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JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT

COMPLETE THIS SECTION IF	NEW CONTRAC	т		
For contract(s) in this request, answer applica Preparation of Non-Competitive Procuremen	ble questions in each o	f the 4 major subject area	as below in accordance with the	e Instructions for
Request that negotiations be conducted only				
This is a request for X (One-Time Contr. Delegate Agency (Check one). If Delegate Agency (Check one).	actor Requisition # 30	297	py attached) or	Term Agreement
regard regard) (enter one). If Deleg	are Agency, mis reques	t is for blanket approval	of all contracts within the	
(Program Name)	(Attach List) Pre-	 Assigned Specification 1 	No	
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Specification #:	(Attach List,		scription:	
James McIsaac 773-4	62-7325			
	elephone	Signature	O'Hare Modernization Pro	
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Indicate SEE ATTACHED in each box below	if additional space nee	ded:		
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OR DESIGNEE	DATE	BOA	CHARTERSON	DATE

New Bedford Panoramex Corporation Supplier of ALSF-II Equipment for the O'Hare Modernization Program

Documentation Required for Presentation Before the Non-Competitive Procurement Review Board

October 16, 2006

"Justification for Non-Competitive Procurement" Form and Backup

O'Hare Modernization Program - Procurement of FAA Required ALSF-2 Equipment

Procurement History

New Approach Lighting with Sequential Flashers (ALSF-2) is required for two new runways and one runway extension at O'Hare International Airport in support of Phase I of the O'Hare Modernization Program. The construction and operation of the O'Hare Modernization Program's first new runway in the north airfield, Runway 9L-27R, as well as construction of another runway in the south airfield, Runway 10C-28C, requires that ALSF-2 equipment be installed to support Category II/III instrument approach procedures. In addition, the extension of Runway 10L will require ALSF-2 equipment be installed to support Category II/II instrument approach procedures. It is crucial that uninterrupted availability of the runways be maintained during Category II/III conditions.

The new equipment must be supplied by an equipment manufacturer/vendor that has been certified by the Federal Aviation Administration. New Bedford Panoramex Corporation (NBP) 1037 W. 9th Street, Upland, CA 91786, currently is the only FAA certified vendor of ALSF-2 equipment. Therefore competitive bidding is not possible.

Estimated Cost

The estimated cost for the ALSF-2 equipment and technical expertise provided by NBP to support the commissioning of these runways is \$2,926,439. These cost estimates are based upon current agreed pricing between NBP and the OMP for standard ALSF-2 equipment and have been negotiated based upon a volume purchase for all five systems.

Because NBP will have to manufacture five ALSF-2 systems subsequent to one another, NBP has included an optional storage provision in their proposal for \$32,000. The OMP will exercise this option if it becomes the best storage option at the time.

The total amount requested for this contract with NBP will be \$2,958,439.

Schedule Requirements

The current schedule for the OMP requires completion of Runway 9L-27R and the Runway 10L extension by November 20, 2008. The estimated time for fabrication of the ALSF-2 equipment is 12 months. An additional 6 months is required to install the equipment. Lastly, construction of new Runway 10C-28C is currently slated to be completed in 2010. Although procurement of the ALSF-2 systems for Runway 10C-28C is not an immediate need, combining this purchase with the other ALSF-2 systems provides the OMP with significant cost savings. The system will be manufactured and stored until it becomes necessary to install the equipment.

Exclusive or Unique Capability

Refer to the attached correspondence from the FAA dated August 25, 2006 in which the FAA's contracting Officer confirms that NBP is the only source that meets the requirements of FAA Specification FAA-E-2689A which governs the supply of ALSF systems.

NBP's ALSF-2 was designed, developed and first produced under a contract from the FAA. It took three years, from 1993 through 1996, to develop and qualify the first unit. The first unit was subjected to extensive design qualification and environmental tests at NBP's factory over a period of several months. The software factory tests took close to six months. The first system was field tested in Memphis, TN over a one-year period. All components and processes were qualified in conjunction with the qualification and field tests. Any material and/or process change requires an engineering change notice/order which may in some cases require additional testing. They all require the FAA's QRO concurrence. Class 1 changes require the FAA's program office approval.

To turn over any critical system like ALSF-2 to the FAA for use and maintenance, the system must first be accepted by the FAA. For maintenance purposes, the system must also be supportable by the FAA's depot in Oklahoma.

Other

Due to the specialized nature of the equipment and the fact that no production activities occur locally (NBP's manufacturing facilities are located in Upland, California) there are no MBE/WBE firms that will be able to participate in this supply contract for the ALSF-2 equipment needed for the OMP's Runway construction projects.



