by the Secretary of the Air Force, Chief of Staff of the Air Force, and Chief of Space Operation of the Space Force. The CSI PAD implements the Secretary of the Air Force and Chief of Staff of the Air Force's decision to execute wing-level mission assurance capabilities to secure, monitor, and defend terrain for U.S. Air Force and U.S. Space Force missions that operate in, through, and from cyberspace. Increasingly dynamic threats posed by our adversaries in cyberspace, coupled with rapidly advancing technology, demand an immediate operational paradigm shift for the Air and Space Force cyber workforce from IT service provision to mission assurance. The CSI PAD directs to leverage, to the maximum extent possible, manpower made available from EITaaS and repurpose that manpower to assure U.S. Air Force and U.S. Space Force core missions. Any impact to EITaaS Wave 1, as the first acquisition to follow the EITaaS Risk

Reduction Effort (RRE) and formal initiation of EITaaS DAF-wide implementation, is an impact to the EITaaS and DAF mission. For these reasons, and in addition to the measurably substantial benefits, the bundling required to implement Wave 1 is critical to the agencies mission success.

8. Actions Designed to Provide Maximum Practicable Participation by Small Business

The Wave 1 acquisition strategy includes compulsory measures to maximize small business participation throughout the entire acquisition process, from pre-award to post-award. There are a number of areas in which the Government will leverage small businesses. For example, market research shows that ITSM and field support are potential areas small businesses could lend their expertise through subcontracting or teaming opportunities to serve segments of the DAF's 750,000 users. Strategies to create substantial opportunities to maximize small business participation include the following:

a. Pre-Award Strategies

i. Incumbent Notification. IAW FAR 7.107-5(a), the Air Force will identify and notify incumbent small business concerns of the intent to bundle the requirements at least 30 days before release of the solicitation. Notification includes small businesses currently identified as holding base or Major Command (MAJCOM) level contracts as well as those small businesses identified in future periods if they opt into the Wave 1 effort as it rolls out across the enterprise. The Air Force shall provide information on how to contact the designated Small Business Administration representative, Khanh Nguyen, Khanh.nguyen@sba.gov.

ii. Industry Day Company Contact List. Companies which attended the virtual industry day session were given the opportunity to submit their contact information for posting on the Government point of entry website (beta.SAM.gov) allowing any interested companies to explore teaming and/or subcontracting arrangements with small businesses. The contact list will have been posted for more than six months before the anticipated release of the Wave 1 EUS solicitation to industry.

iii. Use of GSA BPA MAS IT Schedules. Since the MAS IT Schedule selected for this action includes over 3800 contractors, of which 86% are comprised of small businesses, there exists substantial opportunity to maximize small business impact through subcontracting or teaming arrangements under a single prime contractor.

iv. Small Business Participation Plan Evaluation. The Wave 1 evaluation team will review competitive responses related to the small business participation plan as specified in the solicitation. The solicitation shall instruct each offeror to provide a comprehensive small business participation plan to include not only quantitative goals, but also the methods, tactics and strategies with which to accomplish the proposed plan. Both trade and marketing efforts shall be evaluated in regard to how the offeror will engage with small businesses such as, but not limited to, reselling opportunities, mentor-protégé programs, joint ventures, teaming arrangements, and subcontracting and/or marketing opportunities.

The Wave 1 proposal evaluation will be planned as a two-stage, gated process. Gate 1 will be structured with a pass/fail rating to down select offers to those suitable of meeting all Wave 1

requirements and will be further evaluated for final selection in Gate 2. During the Gate 1 evaluation process, the Government will assess the offeror's plan for small business participation, based solely on meeting DoD's small business subcontracting goal of 32.25% of subcontracted dollars. Specific socio-economic categories will be mandated, consistent with DoD small business subcontracting goals. The Gate 1 commitment statement will also include the more rigorous minimum small business participation of, at least, 34% of total BPA order value, required to earn additional award term. Compliance with the comprehensive Small Business Participation Commitment Document (SBPCD) will be assessed in Gate 1, as well.

During Gate 2 of the evaluation process, small business participation will be evaluated based on how much an offeror exceeds the 34% Minimum Quantitative Requirement (MQR).. Additionally, offerors will be evaluated based on the:

- Complexity of work allocated to small businesses under Wave 1, including clearly articulating which capabilities will be employed with small businesses and the level of commitment in place.

- Degree of historical compliance with FAR 52.219-8, Utilization of Small Business Concerns, including a comparison of planned small business goals vs. actual achievement, examples of good faith efforts in promoting small business concerns, and history of prompt payments to small businesses.

- Demonstration of best practices to be utilized in remediating issues with subcontractor delivery or performance to maintain overall high-performance across all BPA orders.

