

**CLASS JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION
For Charter Airlift Service in Support of the Civil Reserve Air Fleet (CRAF)**

1. **CONTRACTING ACTIVITY.** US Transportation Command (USTRANSCOM), Contract Airlift Division, International Airlift Procurement Branch, 508 Scott Drive, Scott AFB IL 62225-5357.

2. **NATURE AND/OR DESCRIPTION OF THE ACTION BEING APPROVED.** This Justification & Approval (J&A) is a class J&A for an indefinite term supporting the award of new contracts for fixed-price passenger, mixed and cargo air transportation for DOD peacetime international and domestic airlift requirements and to support the Civil Reserve Air Fleet (CRAF) Program. International peacetime airlift is acquired under the CRAF Charter Airlift Services contract and domestic peacetime airlift requirements are competed under the terms and conditions of the Domestic Airlift Master Solicitation. USTRANSCOM will award contracts under this J&A to all Part 121 air carriers who are willing to make the required aircraft commitment to the CRAF program and meet other criteria as discussed in paragraph 5 below. Individual contracts awarded under this J&A may be annual or multiple-year in duration.

3. **DESCRIPTION OF THE SUPPLIES/SERVICES REQUIRED TO MEET THE AGENCY'S NEEDS.** This requirement is for the acquisition of peacetime long- and short-range international and domestic commercial passenger, mixed, cargo, outsized cargo and aeromedical airlift services for the DOD. In addition, each contract requires the performance of emergency airlift requirements by the carrier as a member of the CRAF. The purpose of the CRAF program is to establish an industrial mobilization base of support aircraft in time of national emergency or war. Based on known projected requirements as well as historical figures, the fixed-buy peacetime long- and short-range international cargo, mixed and passenger requirements are estimated at approximately \$400 million each year. Based on historical domestic requirements, the current domestic short-range requirements are estimated at \$133M. In the event of CRAF activation (or increased operations tempo that rival CRAF activation) an estimated additional \$2B per year could be expended. The CRAF activation (or increased operations tempo) estimate is based on historical dollars spent during activation in support of OPERATION ENDURING FREEDOM/IRAQI FREEDOM (February through June, 2003).¹

This J&A is effective for contracts with performance beginning 1 January 2012 and will remain in effect as long as the fundamental principles stated in the following paragraphs do not change. The contracting officer will review this J&A prior to each new annual/multiple year solicitation to ensure the rationale for this J&A remains current. In the event of significant changes IAW FAR Part 6.303-1(a), the contracting officer will bring such changes to the attention of the J&A approval authority and recommend appropriate action (no change to J&A, revise J&A, new J&A, etc.).

The figures below represent a historical perspective of the value of the CRAF contract from FY05 through FY10. The DOD has consistently bought 1.2 billion seat miles and 200 million ton miles dating back to the early 1960's. Various global contingencies have caused spikes in these numbers throughout this period of time as the military depends on the civil air industry to provide increased capacity for its passenger movements. Likewise, when organic aircraft deploy

¹ The Domestic CRAF program has never been activated and historical values are not available

to support these contingencies with cargo lift, we rely heavily on the civil industry to backfill these aircraft. The unknown factor continues to be the ultimate destination for passengers and cargo which obviously results from the contingency locations.

FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
\$2.4B	\$2.5B	\$2.6B	\$3.4B	\$3.2B	\$4.2B*	\$2.6B**	\$1.8B***

* FY10 Actual – 1 October 2009 through 31 December 2010

**FY11 Estimated – 1 Jan 11 through 31 December 2011

*** FY12 Estimated – 1 Jan 12 through 30 September 2012

(All amounts referenced in the above chart, as well as the preceding paragraphs, are actual then-year dollars. No adjustments have been made for inflation).

For the foreseeable future, we estimate the annual value of the CRAF contracts at \$1.8B, with an expected decrease in value as operations in the USCENTCOM Area of Operations wind down.

4. **STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION.** Authority for this acquisition is 10 USC 2304(c)(3), Industrial Mobilization.

