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Justification and Approval (J&A) for Other Than Full and Open Competition

NOTE: If a Justification and Approval was approved for the preceding acquisition, a copy of the approved J&A for the predecessor action must be included in the staff package for approval of the instant J&A. This applies to J&A staff packages that are submitted for review and approval at a level above the contracting officer. The predecessor J&A will be used as a reference document by the approving official.

Choose the funding level for this J&A Document:

☐ ≤ \$700K ☐ > \$700K and ≤ \$13.5M ☒ > \$13.5M and ≤ \$93M ☐ > \$93M

Contracting Activity: AFLCMC/PZJ, Eglin AFB FL 32542

Purchase Request / Local ID Number: FA8656-18-D-0073






Program / Project (and PE, if applicable): Small Glide Munition

Program Type (PEO or Other Contracting): Other Contracting

Authority (include full title): 10 U.S.C. 2304(c)(1), as implemented by FAR 6.302-1(a)(2)(ii)

Estimated Contract Cost (including options): \$93,000,000.00 J&A Type: ☒ Class ☐ Individual

COORDINATION ([AFFARS 5306.304\(a\)](#))

Date 22 Dec 2016	Contracting Officer	Signature 
Date 03 Jan 2017	Project Lead / Program Mgr / Requiring Activity	Signature 
Date 05 Jan 2017	Local Legal Reviewer	Signature 
Date 18 Jan 2017	Competition Advocate	Signature 
Date 18 Jan 2017	Director of Contracting	Signature 

APPROVAL ([AFFARS 5306.304\(a\)](#))

Date	Senior Center Contracting Official	Signature
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I. Contracting Activity.

The contracting activity for this Class Justification and Approval (J&A) for an Other Than Full and Open Competition action is the Air Force Life Cycle Management Center (AFLCMC), Eglin Operating Location, Rapid Acquisition Cell (AFLCMC/PZJ), Eglin AFB, FL 32542.

II. Nature and/or description of the action being processed.

This Class J&A supports new contract actions in support of the Small Glide Munition (SGM), equipment, and engineering system support for the United States Special Operations Command (USSOCOM), Army, Marine, Navy, and Air Force units procuring SGMs through SOCOM Detachment-1, Eglin AFB. This contract will be awarded to Dynetics, Inc. 1002 Explorer Blvd, Huntsville, AL 35806-2806. To date, sole source contracts for a total of 85 SGMs, which include 70 All Up Rounds (AUR) and 15 inert munitions and warheads have been awarded to be used in testing to validate the weapon and its integration on certain platforms. Dynetics, Inc. has previously provided 8 inert SGMs on contract FA8656-15-C-0142 and 7 inerts and 15 warheads through FA8656-15-C-0309. Dynetics is currently providing 30 AUR SGMs, 5 Captive Air Training Munitions (CATMs) and qualification, integration and fielding support via order FA8656-15-D-0275 0002. Under agreement DOTC 15-01-INIT382, Dynetics is providing 40 AUR SGMs. An interim follow-on contract to order FA8656-15-D-0275 0002 is anticipated to be awarded in April 2017. This contract will be an initial production buy (~70 munitions with an option for ~30 more) and necessary technical support. The basic contract period of performance is 12 months for support. Delivery of the 70 SGMs is 8 months and if the option is awarded the 30 munitions will be delivery in 4 months. The total period of performance will be 12 months. Under the authority of this J&A, an Indefinite Delivery Indefinite Quantity (IDIQ) is contemplated. This contract, which is anticipated to be awarded in Jan 2018, will have an ordering period of 5 years and will be used to purchase SGMs, CATMs, ancillary equipment and system/technical support. Periods of performance will be specified on the individual delivery/task orders. The anticipated contract types are Fixed Price (FP) for SGMs, CATMs and other equipment and Cost Reimbursable for system/technical support. A Class J&A is necessary since pricing of all hardware items and support will not be done as part of the basic contract.