For this Gate, small business Prime Offerors or Small Business Contractor Teaming Arrangements (CTAs) will receive the maximum rating for this factor, automatically.

b. Post-Award Strategies

i. MAJCOM Strategy to Procure Field Services. Field services are defined as touch labor for IT devices at an AF unit. MAJCOMs, field commands and bases may decide, based on their budgetary planning and requirements, whether to leverage the Wave 1 offered field services. For those units that do not leverage Wave 1 offered field services, training and workflows will be established with those units to ensure an effective and efficient maintenance of devices. Through market research, small businesses have been identified as having known potential to perform field service activities, which represents approximately 30% of the Wave 1 cost estimate.

ii. Device Procurement. Currently, most IT devices are purchased on the USAF IT Commodity Council (ITCC) Client Computing Solutions 2 (CCS-2) multiple-award BPA. CCS-2 includes six BPAs, with four held by small business resellers. Wave 1 will leverage the existing ITCC CCS-2 vehicle and the pending CCS-3 follow-on, to the maximum extent possible, thereby preserving small business involvement at a minimum for the base period of the Wave 1 contract or five years. This allows the current small businesses that are on the ITCC effort (equating to approximately $2.3 billion in revenue) to continue supporting the EUD of the DAF. During the successive Wave 1 option

periods, small business subcontracting possibilities could also be entertained under the single award BPA.

iii. Contract Data Requirements List (CDRLs)/Small Business Metrics. Data and information will be required for submission via contractual reporting of CDRLs in order to measure and monitor small business ongoing support and participation. In addition, order-level subcontracting data will be requested from GSA for review. GSA manages subcontracting plans at the Schedule contract level and therefore individual, BPA/order level plans are not allowed, given that more than one subcontracting plan under a contract is prohibited by FAR 19.705-2(e).

iv. Award Term Incentive. An award term incentive of up to five option years beyond the five-year base period will be established under the Wave 1 BPA. Given the scale and complexity of this action, the contractor awardee will be evaluated two years prior to the first option year, i.e., year six. This will incentivize the contractor to meet or exceed performance objectives well in advance of an award option, while affording the Government at least two years to recompete the requirement if the contractor is not performing to expectation. As will follow, each of the successive award term years will be evaluated two years prior to the anticipated award term option. As part of the award term decision, the Government will assess small business actuals/metrics in which small business underutilization may result in failing to earn additional award terms. Within the award term plan, a small business subcontracting goal of minimally 34%, based on actual order value, will be required as part of the overall evaluation for earning additional award options. This goal is based on a blended rate of the following targeted percentages for IT service categories: Enterprise Services 32.5%, Field Support Services 45%, Quarterly Enterprise Buy (QEB) Actuals for IT Devices 33.5%. Contractor responses to the Wave 1 RFI, along with a review of similar large scale IT contracts, informed a subcontracting goal ranging between 32% and 50%, giving credibility to establishing a challenging 34% small business participation goal. This also directly encourages teaming with small business for portions of the Wave 1 effort.

v. Face-to-face meetings. Face-to-face (or virtual) meetings will be held among the Government, prime program manager, prime small business representative, and the Hanscom SBO to reinforce the importance of and commitment to meeting participation goals throughout the performance of orders placed.

9. Public Notifications Planned

The public will receive notification of substantial bundling of contract requirements via the GPE, pursuant to FAR 7.107-5(d). Upon approval of this D&F, the undersigned directs the contracting activity to publish the notification required by FAR 7.107-5(d)(1), by releasing the determination language at section IV of this D&F. Along with release of the Wave 1 RFQ, the undersigned directs the contracting activity to publish the information required by FAR 7.107-5(d)(2), by releasing sections 5-8 of this D&F, revised only to remove Controlled Unclassified Information (CUI), personnel contact information, and the Wave 1 total estimate.

IV. DETERMINATION

Based on the above findings, I determine, pursuant to FAR 7.107-3(a), FAR 7.107-3(f)(1) and FAR 7.107-4(b) the proposed substantial bundling of EITaaS Wave 1 requirements is necessary, justified and will serve the best interest of the Government.

COSTELLO.DARLENE.J.1043997684 Digitally signed by COSTELLO.DARLENE.J.1043997684 Date: 2021.12.14 12:10:01 -05'00'

DARLENE J. COSTELLO
Acting Assistant Secretary of the Air Force
(Acquisition, Technology & Logistics)

Attachment 6
DLA – SPE4AX19D9400

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars (10.5-Year Estimated Value)
SPE4AX19D9400	Defense Logistics Agency	$390M

The requirement impacts 126 small business concerns across 17 North American Industry Classification System (NAICS) codes. Some of the affected small businesses have provided items under multiple NAICS codes and are reflected in the table below more than once, which is why the sum is more than 126. The table below shows the individual NAICS codes and the number of small businesses that may be impacted.