U.S. Department of Transportation

800 Independence Ave., S.W. Washington, D.C. 20591

Federal Aviation Administration

August 25, 2006

Mr. Antoine A. Kanaan NBP Corporation 1037 W. 9th Street Upland, CA 91786

Subject: Contract DTFA01-01-C-00055; ALSF-2/SSALR Systems

Dear Mr. Kanaan:

Pursuant to our market survey conducted during CY 2006, NBP is currently the only source who meets the requirements of FAA Specification FAA-E-2689a.

Thank you for your continued support of FAA requirements.

Questions or comments may be submitted to the undersigned at (202) 493-4759 or John Varas at (202)493-4760.

Respectfully, Jorda Deurs

Vickie Gordon Lewis Contracting Officer Memo Recommending the OMP Proceed with Procurement of ALSF-II Systems

O'Hare Modernization Program

Rosemarie S. Andolino Executive Director

8755 W. Higgins Road Suite 700 Chicago, IL 60631

(773) 557-4700 fax (773) 557-4989

MEMORANDUM

www.oharemodernization.org

To:

James McIsaac, Assistant

Commissioner

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OH.6126.200.10.B.6.aa

OH.6126.200.10.A.4

Thru:

Chris Arman, Deputy Director

Date:

WBS/DCN:

8/31/2006

Thru:

Stephan Smith, Program Manage

From:

Bob Aycock, Sr. Project Manager

Memo #:

PMO-OMP-M-0076

A. Garcia

S. Stewart

J. Chilton

C. Suesse

Subject:

ALSF-II Systems Procurement

A requirement for the completion of OMP Phase 1 is the procurement and installation of five ALSF-II systems, which enable runways to operate CAT II/III operations. These ALSF-II systems are to be placed on the ends of Runway 9L, 27R, 10L, 10C and 28C by OMP construction contractors. The anticipated delivery dates for the systems are currently scheduled as follows:

Runway 9L-27R

Fall 2007

Runway 10L

Fall 2007

Runway 10C-28C

Spring 2010

In evaluating the method of procurement for the five systems, it appears to be in the best interest of the OMP to make a volume purchase with the FAA certified sole-source manufacturer of the ALSF-II system, New Bedford Panoramex Corporation (New Bedford), of Upland, California. In discussions, New Bedford offered cost savings to the OMP for a volume purchase. If all five systems are purchased at the same time, the OMP may realize a cost savings of approximately \$500,000 (see attached). In addition, the Program would avoid contractor mark-ups on the equipment. The systems also require substantial lead-time for manufacture and thus require preprocurement as the construction contract is not scheduled for award in a manner that would allow the contractor sufficient time for equipment procurement. Demand for aeronautics communication systems fluctuates widely based on airport improvements across the nation and the world and New Bedford's manufacture schedule varies depending upon orders received. The Airlines have endorsed advanced purchase of the systems by the City as indicated in the attached memo dated January 30, 2006.

The City of Chicago previously contracted with New Bedford for the purchase and delivery of an ALSF-II system for the Runway 14L Displaced Threshold for installation in the summer of 2006. The contract only covered the purchase of equipment for Runway 14L. The purchase price of the Runway 14L equipment was \$576,452 for the ALSF II system and \$495,042 for the Siemens in-pavement lights (\$1,071,494 total). The detailed cost estimate provided by New Bedford for the five systems range from \$510,664 each (9L, 27R, 10L, and 10C) to \$526,664 (28C). The cost estimate includes site spares as required by the FAA, and system checkout for commissioning after installation by the construction contractor.

The cost proposal by New Bedford does not include the in-pavement flasher and in-pavement steady burn fixtures manufactured by Siemens for the Runway 28C system. Currently, Siemens has announced they will no longer manufacture the current version of the in-pavement flashers and in-pavement steady burn fixtures. Siemens has developed new in-pavement lighting fixtures for ALSF II lighting systems. However, the new fixtures are not currently designed to communicate with the New Bedford system, and are not yet approved by the FAA. However, the program does not require the Runway 28C ALSF-II system and requisite Siemens fixtures until 2010. By the time these systems are required, the FAA will probably require the new in-pavement flasher and in-pavement steady burn fixtures for installation. Therefore, the PMO recommends the City wait for the procurement of the in-pavement flasher and in-pavement steady burn fixtures until a later date once all the issues with the new fixtures are resolved and approved by the FAA.

The issue of storage of the ASLF-II systems will need to be addressed. The City will need to store the systems locally on a short-term basis until turnover of the equipment to the construction contractor for installation. The cost proposal does include an option for storage of the 10C-28C system through March 2010. That option would not be exercised if the City were to provide a location for system storage.