III. Description of supplies/services required to meet agency needs.

The Government requirement consists of a glide munition to complement the currently employed powered missile in the Standoff Precision Guided Munition (SOPGM) architecture. The glide munition will address aspects of the 360 degree employment zone not covered by the powered munition, reduce launch signature, and support engagement scenarios in which attack azimuth and impact angle must be precisely controlled. Specific requirements include:

- 50 lb. class glide munition employable from the SOPGM Common Launch Tube (CLT)
- Compatible with internal and external and roll-on, roll-off employment from fixed and rotor aircraft
- High lethality with low collateral damage
- At least Technology Readiness level 8 (flight qualified by demonstration) and at least Integration Readiness Level 4 (prototype/demonstrator subjected to representative flight environments in the USSOCOM SOPGM architecture of employment from CLT using the Battle Management System (BMS) in use on AC-130W or other Special Operations Platforms)
- Must already be approved for live flight test on US National Ranges through one of the military service safety boards
- Modular warhead that can be removed and replaced without modification to other munition components in non-factory environments
- Lethal against people, in any position and moving, in the open and in vehicles (fixed, maneuvering, speeds up to 70 mph, non-armored)
- Operator selected fuze mode, air burst or contact, both with delay capability; employable 360 degrees from launch platform flight path with full engagement coverage underneath platform
- Employable using the SOPGM BMS from any carriage orientation; guidance using Global Position System/Inertial Navigation System (GPS/INS) with Semi-Active Laser (SAL) seeker; accuracy within five (5) meters without SAL and one (1) meter with SAL demonstrated in flight test
- Attack angles up to 90 degrees (+/-5 degrees); employable up to 35K feet mean sea level (MSL); range greater than 20 nautical miles (nm) +/- 90 degrees of release azimuth and greater than 15 nm +/- 180 degrees of release azimuth against stationary targets from 30K feet above ground level (AGL) at 150 Knots indicated airspeed (KIA)

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- Employable against targets moving up to 70 mph at azimuths +/- 180 degrees from platform flight path from release altitudes of at least 10K feet AGL
- Time to target less than 60 sec out to 4 nm and 25K feet AGL; munition to be delivered in CLT with no field assembly or maintenance required
- CATMs that electronically replicate munition function through release to support Operational Program Software (OPF) and BMS interoperability validation, and to support training
- Munition must have Built-in-Test (BIT) to confirm munition is employment ready, BIT must be executable using hand carried field test set and through the BMS
- Hand carried field test set that executes munition BIT and loads software updates
- Ability to add way points and/or selectable attack azimuth to flight software to enhance employment flexibility

The SGM is the only munition that meets these requirements. USSOCOM issued an Acquisition Decision Memorandum (ADM) 3 Nov 2016 to "expeditiously complete development, integration, test, and fielding a SGM capability for the AC-130W, AC-130J, and other Special Operations Forces (SOF) platforms to meet SOPGM requirements for single shot lethality." The combat need is immediate. The only other compatible munition was removed from service on USSOCOM aircraft due to failure to achieve lethality performance, and high cost to redesign to meet mission requirements. Dynetics successfully demonstrated the SGM's precision in engagements against fixed and moving targets and has Air Force Non-nuclear Munitions Safety Board (NNMSB) approval for live fire flight test from SOPGM architecture equipped platforms. The current contracts and agreement, FA8656-15-D-0275 0002 and DOTC 15-01-INIT382, will address operational test and fielding and combat evaluation. This contract needs to be awarded no later than Jan 2018 to acquire munitions to sustain combat operations and equip additional operational units with combat capability. Under the contemplated contract, Dynetics will provide the following supplies and services: (1) SGMs for test, training, and combat employment; (2) SGM support equipment including but not limited to CATMs, test sets, and training tools; (3) support for integration, test, tactics, techniques, and procedures (TPP) development, training, combat evaluation, fielding, operations, system sustainment, and repairs. This effort is anticipated to be funded via multiple appropriations: Procurement (munitions, equipment, and support for procurement funded activities), Research, Development Test and Evaluation (RDT&E) (platform funding for integration and associated aircraft flight test and support for RDT&E funded activities), and Operations and Maintenance (fielding, training, and operations). The Government anticipates procuring approximately 900 munitions for an estimated \$93M; however, actual quantity will be determined by available budget. Historical SGM pricing per unit is shown in the below:

FA8656-15-C-0142

- 8 inert munitions:

FA8656-15-C-0309

- 15 war heads:
- 7 inert munitions:

FA8656-15-D-0275 0002

- 30 AUR SGMs:
- 5 CATMs:

DOTC 15-01-INIT382

- 40 AUR SGMs:

The Government estimate is an average per unit over the life of this contract. The annual cost for support under this contract is expected to be \$5M. Dynetics is the only capable contractor that is producing this weapon. The Government will not pay for production facilitization or munition design changes necessary to meet capability specified in this document. Dynetics paid for the development of the Small Glide Munition.