NAICS	Number of SB Contractors
326130	5
326220	5
331420	2
332119	7
332510	13
332613	1
332618	3
332722	37
332919	7
332991	10
333613	7
335311	2
336310	1
336320	2
336412	64
336413	1
339991	8

2) Justification.

Measurably substantial benefits justify the bundling, as well as improved material availability, reduction in acquisition lead times, and improved T64 engine readiness. Quantifiable benefits are expected to exceed the threshold in FAR 7.107-3(d)(2). Benefits include anticipated lower overall material prices associated with aligning the entire Department of Defense (DoD) supply chain requirements under the engine's original equipment manufacturer (OEM) to leverage the OEM's supply chain, expertise, and manufacturing economies of scale. Additionally, it is anticipated that the bundling will lower administrative costs as DLA transitions from multiple contracts to a single, long-term contract.

A comprehensive market research effort to identify potential sources was performed including a Sources Sought notice published to the Government-Wide Point of Entry. Alternative strategies to bundling were considered including maintaining the status quo, but the alternatives were determined ineffective to satisfy the requirement and would not improve overall material

availability.

The expected benefits from the bundling of this requirement are measurably substantial.

3) Savings realized or estimated.

DLA expects to derive measurably substantial benefits, in the form of cost savings, of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The estimated savings for the base contract period is $20.5 million and $74 million over the life of the contract. The data for the first full performance period will not be available until the conclusion of the 5.5-year base period, which ends on May 30, 2025.

4) Continued savings.

Maintaining the bundled status of this contract requirement is projected to reduce costs by at least $20.5 million over the base period and $74 million over the life of the award. Contract performance began on June 1, 2019 and the first full performance period will end at the end of the base period, which will be May 30, 2025. Prior to exercising the option, actual savings will be calculated for the first performance period.

5) Small business subcontracting.

To ensure the small business community retains or grows its share of T64 consumable material support, contract-specific small business subcontracting incentives and disincentives were developed. The contractor is disincentivized if the contract small business metric drops below 32% and incentivized if the metric is above 44%. Additionally, the contractor has a DoD comprehensive small business subcontracting plan, which includes a 34% goal. At the end of the first full year of the contract (Dec 2019), the contractor reported a small business metric of 61.2%. At the end of the second full year of the contract (Dec 2020), the contractor reported a small business metric of 56.6%. At the end of the third full year of the contract (December 2021), the contractor reported a small business metric of 67.9%.

6) Small business impact.

There is marginal impact on small business concerns unable to compete as prime contractors for the bundled requirements. Prior small business history over the previous 3 years resulted in a total spend of $10.8M, or $3.6 annually. As a result, the estimated small business impact over a total 10.5-year contract period would be $36M. Due to the complexity of the bundled requirements, small business contractors did not have the expertise or capability to perform as prime contractors. However, through a collaborative effort that included subject matter experts and industry, DLA has taken the actions described in 5), above, to promote small business participation as subcontractors and suppliers. The current contract estimates that small business spend will be at least $125M ($390M x 32%) based on the small business subcontracting metric in place for this contract.

General Electric (GE), the prime contractor, has an existing supply chain, including small businesses for many of the items in the bundled requirement. DLA anticipates that many of the previous small business prime contractors are or will become supply partners to GE. Twenty-seven of DLA's prior small business suppliers for the requirement are already active and approved in GE's Business System.

Attachment 7
DLA – SPE4AX20D9002

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars (10.5-Year Estimated Value)
SPE4AX20D9002	Defense Logistics Agency	$330M

The requirement impacts 152 small business concerns across 21 North American Industry Classification System (NAICS) codes. Those NAICS are shown in the table below. Some of the affected small businesses have provided items under multiple NAICS codes and are reflected in the table below more than once, which is why the sum is more than 152. The table below shows the individual NAICS codes and the number of small businesses that may be impacted.

NAICS	# of SBs	NAICS	# of SBs
326130	3	333618	4
326220	4	333911	2
331420	3	334412	1
332119	3	335110	1
332510	8	335311	17
332613	2	335313	1
332618	4	336310	1
332722	30	336412	110
332919	15	336413	5
332991	29	339991	5
333613	1		

2) Justification.

Measurably substantial benefits justify the bundling, as well as improved material availability, reduction in acquisition lead times, and improved TF34 engine readiness. Quantifiable benefits are expected to exceed the threshold in FAR 7.107-3(d)(2). Benefits include anticipated lower overall material prices associated with aligning the entire Department of Defense (DoD) supply chain requirements under the engine's original equipment manufacturer (OEM) to leverage the OEM's supply chain, expertise, and manufacturing economies of scale. Additionally, it is anticipated that the bundling of this requirement will lower administrative costs as DLA transitions from multiple contracts to a single, long-term contract.