5. **DEMONSTRATION THAT THE CONTRACTOR'S UNIQUE QUALIFICATION OR NATURE OF THE ACQUISITION REQUIRES THE USE OF INDUSTRIAL MOBILIZATION AUTHORITY.**

a. The acquisition actions included in this J&A are for the purpose of acquiring commercial charter airlift in support of the DOD. The use of the 10 USC 2304(c)(3), Industrial Mobilization, exception to full and open competition is essential to maintain adequate airlift services in case of a national emergency requiring activation of the CRAF. CRAF is a voluntary program through which the nation's airlines provide stand-by commitments to support mobilization as a supplement to organic airlift capacity. As an incentive to participate in the CRAF program, air carriers that participate in the CRAF are entitled to participate in the award of DOD's peacetime airlift requirements. The CRAF participants provide civilian airlift assets needed to support military operations and mobilization requirements. This fleet of civilian aircraft is available to the military to meet peacetime requirements, surge needs, and mobilization requirements for major crises. This capability is required to augment the military capacity of AMC during peacetime and the establishment of a mobilization base of the modern commercial aircraft that will be available to DOD to respond to progressively ascending requirement levels. The CRAF program greatly reduces the need to buy and maintain DOD aircraft for airlift. The continued success of the CRAF program is essential to national security.

b. The industrial mobilization exception to full and open competition for DOD's charter airlift requirements provides an essential incentive for carriers to participate in the CRAF program. Restricting competition to CRAF carriers provides a significant financial incentive for US carriers to voluntarily place aircraft in the CRAF program, and is essential to maintain adequate airlift services in case of a national emergency. The use of the Industrial Mobilization exception to limit competition for DOD's charter airlift requirements, including outsized cargo and service into areas where U.S. carriers are restricted and which requires CRAF carriers to subcontract, to CRAF carriers, effectively supports the implementation of the National Airlift Policy by incentivizing carriers to keep vital commercial airlift resources available as a

mobilization base in the event of a national or military emergency. The CRAF participation eligibility requirement included in USTRANSCOM solicitations supports the development and maintenance of a robust CRAF program thereby ensuring adequate augmentation capability to the DOD in times of national emergencies.

c. Commander, USTRANSCOM, with the approval of the Secretary of Defense or the Secretary's designee, may activate any stage of CRAF during national emergencies and defense-oriented situations when expanded civil augmentation of military airlift activity is required. Once activation of a stage is approved, Commander, USTRANSCOM may activate and deactivate the segments (e.g., international, aeromedical, national), sections (e.g., long-range, short-range, domestic services) or elements (passenger or cargo) within that stage as required.

(1) Stage I is designed for a lesser regional contingency; international Stage II for a single major regional contingency; domestic Stage II for a national emergency or other instances when organic aircraft cannot provide airlift needed for DOD operations; international Stage III for multiple major regional contingencies and domestic Stage III for a national emergency requiring mobilization of all DOD resources.

(2) Activation of CRAF Stage III presumes the Secretary of Transportation has been authorized to exercise presidential priorities and allocation authority.

d. To be eligible for award of a contract an offeror must:

(1) Hold a Certificate of Public Convenience and Necessity issued by the Civil Aeronautics Board or Department of Transportation under the authority of the Federal Aviation Act of 1958, as amended,

(2) Hold an Air Carrier's Operating Certificate issued by the Federal Aviation Administration under the Federal Aviation Regulation (14 CFR 121) for the aircraft operated by the offeror, and

(3) Offerors must possess aircraft that are of United States registry and are allocated or are suitable for allocation to the CRAF, or have a Certificate of Technical Ineligibility for CRAF issued by Air Mobility Command. Additionally, in order to participate in passenger or cargo business, a contractor must be a DOD-approved contractor and shall demonstrate 12 months prior equivalent service.

e. Peacetime DOD international airlift business is awarded based on a carrier's entitlement which correlates to its level of commitment in the CRAF program. To support the entitlement process, awards are priced at a uniform rate instead of using price competition (with the exception of outsized cargo and restricted area requirements which are competed). Rather than selecting a single offeror with the lowest price or an offeror(s) with the most advantageous proposal to the government, this process will result in multiple awards to DOD-approved long- and short-range carriers offering the minimum required commitment levels outlined above. Again, the goal is to establish a mobilization base of long-range aircraft to support worldwide contingencies.

f. Peacetime DOD domestic airlift business is awarded by competitive purchase orders under the Domestic Airlift Master Solicitation.

6. DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERORS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS IS PRACTICABLE.

Participation is open to all interested parties meeting eligibility requirements in paragraph 5c. We will solicit all existing CRAF carriers plus any other sources responding to a Federal Business Opportunities (FedBizOps) notice. A solicitation notice will be published on the FedBizOps website for each solicitation per acquisition cycle. Interested parties may access the FedBizOps website at www.fbo.gov.