IV. Statutory authority permitting Other than Full and Open Competition.

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

V. Demonstration that the contractor's unique qualifications or nature of the acquisition requires the use of the authority cited above (applicability of authority).

Subsection 1: Under an Advanced Concept Technology Demonstration, USSOCOM established the SOPGM architecture for

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integrating weapons onto Special Operation Forces platforms. The SOPGM architecture sets functional and physical interfaces, making it possible to incorporate contractor-developed munitions. To date, four munitions are compatible with these interfaces, Raytheon Missile Systems' Griffin missile (powered), Northrup Grumman's Viper Strike (glide munition), Textron's G-CLAW, and Dynetics' SGM. USSOCOM fielded the Griffin and Viper Strike and subsequently phased the Viper Strike out of the inventory due to failure to achieve lethality performance, and high cost to redesign to meet mission requirements. The G-CLAW is 2-3 years behind the SGM in maturity and experienced failures in its first flight test with a seeker. Additionally, a major redesign will be required to increase the range to meet operator requirements. As a powered missile, Griffin does not address the required aspects of the 360 degree employment zone, launch signature, and support engagement scenarios in which attack azimuth and impact angle must be precisely controlled. At this time, there is no viable alternative to the SGM.

The SGM was developed by Dynetics, Inc. using corporate internal research & development funding (IR&D). Dynetics, Inc. is the designer, developer, and sole qualified producer of the SGM, which meets safety certifications established by the Department of Transportation (DOT), Federal Aviation Administration (FAA) military service safety boards, and airworthiness authority for host platforms. In accordance with USSOCOM Directive 70-1, the SGM is being fielded as an ACAT III program. This effort will provide procurement to support combat, training, and integration on additional platforms and associated system support.

Previously awarded contracts or agreements include:

- FA8656-15-C-0142, awarded 4 May 2015 and ended 5 May 2016
- FA8656-15-C-0309, awarded 28 Sept 2015 and ended 15 July 2016
- FA8656-15-D-0275-0002, awarded 31 May 2016 and ending 11 Aug 2017
- DOTC-15-01 INIT382, awarded 21 Oct 2016 and ending 20 Sep 2017

This contemplated contract will satisfy the continued requirement for SGMs in alignment with strategic forecasts in the United States National Security Strategy (NSS) dated February 2015. The NSS states that the U.S. has mobilized and leads global efforts to degrade and ultimately defeat Islamic State of Iraq and the Levant (ISIL) and U.S. support will continue in Iraq as it seeks to free itself from sectarian conflict and the scourge of extremists. The NSS lists the significant security consequences associated with weak or failing states amongst the top strategic risks to U.S. interests and denotes the struggle for power underway among and within many states of the Middle East and North Africa as one of five recent transitions to the security landscape since the latest NSS in 2010. The President notes that the U.S. is leading over 60 partners in a global campaign to degrade and ultimately defeat the ISIL in Iraq/Syria, including by working to disrupt the flow of foreign fighters to those countries. The NSS goes on to state we employed our unique military capabilities to arrest ISIL's advance and to degrade their capabilities in both Iraq and Syria. Our support is tied to the [Iraqi] government's willingness to govern effectively and to ensure ISIL cannot sustain a safe haven on Iraqi territory. This contract will address the imminent shortfall of 50 lb class glide munitions in the inventory and work toward building inventory to sustain SGM combat and training operations through 2022. This acquisition will be a follow-on contract for the continued production of highly specialized equipment as demonstrated by the capability requirements identified above, purposes of the munition and the certifications required in order to utilize it.

The system support for the SGM is highly specialized as well. Since SGM contains numerous complex weapon specific components, such as INS/GPS, laser seeker, and warhead, a supporting contractor must have detailed knowledge of as well as experience with these items in order to be able to troubleshoot SGM issues or to integrate the weapon on new platforms.