A comprehensive market research effort to identify potential sources was performed including a Sources Sought notice published to the Government-Wide Point of Entry. Alternative strategies to bundling were considered including maintaining the status quo, but the alternatives were determined ineffective to satisfy the requirement and would not improve overall material availability.

The expected benefits from the bundling of this requirement are measurably substantial.

3) Savings realized or estimated.

DLA expects to derive measurably substantial benefits, in the form of cost savings, of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The estimated savings for the base contract period is $12.25 million and $56 million for the total contract period. The data for the first full performance period will not be available until the conclusion of the 5.5-year base period, which ends on September 30, 2025.

4) Continued savings.

Maintaining the bundled status of this contract requirement is projected to reduce costs by at least $12.25 million over the base period and $56 million over the life of the award. The first performance period began on April 13, 2020 and will end on September 30, 2025. Prior to exercising the option, actual savings will be calculated for the first performance period.

5) Small business subcontracting.

To ensure the small business community retains or grows its share of TF34 consumable material support, contract-specific small business subcontracting incentives and disincentives were developed. The contractor is disincentivized if the contract small business metric drops below 36% and incentivized if the metric is above 66%. Additionally, the contractor has a DoD comprehensive small business subcontracting plan, which includes a 34% goal. At the end of the first performance period of the contract (Dec 2021), the contractor reported a small business metric of 62.8%.

1) Small business impact.

There is marginal impact on small business concerns unable to compete as prime contractors for the bundled requirements. Prior small business history over the previous 3 years resulted in a total spend of $13M, or $4.3M annually. As a result, the estimated small business impact over a total 10.5-year contract period is $43.3M. The current contract estimates that small business spend will be at least $119M ($330M x 36%) due to the small business subcontracting metric in place for this contract.

Due to the complexity of the bundled requirements, small businesses do not have the expertise or capability to perform as prime contractors for this effort. However, through a collaborative effort that included subject matter experts and industry, DLA has taken the actions described in 5), above, to promote small business participation as subcontractors and suppliers. While DLA has previously partnered with several small businesses, General Electric (GE) has an existing supply chain, including small businesses for most of the items in the bundled requirement. DLA anticipates that many previous small business prime contractors are already or will become supply partners to GE.

Attachment 8
DLA – SPE4AX21D9416

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars (10.5-Year Estimated Value)
SPE4AX21D9416	Defense Logistics Agency	$283M

There were 83 small business concerns displaced across the 11 NAICS codes represented below in the bundled contract.

NAICS	# of SBs
326130	1
332119	1
332510	3
332618	1
332722	19
332919	1
332991	8
334514	6
336310	3
336412	6
339991	34

2) Justification.

The Contracting Officer found the bundling of this requirement necessary and justified based on the following:

Measurably substantial benefits justify the bundling, including cost savings, improved material availability, reduction in acquisition lead times, and improved T700 engine readiness. Quantifiable benefits are expected to exceed the threshold in FAR 7.107-3(d)(2). The total negotiated price for this effort yielded overall savings of $27,218,152, or -9% less than DLA's Business-As-Usual (BAU) cost for this population of items. Additionally, the customer can expect a minimum material availability of 90% and a reduction in backorders. Benefits also include anticipated lower overall material prices associated with aligning the entire Department of Defense (DoD) supply chain requirements under the engine Original Equipment Manufacturer (OEM) in order to leverage the OEM's supply chain, expertise, and manufacturing economies of scale. Additionally, it is anticipated that the bundling of this requirement will lower administrative costs as DLA transitions from multiple contracts to a single, long-term contract.

A comprehensive market research effort to identify potential sources was performed including a Sources Sought notice published to the Government-Wide Point of Entry. Alternative strategies to bundling were considered including removing all of the items with recent small business history from the project, or maintaining the status quo by continuing to support via various approaches including DLA long term contracts and tactical procurements, but the alternatives were determined ineffective to satisfy the requirement. They would violate the

overarching goal of holistic support, would not meet the customer requirement for as-needed, single source delivery, and would not improve overall material availability.

3) Savings realized or estimated.

The Government expects to derive measurably substantial benefits, in the form of cost savings, of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The estimated savings for the 5.25-year base contract period is $11,690,795.92 when compared to DLA's Business-as-Usual (BAU) cost based on a BAU analysis performed on August 25, 2021, by DLA Aviation.

4) Continued savings.

Maintaining the bundled status of this contract requirement is projected to reduce costs over the life of the award. The first performance period of the contract will begin on January 1, 2022, and as such, the Government is unable to estimate a trend of actual realized savings this early in the period of performance.

5) Small business subcontracting.