The contract requirements for the procurement of the ALSF-II systems will need to exclude any stated goals for the participation of Minority Business Enterprises (MBEs). The specialized nature of this equipment and the fact that all production activities occur solely at the supplier's facilities in California, no local MBE/WBE firms will be able to participate in this supply contract.

The PMO recommends the OMP accept the cost proposal from New Bedford and proceed with procurement for the remaining five ALSF-II systems required for OMP Phase 1 as soon as possible in order to realize the cost savings on equipment and preclude any negative schedule impacts.

Enclosures:

Letter from New Bedford Panoramex Corporation dated October 31, 2005 Memorandum from Airline Representatives Office dated January 30, 2006 New Bedford Panoramex Corporation ALSF-II Price Quotation dated August 31, 2006



October 31, 2005 FS-1313/00

Mr. Jim Chilton DMJM Aviation Partners 8755 W. Higgins Road Suite 700 Chicago, IL 60631

Subject:

ALSF-2 Procurement program for O'Hare Modernization Program (OMP)

Rasponse to my ALSF-Z provisement (attached) questions (attached)

Reference:

DMJM Aviation Partners Fax Letter dated 10/12/05

Dear Mr. Chilton:

NBP is pleased to provide the following information in response to referenced request. ALSF-2 unit price will be the same for the FAA or the City of Chicago. However the price for individual contractors may be different due to their credit worthiness. In the past, NBP has refused to sell these systems to contractors that could not provide bank's letter of credit or prepay for the system. Buying ALSF-2 systems through contractors might complicate the procurement process. This is specially true since these are expensive systems and we require 50% cash up front plus good credit.

Buying all five (5) units at the same time could save the City of Chicago up to 17.5%. For the basic ALSF-2 systems this could result in up to \$500,000.00 savings when all five (5) systems are purchased at the same time. However, in order to offer this saving, NBP must buy all the material at the same time and produce the systems within 12 to 18 months after contract award. System's storage will be negotiated at the time of contract award. In order to mitigate any risk to the City of Chicago, we can negotiate a reasonable warranty plan to cover each system for at least one year after installation of the systems.

Should you have any questions or require additional information, please contact the undersigned at (909) 982-9806, ext 217.

Sincerely,

NEW BEDFORD PANORAMEX CORPORATION

Forouz Angeloni Pricing Analyst

O'Hare Modernization Program Airline Representatives Office

MEMORANDUM

To: Bob Aycock

From: Mike Hanlon

Copy:

Date: January 30, 2006

Subject: Bulk Purchase of ALSF-II Approach Light Systems

During discussions held between the OMP and New Bedford regarding the purchase of the ALSF-II approach lighting system for the Runway 14L Threshold Relocation the manufacturer, New Bedford Systems, indicated that they offered a price break on ALSF-II systems for orders of 5 or more systems. Given that a total of 5 additional ALSF-II systems will be required for Phase 1 of the OMP the Airlines believe the City should seriously consider a bulk procurement of all of the systems required for Phase 1 in order to take advantage of the cost savings.

We understand that there may be challenges associated with the storage and FAA certification of the systems given that some may not be installed until 2010 or later. However, we urge the program to continue negotiations with New Bedford and seek solutions to these challenges, such as deliveries phased over time, long-term warranties, etc. Because New Bedford only operates the ASLF-II assembly line at certain times when there is sufficient demand obtaining the systems on an individual basis or from the FAA supply could result in potential schedule issues unless the program does a significant amount of advance coordination. Advanced purchase could insure that the systems are available to the contractor when he is ready to begin construction.

Our support for the advanced purchase of the systems is based on an anticipated cost savings to the program. Should the logistics of storage and warehousing of the systems ultimately negate the anticipated cost savings we would have to reconsider our recommendation.





New Bedford Panoramex Corporation's Price Quotation

New Bedford Panoramex (NBP) ALSF-2/SSALR Price Quote For City of Chicago Updated 12 September 2006

New Bedford Panoramex (NBP) is pleased to submit this quote for the manufacturing and delivery of five ALSF-2/SSALR systems. The quoted price is based on the acceptance of NBP's terms and conditions detailed below. For additional information, please contact Antione Kanaan at 909-982-9806, ext. 216. Please note that, due to extensive material and production lead-time, the delivery for these systems is 12 months ARO at a rate of one per month. If the City of Chicago requires three systems between October 15 and November 15, 2007, we must have a contract in place by October 1, 2006. Otherwise, the first system will be delivered 12 months ARO followed by the other systems at a rate of one per month.

