CLASSIFICATION AND APPROVAL (J&A)

USTRANSCOM JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

CHARTER AIRLIFT SERVICE IN SUPPORT OF THE CIVIL RESERVE AIR FLEET (CRAF)

1. CONTRACTING ACTIVITY.

US Transportation Command (USTRANSCOM), Acquisition Directorate, Contract Airlift Division, Airlift Procurement Branch (TCAQ-CP), 508 Scott Drive, Scott AFB IL 62225-5357.

2. NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED.

This Justification & Approval (J&A) is a class J&A for all Civil Reserve Air Fleet (CRAF) requirements for a period of five (5) years, 01 October 2016 through 30 September 2021. This J&A supports the award of new contracts for fixed-price passenger, mixed and cargo air transportation for DoD peacetime international and domestic airlift requirements for Civil Reserve Air Fleet (CRAF) Program. USTRANSCOM will award contracts under this J&A to all FAR 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-range and short-range international and domestic commercial passenger, mixed, cargo, outsized cargo 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 a national emergency, natural disaster or contingency. Based on known projected requirements as well as historical figures, the peacetime long-range and short-range international cargo, mixed and passenger requirements are estimated at approximately $[redacted]. Based on historical requirements, the current short-range requirements are estimated at $[redacted]. In the event of CRAF activation (or increased operations tempo that rival CRAF activation) an estimated additional $[redacted] could be expended. The CRAF activation (or increased operations tempo) estimate is based on historical dollars spent during activation in support of OPERATION IRAQI FREEDOM (February through June, 2003).1

This J&A is effective for contracts with performance beginning 01 October 2016 through 30 September 2021. The J&A will remain in effect during this timeframe 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

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1 The Domestic CRAF program has never been activated and historical values are not available.
bring such changes to the attention 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 Charter Airlift Services contract from FY11 through FY16. Various global contingencies have caused spikes in the numbers throughout time; the military depends on the civil air industry to provide increased capacity for passenger movements. Likewise, when organic aircraft deploy to support these contingencies to support cargo airlift requirements, we rely heavily on the civil industry to backfill these aircraft. The unknown factor continues to be the ultimate destination for passenger and cargo which obviously results from the contingency locations.

\[
\begin{array}{cccccc}
FY11 & FY12 & FY13 & FY14 & FY15^* & FY16^{**} \\
$3.4B & $2.9B & $1.9B & $1.3B & $1.5B & \\
\end{array}
\]

* FY15 – 1 October 2014 through 31 December 2015
** FY16 Estimated – 1 January 16 through 30 September 2016

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

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 PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR THE NATURE OF THE ACQUISITION REQUIRES USE OF THE AUTHORITY CITED

   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, natural disaster, or contingency requiring activation of the CRAF. CRAF is a voluntary program through which the nation’s airlines provide commitments to support mobilization as an augmentation to organic airlift capacity. As an incentive to participate in the CRAF program, air carriers are qualified 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 DoD 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, operate 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. The use of the Industrial Mobilization exception to limit competition for DoD’s charter airlift
requirements 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 CRAF is approved, Commander, USTRANSCOM may activate and deactivate the segments (e.g., national and international), sections (e.g., long-range, short-range,) or elements (passenger or cargo) 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 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 Part 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 approved by the DoD Commercial Airlift Review Board and shall meet all requirements identified in 10USC 2640 and 32 CFR Part 861.

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. 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. The goal is to establish a mobilization base of long-range aircraft to support worldwide contingencies.
6. **DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS IS PRACTICAL**

Participation is open to all interested parties meeting eligibility requirements in paragraph 5d. 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](http://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-range and short-range passenger and cargo airlift transportation 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 year's 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 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:**

Market research was conducted to gather information to further understand the commercial charter airlift market for CRAF participating air carriers. A request for information was posted to fedbizoppps on 4 January 16 and an email was sent to 22 current CRAF carriers. Current market research focused on; Use of a multiple year contract, Increasing live route from 4,000 miles to 5,000 miles before necessitating a tech stop, Reliability and Acceptability metrics, Meal service requirement providing descriptive literature with pictures and Eliminating separate passenger tax invoicing. Ten (10) responses were received. The findings will be documented and included in the solicitation file.

Each year market research will be accomplished. As the requirement evolves market research will be updated or amended to ensure 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 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.

Current Craf carriers

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<thead>
<tr>
<th>American Airlines, Inc.</th>
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<tr>
<td>Atlas, Air, Inc.</td>
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<tr>
<td>Federal Express (Lead)</td>
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<tr>
<td>Polar Air Cargo Worldwide, Inc.</td>
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<tr>
<td>Miami Air International, Inc. (Lead)</td>
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<tr>
<td>MN Airlines, LLC (dba Sun Country Airlines)</td>
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<tr>
<td>ABX Air, Inc.</td>
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<td>Air Transport International, Inc.</td>
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<td>JetBlue Airways Corporation</td>
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<tr>
<td>Kalitta Air, LLC</td>
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<tr>
<td>Northern Air Cargo, Inc.</td>
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<tr>
<td>Omni Air International, Inc. (Lead)</td>
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<tr>
<td>United Air Lines, Inc.</td>
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<tr>
<td>United Parcel Service Company</td>
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<tr>
<td>Allegiant Air, LLC</td>
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<tr>
<td>Hawaiian Airlines</td>
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<tr>
<td>National Air Cargo Group, Inc. dba National Airlines</td>
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<tr>
<td>Southwest Airlines</td>
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<tr>
<td>Alaska Airlines</td>
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<tr>
<td>Tatonduk Outfitters dba Everts Air Cargo</td>
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<tr>
<td>Delta Airlines</td>
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<td>Lynden Air Cargo, LLC</td>
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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.

[Signature]
GREGORY V. HUNT
Contracting Officer
618-220-7077

[Date]
2 Feb 16
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  

DATE  
3 Feb 16

CHRISTINE M. ERLEWINE, Col, USAF  
Chief, Air Transportation Division  
HQ Air Mobility Command  

DATE  
2 Feb 16
CONTRACTING ACTIVITY: USTRANSCOM/TCAQ-CP

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

AUTHORITY: 10 USC 2304(c)(3), Industrial Mobilization

ESTIMATED CONTRACT COST: [redacted]

TYPE OF J&A: Class

REVIEW AND APPROVAL:

SANDRA M. HALAMA
Chief, Contract Airlift Division

4 Feb 16
DATE

JOHN T. HARRYMAN
Office of the Staff Judge Advocate

1 Feb 16
DATE

JEFFERY T. BEYER
Chief, Business Support and Policy Division

8 Feb 16
DATE

MICHELLE M. MENDEZ
Competition Advocate

5 Feb 16
DATE

TAMARA D. THOUVENOT
Head of the Contracting Activity

13 Feb 16
DATE

GAIL M. JORGENSON
Senior Procurement Executive

19 Feb 2016
DATE