To ensure DLA's small business community retains or grows its share of T700 consumable material support, contract-specific small business subcontracting incentives and disincentive were developed. The contractor is disincentivized if the contract small business metric drops below 30% and incentivized if the metric is above 60%. Additionally, the contractor also has a DoD comprehensive small business subcontracting plan, which includes a 34% goal.

6) Small business subcontracting.

There is marginal impact on small business concerns unable to compete as prime contractors for the bundled requirements. Prior small business history over the previous 3 years resulted in a total spend of $3.6M, or $1.2M annually. As a result, the estimated small business impact over a total 10.5-year contract period is $12M. The current contract estimates that small business spend will be at least $223M ($620M x 36%) due to the small business subcontracting metric in place for this contract.

Due to the complexity of the bundled requirements, small business contractors did not have the expertise or capability to perform as prime contractors for this effort. However, through a collaborative effort that included subject matter experts and industry, DLA has taken the actions described in 5), above, to promote small business participation as subcontractors and suppliers. General Electric (GE) is the design authority and manufacturer of the T700 engine and is uniquely qualified to provide the complete range of logistics support required by the Services, thus becoming the single point of contact for logistics management. While DLA has previously partnered with several small businesses, GE has an existing supply chain, encompassing a vast number of small businesses for a majority of the items in the bundled requirement. DLA anticipates that many of the previous small business prime contractors are already or will become supply partners to GE.

Attachment 9
DLA – SPE4AX20D9445

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars (10-Year Estimated Value)
SPE4AX20D9445	Defense Logistics Agency	$791M

The consolidated requirement was solicited and awarded under North American Industry Classification System (NAICS), 336412 - Aircraft Engine and Engine Parts Manufacturing. The requirement impacts 330 small business concerns across 40 NAICS codes. Some of the small business contractors have historically provided items under multiple NAICS codes. In other words, certain vendors are reflected in the table below more than once, which is why the sum is more than 330. The table below shows the individual NAICS codes and the number of small business contractors that may be affected within that code.

NAICS	# of SBs	NAICS	# of SBs
314910	3	333923	1
325199	1	333992	4
326130	5	334290	1
326220	7	334416	1
326299	1	334417	3
331420	8	334513	1
332119	26	334514	3
332510	33	334519	5
332613	3	335311	10
332618	19	335312	2
332710	5	335313	1
332722	83	335314	4
332919	18	335929	2
332991	19	335931	3
332994	3	335932	1
333515	2	336310	20
333612	2	336320	9
333613	14	336412	143
333618	2	336413	69
333911	4	339991	18

2) Justification.

Measurably substantial benefits justify the bundling, including cost savings, improved material availability, reduction in acquisition lead times, and improved J85 engine readiness. Quantifiable benefits are expected to exceed the threshold in FAR 7.107-3(d)(2). Benefits include anticipated lower overall material prices associated with aligning the entire Department of Defense (DoD) supply chain requirements under the engine Original Equipment Manufacturer (OEM) in order to leverage the OEM's supply chain, expertise, and

manufacturing economies of scale. Additionally, it is anticipated that the bundling of this requirement will lower administrative costs as DLA transitions from multiple contracts to a single, long-term contract.

A comprehensive market research effort to identify potential sources was performed including a Sources Sought notice published to the Government-Wide Point of Entry. Alternative strategies to bundling were considered including maintaining the status quo, but the alternatives were determined ineffective to satisfy the requirement and would not improve overall material availability.

The expected benefits from the bundling of this requirement are measurably substantial.

3) Savings realized or estimated.

The Government expects to derive measurably substantial benefits, in the form of cost savings, of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The initial Business Case Analysis, or DLA Business-As-Usual (BAU) was provided to the Contracting Officer on February 27, 2018, and a refresh was conducted on January 7, 2020 once the Contractor's proposal was received. The initial BAU report estimated savings for the 10-year contract period that exceeded the required 5% savings for a bundle acquisition as referenced in the bundle analysis, and clearance to proceed with the acquisition strategy was approved by DLA Head of Contracting Authority (HCA). The BAU refresh conducted in January 2020 compared the Contractor's proposal to DLA's BAU, which estimated a BAU threshold at $587M, and a bundle acquisition threshold of $537M. This figure represents a not-to-exceed contract price (base period only) in order to achieve minimum 5% savings required for a bundled acquisition. However, the final contract price after negotiations resulted in an amount of $395M/5 years, and is estimated at $791M/10 years, which resulted in approximately a 26% savings when compared to DLA's BAU, and exceeds the required savings necessary for a bundle acquisition.