Description	Unit Price	Quantity	<u>E</u>	xtended Price
Runways 9L (1st system; d	elivery 12 mor	iths ARO):		
ALSF-2/SSALR	\$510,664.00	1	\$	510,664.00
Site Spares	\$ 45,960.00	1 Lot	\$	45,960.00
System Check (after installation)	\$ 23,293.00	1	\$	23,293.00
Subtotal Systems 9L			\$	579,917.00
Runways 27R (2nd systems	delivery 13 m	onths ARO):		
ALSF-2/SSALR	\$510,664.00	1	\$	510,664.00
Site Spares	\$ 45,960.00	1 Lot	\$	45,960.00
System Check (after installation)	\$ 23,293.00	1	\$	23,293.00
Subtotal Systems 27R			\$	579,917.00

Runway 10L (3rd system del	ivery; 14 months ARO):
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Subtotal System 10L			\$ <u>579,917.00</u>
System Check (after installation)	\$ 23,293.00	1	\$ 23,293.00
Site Spares	\$ 45,960.00	1 Lot	\$ 45,960.00
ALSF-2/SSALR	\$510,664.00	1	\$ 510,664.00

Runway 10C (4th system; delivery/ship-in-place 15 months ARO):

Subtotal System 10C			\$ 584,624.00
System Check (after installation)	\$ 28,000.00	1	\$ 28,000.00
Site Spares	\$ 45,960.00	1 Lot	\$ 45,960.00
ALSF-2/SSALR	\$510,664.00	1	\$ 510,664.00

Runway 28C (5th system; delivery/ship-in-place 16 months ARO):

Subtotal System 28C			\$ 602,064.00
System Check (after installation)	\$ 28,000.00	1	\$ 28,000.00
Site Spares	\$ 47,400.00	1 Lot	\$ 47,400.00
ALSF-2/SSALR	\$526,664.00	1	\$ 526,664.00

Total all five systems excluding storage

\$2,926,439.00

Optional Storage:

Optional Storage cost for two systems through 15 March 2010 - \$32,000.00

Total all five systems including storage

\$2,958,439.00

Terms and Conditions

- This quote does not include the cost for the required six (6) in-pavement flashers and the twenty five (25) in-pavement steady burning fixtures from Siemens. The City of Chicago will be responsible for purchasing these items.
- This quote is based on receiving an order for all five ALSF-2/SSALR systems at the same time and delivering all systems per proposed schedule.
- 3 Quoted prices are FOB destination.
- The quote is valid until March 2007. Price adjustments may be required after this time period.
- 5 Delivery starts at 12 months ARO at a rate of one (1) system per month.
- 6 Due to high material cost, NBP requires the following payment schedule:
 - a) 55% of the total quoted price (excluding system check-out) is due 60 days after receiving the order. The City of Chicago will be billed for this amount when the order is placed.
 - b) 35% of the balance (excluding system-check out) for each system at the time of the delivery of each system (including any stored systems).
 - c) The final 10% (excluding system check-out) is due 30 days after delivering that system (including stored systems).
 - d) Payment for system check out is due 30 days after completion of system check-out (after system installation) by a NBP representative.
- NBP will warrant each ALSF-2 system for a period of 12 months after their commissioning or January 2011 whichever comes first. This warranty excludes any damages as a result of mishandling, acts of God and/or improper installation.
- To the best of our knowledge, the FAA does not intend to change the design of this system in the foreseeable future. If the FAA decides on any changes in the design of this same system in the future, using NBP as the contractor, we will make available to the City of Chicago, while under contract with the City of Chicago, any changes at the exact price as those negotiated with the FAA.

The NBP ALSF-2/SSALR system Configuration for the Runways9L, 27R, 10L, 10C is as follows:

- One (1) Remote Control Panel (RCP) P/N U3001001-01
- One (1) Remote Electronic Chassis (REC) P/N U3001002-01
- One (1) Control and Monitor Assembly (CM) P/N U3001003-01
- One (1) 480 Vac Input Cabinet P/N U3001004-01

Five (5) Constant Current Regulators (CCRs) P/N 93001080-01

One (1) High Voltage Output Cabinet P/N U3001006-01

One (1) Aiming Device P/N U3001007-01

Sixteen (16) Individual Control Cabinets (ICCs) P/N U3001008-01

Sixteen (16) Flasher Light Assemblies P/N U3001009-01

Two Hundred Fifty Seven (247) Elevated PAR-56 Lampholders P/N U3001010-01

Two Hundred Fifty Seven (247) Transceivers /Shorting Devices P/N U3001080-01

Fifteen Junction Boxes P/N U3001011-01

One (1) Remote Monitoring Subsystem (RMS) P/N U3001012-01

One (1) Distribution Panel P/N U3001013-01

One (1) 50 KVA Transformer P/N U3001014-01

One (1) Safety Disconnect Switch P/N U3001015-01

One (1) Flasher Tester P/N U3001016-01

Two (1) TI Manual P/N TI 6850.87

One (1) Installation Kit

Site Spares – See Table below.