7. DETERMINATION BY THE CONTRACTING OFFICER THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE.

The contracting officer anticipates that the uniform rates for the international long- and short-range passenger and cargo airlift transportation services and aeromedical evacuation services will be fair and reasonable based on USTRANSCOM's annual rate review. Uniform rates will be established annually based on historical data submitted by the contractors using the previous years pricing data as a base. Economies of scale employed by the carriers resulting from market forces in each base year will ensure fair and reasonable annual rates. The applicable uniform rate will be paid to the contractors according to the type of service provided (i.e., one-way cargo, round-trip passenger, etc.). The uniform rate creates a competitive environment that encourages carriers of average efficiencies to become more efficient. Inefficient carriers may make little or no profit while efficient carriers are able to maximize profits. For international airlift services not covered by the USTRANSCOM uniform rate (i.e., AN-124, IL-76), price will be established on the basis of price competition or negotiated using a DCAA audit, when applicable. Peacetime domestic airlift services prices are based upon competitive pricing. Domestic activation airlift services prices are based upon a comparison of offeror submitted prices with the current year's GSA City Pairs Rates and price competition.

8. DESCRIPTION OF THE MARKET RESEARCH CONDUCTED AND THE RESULTS OR A STATEMENT OF THE REASONS MARKET RESEARCH WAS NOT CONDUCTED.

Formal market research will be conducted during each acquisition cycle to update or amend the basic market research accomplished on the previous solicitation(s)). The objective of market research for airlift services is to determine if services offered by the commercial market are commensurate with solicitation requirements and whether or not commercial practices are acceptable. Findings will be documented and included in the solicitation file. The market research analysis will focus on the airline industry as a whole, including CRAF air carriers who provide charter and schedule air transportation services in the commercial industry.

9. ANY OTHER FACTS SUPPORTING THE USE OF OTHER THAN FULL AND OPEN COMPETITION. None.

10. A LISTING OF SOURCES, IF ANY, THAT EXPRESSED, IN WRITING, AN INTEREST IN THE ACQUISITION.

Throughout the life of the CRAF program, many carriers have expressed interest in joining CRAF and obtaining government business. We fully expect this trend to continue. As new carriers present themselves to the Contracting Officer we will provide them with information which outlines the requirements of joining the CRAF

program and instructions that guide them through the process of becoming a DOD-approved carrier.

11. A STATEMENT OF ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS TO COMPETITION BEFORE MAKING ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES REQUIRED.

We plan to continue awarding contracts under the Industrial Mobilization Authority 10 USC 2304(c)(3). The DOD relies on the United States air transport industry to provide airlift support for the DOD in time of emergency or war. A mobilization base for this airlift support, committed to USTRANSCOM by contracts, is essential to assure the prompt and effective response of this industry when needed. While using this authority, USTRANSCOM still solicits maximum competition and awards contracts to all eligible offerors.

12. CONTRACTING OFFICER'S CERTIFICATION. I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

SANDRA M. HALAMA
Contracting Officer
618-220-7065; DSN: 770-7065

4-5-11

Date

13. TECHNICAL/REQUIREMENTS PERSONNEL CERTIFICATION. I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

MERLIN L. LYMAN ✓
Chief, DOD Commercial Airlift Division
HQ Air Mobility Command
618-229-4801; DSN: 779-4801

5 Apr 11
Date

WILLIAM Z. ZECK, Col, USAF ✓
Chief, Air Transportation Division
HQ Air Mobility Command
618-229-4802; DSN: 779-4802

5 Apr 11
Date

SOLICITATION NUMBER HTC711-11-R-C002

JUSTIFICATION REVIEW DOCUMENT

PROGRAM: CHARTER AIRLIFT SERVICES SOLICITATION IN SUPPORT OF THE CIVIL RESERVE AIR FLEET (CRAF)

AUTHORITY:

REVIEWED BY:

SANDRA M. HALAMA
Chief, Contract Airlift Division

4-5-11
Date

For LARY MOHL
Chief, Acquisition Law

14 Apr 11
Date

MICHELLE M. MENDEZ
Director of Small Business Programs

20 Apr 11
Date

WILLIAM T. RACHAL
Competition Advocate

19 Apr 11
Date

JEFFERY BEYER
Chief, Business Support and Acquisition Policy

20 Apr 11
Date

DALE J. HUEGEN
Head of Contracting Activity

21 Apr 11
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APPROVAL

GAIL M. JORGENSEN
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Senior Procurement Executive

13 May 11
Date