Business As Usual Business Case Summary - January 2020	
DLA BAU Threshold	$565,459,969.49
Bundle Acqusition Threshold (5% savings)	$537,186,971.01
Total Base Period Contract Price	$395,788,950.05
Estimated Savings $ (Base Period)	$141,398,020.96
Estimated Savings % (Base Period)	26%
Total 10 Year Contract Price (Estimated)	$791,577,900.10
Estimated Savings $ (Base Period)	$282,796,041.92
Estimated Savings % (Base Period)	26%

The data for the first full performance period will not be available until the conclusion of the five ½ year base period, which ends on November 30, 2025.

4) Continued savings.

Maintaining the bundled status of this contract requirement is projected to reduce costs by at least $282M over the life of the award. The first performance period began on June 1, 2020 and will end at the end of the base period, which will be November 30, 2025. Prior to exercising the option, actual savings will be calculated for the first performance period.

5) Small business subcontracting.

In order to ensure the small business community retains or grows its share of J85 consumable material support, contract-specific small business subcontracting incentives and disincentives were developed. The contractor is disincentivized if the contract small business metric drops below 36% and incentivized if the metric is above 66%. In accordance with the terms of the contract, the contractor's small business metric will be calculated at the end of the first performance period. This data is not available as the contract is still in the initial performance period. Additionally, the contractor has a FY20 DoD comprehensive small business subcontracting plan, which includes a 34.7% goal.

6) Small business subcontracting.

There is marginal impact on small business concerns unable to compete as prime contractors for the bundled requirements. Prior small business history over the previous 3 years resulted in a total spend of $33M, or $11M annually. As a result, the estimated small business impact over a total 10-year contract period would be $110M. The current contract estimates that small business spend will be at least $283.7M ($788M x $36%) due to the small business subcontracting metric in place for this contract.

Due to the complexity of the bundled requirements, small business contractors did not have the expertise or capability to perform as prime contractors for this effort. However, through a collaborative effort that included subject matter experts and industry, DLA has taken the actions described in 5), above, to promote small business participation as subcontractors and suppliers. While DLA has previously partnered with several small businesses, General Electric (GE) has an existing supply chain, encompassing a vast number of small businesses for a majority of the items in the bundled requirement. DLA anticipates that many of the previous small business prime contractors are already or will become supply partners to GE.

Attachment 10
DLA – SPRPA120D9402

1) Contract value and small businesses impacted.

Procurement Instrument Identifier (PIID)	Contracting Agency	Total Bundled Dollars (5-Year Estimated Value)
SPRPA120D9402	Defense Logistics Agency (97AS)	$20,293,831.00

There were 45 small business concerns displaced across the 18 NAICS codes represented in the bundled contract. The table below shows the individual NAICS codes and the number of small businesses that may have been impacted.

NAICS	# of SB Contractors
336413	13
332991	5
332722	5
332510	4
332919	2
336411	2
339991	2
334417	2
335314	1
333420	1
334416	1
332994	1
332611	1
334413	1
332618	1
331421	1
327999	1
332995	1

2) Justification.

This requirement represents a comprehensive and holistic performance-based supply chain and engineering management program to support the Bell H-1 platform. This contract covers the acquisition of performance-based support, as follows – logistics management, which includes wholesale/retail supply support, depot-level consumable support, integrated logistics support, engineering support, packaging, storage, transportation, and reliability improvements. Performance-based support will decrease overheads and administrative burdens by consolidating the supply chain, facilitate the use of economic ordering quantities from suppliers and reduce redundancy.

Measurably substantial benefits justify bundling, including cost savings, reduction in acquisition lead times and government personnel cost. Quantifiable benefits exceed the threshold in FAR 7.107-3(d)(2). Although difficult to quantify in dollars, additional benefits will result from a single contractor (Bell) accountable for the full scope of the bundled requirements. The consolidated and bundled contract will facilitate more efficient task coordination by putting in place one prime vendor responsible for establishing common performance planning. Furthermore, by having only one contractor responsible for the preponderance of H-1 supply chain support, the Government has a single focal point with management accountability and contractual responsibility for the sustainment of the H-1. Improved responsiveness and improved material availability will also result from a streamlined procurement process.

3) Savings realized or estimated.

The Government expects to derive measurably substantial benefits in the form of cost savings of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The threshold at FAR 7.107-3(d)(2) was used because the action was part of one negotiation that resulted in two separate contracts, SPRPA1-20-D-9401(non-commercial items) and SPRPA1-20-D-9402 (commercial items) with a combined value estimated to exceed $94 million. The overall estimated savings for the two resultant contracts combined is 8.35%.

4) Continued savings.

This contract was awarded on September 29, 2020. There is no actual savings to report at this time since Year 1 just concluded.

5) Small business subcontracting.

Considering this is a commercial requirement with commercial parts, Bell submitted their Commercial Small Business Subcontracting Plan. As stated in Bell's subcontracting plan, Bell is dedicated to committing the resources to further the Government policy that Small Business, Small Disadvantaged Business, Women-Owned Small Business, Veteran-Owned Small Business, Service-Disabled Veteran-Owned Small Business, HUBZone Small Business, Alaskan Native Corporations and Indian Tribes shall have the maximum practicable opportunity to compete for subcontract awards consistent with efficient contract performance.