One (1) System Start-up Trip. (One week for two personnel; Two days of travel and three days at the site)

The NBP ALSF-2/SSALR System Configuration for Runway 28C is as follows:

One (1) Remote Control Panel (RCP) P/N U3001001-01

One (1) Remote Electronic Chassis (REC) P/N U3001002-01

One (1) Control and Monitor Assembly (CM) P/N U3001003-01

One (1) 480 Vac Input Cabinet P/N U3001004-01

Five (5) Constant Current Regulators (CCRs) P/N 93001080-01

One (1) High Voltage Output Cabinet P/N U3001006-01

One (1) Aiming Device P/N U3001007-01

Eleven (11) Individual Control Cabinets (ICCs) P/N U3001008-01

Five (5) Individual Control Cabinets (ICCs) With In-Pavement Flasher Conversion Kit

Eleven (11) Flasher Light Assemblies P/N U3001009-01

Two Hundred Twenty two (222) Elevated PAR-56 Lampholders P/N U3001010-01

Twenty-Five (25) 6.6-AmpTransceivers /Shorting Devices P/N U3001080-03

Two Twenty-Two (222) 20-AmpTransceivers /Shorting Devices P/N U3001080-01

Fifteen Junction Boxes P/N U3001011-01

One (1) Remote Monitoring Subsystem (RMS) P/N U3001012-01

One (1) Distribution Panel P/N U3001013-01

One (1) 50 KVA Transformer P/N U3001014-01

One (1) Safety Disconnect Switch P/N U3001015-01

One (1) Flasher Tester P/N U3001016-01

Two (1) TI Manual P/N TI 6850.87

One (1) Installation Kit

Site Spares – See Table below.

One (1) System Start-up Trip. (One week for two personnel; Two days of travel and three days at the site)

	ALSF-2 SITE SPARES/PER SYSTEM	
PART NO.	DESCRIPTION	QTY
93003049-01	Fuse, 125 AMP	2
FO2A250V5A	Fuse, 5A	2
F03A250V1/4A	Fuse, 250V,1/4A	2
F03A250V2A	Fuse, 250V, 2A	2
F03A250V3A	Fuse, 250V, 3A	2
F03A250V5A	Fuse, 250V, 5A	2
F03A250V10A	Fuse, 250V, 10A	2
F03B125V7A	Fuse, 125V, 7A	2
93003093-01	Fuse, 1/10 AMP	2
93003092-01	Fuse, 5 AMP	2
FM02A125V1/4A	Fuse, 125V, 1/4A	2
T3001004-03	CCA CM CPU Unit # 3 or 12	1
U3001055-01	CCA RCP Unit # 1	1
U3001056-01	CCA REC Controller Unit # 2	1
U3001059-01	CCA Control I/O Unit # 3	1
U3001060-01	CCA Control Panel Unit #3	1
U3001063-01	CCA Lamp Controller Unit #3	1
U3001064-01	CCA Brightness Indicator Unit # 3	1
U3001066-01	CCA Bleeder Unit # 8	1
U3001067-01	CCA Monitor Unit #8	1
U3001071-01	CCA MODEM Unit # 12	1
U3001072-01	CCA Digital I/O Unit # 12	1
U3001073-01	CCA Analog I/O Unit # 12	1
U3001074-01	CCA Serial Comm. Unit # 12	1
93001085-01	CCA Control Unit #5	1
93001086-01	CCA Display Unit #5	1
93001087-01	CCA Snubber Unit #5	1
93003026-01	24 Volt Power Supply	1

12 Volt Power Supply	1
CCA Low Voltage Filter Unit # 6	1
RMS CPU Flash EPROM ONLY, Programmed and Labeled	1
RMS CPU Flash EPROM ONLY, Programmed and Labeled	1
Fuse, FNQ-R-1/2	2
Fuse, AGC-1-6/10	2
Fuse, A6D225R	2
Fuse, JJS-60	2
Fuse, 9F60AAB001 1 AMP	2
	CCA Low Voltage Filter Unit # 6 RMS CPU Flash EPROM ONLY, Programmed and Labeled RMS CPU Flash EPROM ONLY, Programmed and Labeled Fuse, FNQ-R-1/2 Fuse, AGC-1-6/10 Fuse, A6D225R Fuse, JJS-60