Based on the discussion above, this acquisition will be for the continued production and support of highly specialized equipment.

Subsection 2: As the designer, developer and manufacturer of SGM, Dynetics is the sole owner of the Technical Data Package (TDPs) and is the only qualified producer and support of these systems and related equipment. The cost to acquire the data rights to have another supplier produce the munition is expected to exceed _____, however Dynetics is unwilling to sell. There is no expectation this cost can be recouped within the quantity of munitions USSOCOM expects to procure over the next 6 years (1,000 munitions). The SGM is the only weapon that can meet USSOCOM's combat deployment requirements, and Dynetics is the only company that is qualified to produce SGMs. Dynetics designed, fabricated, and successfully delivered similar products under extremely aggressive timelines and has extensive experience in meeting the requirements of DOT, FAA, military service safety boards, and Operational Safety, Suitability and Effectiveness authorities for Department of Defense (DoD). Dynetics has the necessary facilities and special tooling to produce the required quantity of weapons and

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equipment needed. Dynetics also has the personnel with the requisite technical knowledge and expertise needed to provide the system support required.

Subsection 3: USSOCOM, Det 1 believes an award to any other source would result in unacceptable delays of approximately 4 years in fulfilling USSOCOM requirements. Dynetics is the only contractor capable of providing the SGMs and equipment described in Section III above within the timeline required to sustain training and combat. USSOCOM currently has no standing inventory of SGMs. USSOCOM needs to address shortfalls in the currently fielded capability as soon as possible to maximize effectiveness of close air support and armed over watch in on-going conflicts and to be positioned to engage in future contingency operations demanding low collateral damage while engaging enemy forces in urban and other confined scenarios. SGM is the only 50 lbs. class glide munition employable in a CLT that meets the requirements summarized in Section III. Other glide munitions currently in development that are within the required weight class and have the potential to be integrated with the CLT include G-Claw, Hammer, Hatchet, Raser, Saber, Pyros, and FAST LIGHT. The estimated timeline to complete redesign to meet requirements outlined in Section 3 is 18-24 months, assuming the contractors are willing to make the investment. It will take an additional 1-2 years to integrate with platform BMS, flight test, transition to production, complete aircraft airworthiness safety certification for combat operations, generate technical orders, obtain final hazard classification, conduct sufficient test and training to establish reliability and validate employment tactics. USSOCOM conducted a guided flight demo with G-Claw in 2014. As configured in 2014 the G-Claw is an area weapon with a large warhead. In that configuration it is not acceptable for collateral damage and does not have sufficient guidance accuracy to meet USSOCOM requirements for single shot kill in close air support scenarios. The G-Claw contractor subsequently added a SAL seeker and conducted a flight demonstration in October 2015. The G-Claw experienced flight failures. Additionally, its limited glide ratio precludes it from reaching the range requirements and drives undesirable aircraft maneuvers to maintain laser designation. Airframe redesign and associated flight control redesign is necessary to address this shortfall. The contractor is not currently pursuing a redesign. If the contractor did elect to pursue a redesign, the projected timeline is 24 months to reach the same level of maturity SGM is at today. The Israeli FAST LIGHT munition has not been integrated into the CLT and BMS and addition of a SAL seeker, while an option, is not yet demonstrated. This puts it 18 months further from operational deployment than SGM. There will also be a security challenge associated with integrating a non-US produced weapon on intended combat platforms. This challenge will impact timelines and cost. The Hammer, Hatchet, Raser, Saber, and Pyros are well behind SGM in maturity, not yet integrated into the CLT, and do not meet the lethality and range requirements.

Subsection 4: Accordingly, Dynetics is the only firm capable of providing the supplies and services described in Section III above without USSOCOM experiencing unacceptable delays in fulfilling its requirements.