6) Small business impact.

The expected dollar value, volume of responsibilities, and breadth of tasks included creates significant impediments to participation by small business concerns as prime contractors. Only Bell has personnel with the requisite breadth and depth of experience on the H-1 airframes as well as access to, and understanding of, the totality of technical data necessary to fulfill this requirement and ensure the currency, accuracy, and completeness of the H-1 technical data and associated databases. Small business concerns generally do not possess the breadth of experience and knowledge required to perform the full scope of this requirement.

From 2018 to 2020, DLA contracts with small businesses impacted by the bundling effort were worth $682,925.63.

Based on analysis of this effort, it is expected to have only a marginal impact on the total dollars awarded by DLA to small businesses as prime contractors and is not expected to dramatically change overall small business participation in these industries.

Attachment 11
DLA – SPRPA120D9401

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars (5-Year Estimated Value)
SPRPA120D9401	Defense Logistics Agency (97AS)	$192,247,511.23

There were 170 small business concerns displaced across the 36 NAICS codes represented in the bundled contract. The table below shows the individual NAICS codes and the number of small businesses that may have been impacted.

NAICS	# of SB Contractors		NAICS	# of SB Contractors
336413	47		334417	5
336411	6		332996	4
332912	1		334419	7
488190	2		314910	1
332722	32		326220	3
316210	4		332919	2
332911	2		332322	3
336412	5		335313	1
444190	2		331420	1
334513	1		334418	1
332999	4		332618	1
339991	2		327999	1
332991	2		334413	1
332510	11		323117	1
333613	2		332611	2
334416	2		335925	1
336311	2		332439	1
335931	6		229991	1

2) Justification.

This requirement represents a comprehensive and holistic performance-based supply chain and engineering management program to support the Bell H-1 platform. This contract covers the acquisition of performance-based support, as follows – logistics management, which includes wholesale/retail supply support, depot-level consumable support, integrated logistics support, engineering support, packaging, storage, transportation, and reliability improvements. Performance-based support will decrease overhead and administrative burdens by consolidating the supply chain, facilitate the use of economic ordering quantities from suppliers and reduce redundancy.

Measurably substantial benefits justify bundling, including cost savings, reduction in acquisition lead times and government personnel cost. Quantifiable benefits exceed the threshold in Federal Acquisition Regulations (FAR) 7.107-3(d)(2). Although difficult to quantify in dollars, additional benefits will result from a single contractor (Bell) accountable for the full scope of the bundled requirements. The consolidated and bundled contract will facilitate more efficient task coordination by putting in place one prime vendor responsible for establishing common performance planning. Furthermore, by having only one contractor responsible for the preponderance of H-1 supply chain support, the Government has a single focal point with management accountability and contractual responsibility for the sustainment of the H-1. Improved responsiveness and improved material availability will also result from a streamlined procurement process.

3) Savings realized or estimated.

The Government expects to derive measurably substantial benefits in the form of cost savings of greater than 5% of the estimated contract value, as compared to contracting to fulfill requirements without bundling. The threshold at FAR 7.107-3(d)(2) was used because the action was part of one negotiation that resulted in two separate contracts, SPRPA1-20-D-9401(non-commercial items) and SPRPA1-20-D-9402 (commercial items) with a combined value estimated to exceed $94 million. The overall estimated savings for the two resultant contracts combined is 8.35%.

4) Continued savings.

This contract was awarded on September 29, 2020. There is no actual savings to report at this time since Year 1 just concluded.

5) Small business subcontracting.

To ensure DLA's small business community retains or grows its share of H-1 consumable material support, this contract-specific small business (SB) metric and associated incentives and disincentives were developed for this market basket (MB) which is for the non-commercial items covered under this effort. The Small Business metric will be reconciled at the end of the five-year period of performance to determine if additional incentives are earned or disincentive decrements are made.

The SB metric will be measured and incentivized or disincentivized in accordance with the following table:

	SB Disincentive				SB INCENTIVE	
SB % Subcontracting Spend	< 19%	< 22%	< 25%	25%-35%	> 35%	> 40%
Incentive or Disincetive	-0.12%	-0.06%	-0.02%	No Incentive/No Disincentive to Base Period Performance Incentive	0.10%	0.20%

If the SB % spend falls between 25% and 35% for non-commercial items, no additional incentive over the base target incentive fee will be earned, nor any disincentives applied.

The incentive pool for the SB non-commercial metric will be between .10% and .20% of the reconciled contract costs (before profit). If SB % spend achieved is higher than 35%, the percentages in the table will be multiplied by the reconciled contract cost and the incentive amount paid to the Contractor within 120 days of the end of the 5-year performance period reconciled.

The disincentive pool for the SB non-commercial metric will be -0.02%, -0.06% and -0.12% of reconciled contract costs (before profit). If SB % spend achieved is lower than 25%, the percentages in the table will be multiplied by the reconciled contract cost and the disincentive amount will be credited back to the Government within 120 days of the end of the 5-year performance period reconciled.

6) Small business impact.

The expected dollar value, volume of responsibilities, and breadth of tasks included creates significant impediments to participation by small business concerns as prime contractors. Work involves a wide array of operations, maintenance, and sustainment tasks. Small business concerns generally do not possess the breadth of experience and knowledge required to perform the full scope of this requirement. However, DLA has taken the actions described in 5, above, to promote small business participation as subcontractors and suppliers.

From 2018 to 2020, DLA contracts with small businesses impacted by the bundling effort were worth $3,506,858.50.

Based on analysis of this effort, it is expected to have only a marginal impact on the total dollars awarded by DLA to small businesses as prime contractors and is not expected to dramatically change overall small business participation in these industries.

ENCLOSURE B

Department of Housing and Urban Development (HUD)

U.S. Department of Housing and Urban Development
Contract Bundling Report
Fiscal Year 2022

In accordance with Section 15(p)(4) of the Small Business Act, the U.S. Department of Housing and Urban Development (HUD) submits its Annual Report on Contract Bundling. HUD had seven contract bundling actions in FY 2022 to support HUD's Field Service Management under the Management and Marketing Contract support services.

1. The number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies.
   With the exception of 86616022D00009, all bundled contract areas were awarded to small business concerns. A small business concern was in line for award, but per Section L – Instructions, Conditions and Notices to Bidders of the 3.12 Field Service Management services solicitation (86544B19R00002), offerors were permitted to bid on all contract areas in the identified Homeownership Center (HOC) Jurisdiction. HUD identified a need to restrict the number of awards that would be made within a given jurisdiction. Offerors who were identified as the apparent awardee for more than one contract area would receive consideration for award starting with the highest categorized area first and moving down the priority list until the maximum number of awards had been identified. Once the offeror was selected for award(s) up to the maximum number of contract areas within the HOC jurisdiction, the offeror would be removed from further consideration for additional awards within the same HOC jurisdiction.

Contract Number	Industrial Classification (NAICS)
86616022D00003 (4D/5D) 86616022D00004 (1P/4P) 86616022D00008 (3S/5S) 86616022D00009 (4S/6S) 86616022D00010 (3A/4A) 86616022D00011 (5A/8A) 86616022D00012 (6A/7A)	531311 - RESIDENTIAL PROPERTY MANAGERS

NOTE: Also applies to ALL orders placed against these Indefinite Delivery Vehicles

2. Description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including the number and total dollar amount of all contract requirements that were bundled – **N/A**

3. With respect to each bundled contract:
   a. The justification for the bundling of contract requirements.
      Extensive market research was conducted in accordance with FAR 10.00 1(a)(2)(iv) and (a)(3)(vii), and it indicated that consolidation and bundling these requirements would provide the Department of Housing and Urban Development substantial benefits including, but not limited to: cost savings or

price reductions in excess of 10% over the total performance period; quality improvements to save time or enhance performance or efficiency; and a reduction in acquisition cycle times.

b. The cost savings realized by bundling the contract requirements over the life of the contract. **The anticipated cost savings from the consolidation and bundling of the Field Service Management was about 11% per annum.**

c. The extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings. **N/A – contracts recently awarded in June 2022**.

d. The extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors. **N/A – contracts were recently awarded, and the current awards are under a Stay of Performance as a result of a GAO protest.**

e. The impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns. **There were minimal impacts. Most contract areas were awarded to small business concerns.**

HUD remains committed to providing the maximum practicable opportunities to small business concerns to compete for the Department's direct and indirect contract dollars. HUD understands the negative impact contract bundling can have on small businesses and uses various procurement strategies to avoid unjustified contract bundling. Some efforts the Office of Small and Disadvantaged Business Utilization and the Office of the Chief Procurement Officer employ:

- All acquisition plans, greater than $1M, are required to address whether the procurement strategy involves contract bundling and identify any mitigation efforts for bundled requirements.
- Review acquisition documents (e.g. market research, acquisition plans, etc.) to identify and address bundling individually and as a part of the Acquisition Review Council.
- Provide training on small business programs and topics, including consolidation and bundling, to the Department's acquisition professionals and program staff with acquisition related duties.
- Coordinate with the SBA PCR on any bundled or unrestricted requirements.
- Periodically review FPDS-NG data to ensure that no actions were miscoded with a bundling code.