VI. Description of efforts made to ensure that offers are solicited from as many potential sources as practicable.

Sources Sought Synopsis. A sources sought notice was issued on 23 November 2015. Responses were received from Dynetics, Textron, and Raytheon. Textron submitted the G-Claw. They acknowledged in their response that the G-Claw does not meet the range requirement. Textron did not indicate any intent to redesign the munition to meet the range. Raytheon submitted the Silent Glide Munition. The Silent Glide Munition has not yet been demonstrated and does not meet the range requirement. Raytheon identified a preplanned product improvement to add a wing to meet the range requirement. Assuming Textron and Raytheon make the necessary investment, the timeline to redesign their concepts to meet the requirements of this solicitation is 18-24 months. They will need another 2 years to complete qualification, flight test, and delivery sufficient munitions to support an initial combat deployment. Raytheon did not make a commitment to pursue development and the Government will not fund development.

An updated sources sought notice was issued on 29 November 2016 as a year had transpired between the initial sources sought. The notice was posted for 15 days and there were no responses.

This acquisition will require a synopsis in accordance with FAR 5.201. This synopsis will identify the source with a statement of the reason justifying the lack of competition. It will also include a statement that all responsible sources may submit a capability statement, proposal, or quotation, which shall be considered by the agency.

Other Actions. The results of the market research summarized in Section V, Subsection 3, and the sources sought notice indicate there is no other glide munition that meets the requirements. USSOCOM has and will continue to monitor industry and Government munition development activities and will pursue competition when a viable competitor matures to a combat ready status.

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VII. Determination by the Contracting Officer that the anticipated cost to the Government will be fair and reasonable.

The Contracting Officer will ensure each delivery order negotiated price/cost is fair and reasonable. Steps taken to ensure negotiated price/cost is fair and reasonable will include: (1) accomplishing a price analysis by comparing proposed prices to recent contract actions for like items; (2) accomplishing a cost analysis by comparing proposed individual cost elements to recent contract actions for like items (3) sending the proposal to DCMA for a rate check as this Small Business Contractor does not have a current Forward Pricing Rate Recommendation (FPRR) or a Forward Pricing Rate Agreement (FPRA); (4) tailored audit by DCAA; (5) technical evaluation from the Program Manager that evaluates the proposed labor mix, hours, materials, travel, and shipping for reasonableness; (6) using the Weighted Guidelines tool to determine the appropriate profit/fee; and (6) in accordance with the Truth in Negotiations Act (TINA) and FAR 15.403-4, upon conclusion of negotiations, the Contracting Officer will obtain a Certificate of Current Cost or Pricing Data from the Contractor.

VIII. Description of the market research conducted and the results, or a statement of the reasons market research was not conducted.

As described in Section VI above, market research, in accordance with FAR Part 10, was conducted by synopsis of the proposed acquisition advising industry of the pending acquisition and soliciting inquiries from interested parties. In April 2014, AFLCMC/XZWG conducted an assessment of all candidate Standoff Precision Guided Munitions (SOPGMs) that fall within the 50 lbs. maximum weight requirement. SOCOM Det-1 updated the AFLCMC research in January 2015, July 2015, Jan 2016, and Jan 2017. The results of this market research (summarized in Section V Subsection 3) confirmed that Dynetics' SGM is the only glide munition that meets the maturity, performance, and timeline requirements for this effort. USSOCOM will continue to monitor industry and other Government organizations for potential competitors to SGM as well as conduct assessments of other weapons that have potential to meet the needs of the warfighter.

IX. Any other facts supporting the use of Other Than Full and Open Competition.

None.

X. List of sources, if any, that expressed interest in the acquisition.

See Section VI above.

XI. A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before making subsequent acquisitions for the supplies or services required.

The Government is promoting competition by providing interested contractors the SOPGM architecture interface requirements and maintaining a "carry-on" SOPGM carriage, release, and battle management capability to support flight demonstration of non-development items on commercial or military aircraft. Market research indicates there are several commercial businesses pursuing munition concepts with the potential for integration into the SOPGM architecture. The Government will continually monitor the progress of these investments. When one or more of these companies demonstrates a product that meets the SOPGM architecture requirements, has the required performance capabilities/characteristics, and is combat ready, the Government will pursue competition for follow-on purchases.

XII. Certification by the Contracting Officer.

As evidenced by my signature above, I have determined this document to be both accurate and complete to the best of my knowledge and belief.

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XIII. Certification by the technical/requirements personnel.

As evidenced by my (our) signature(s) above, I (we) certify that any supporting data contained herein, which is my (our) responsibility, is both accurate and complete.