

## JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

### A. FACTS AND RATIONALE

#### 1. Agency

The U.S. Environmental Protection Agency (EPA) Office of Acquisition Management (OAM) intends to award a purchase order for the Office of Chemical Safety and Pollution Prevention (OCSPP) Office of Pesticide Programs (OPP) Biological and Economic Analysis Division (BEAD).

#### 2. Description of the action being approved

This is a new sole source commercial purchase from GfK Kynetec (GfK) for Agricultural Pesticide Usage Data for a one year license. Orders for similar purchases from GfK have been made in the past.

#### 3. Description of the service required to meet the Agency's need

Before the EPA takes regulatory actions on pesticides, studies are conducted on human health, environmental, economic and social impacts as required by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) 7 U.S.C. §136 et seq. (1996). In order to adequately evaluate health, environmental, social and economic aspects of the use of substitutes for pesticides, a data base is needed which contains: accurate, current usage data for agricultural pesticides by year; crop treated; pesticide type; active ingredient; base acres treated; crop acres grown; percent crop treated; sample size; total pounds applied; number of farms treated; time, rate, and method of application; stage of pest infestation; pesticide prices and expenditures; target pest and pest complex; and other related factors by designated region.

The required period of performance for this purchase is June 1, 2011 through May 31, 2012.

##### a.) GfK AgroTrak historical years database access via Robust:

AgroTrak 2009:	\$	
AgroTrak 2010:	\$	
Percent Crop Treated 2009-2010	\$	
Total		\$1,321,909

##### b.) Percent Crop Treated (PCT) files:

1. Year
2. Crop (Specialty Crop Only)
3. Pesticide Type
4. Active Ingredient
5. State
6. Total US
7. Approximated Base Acres Treated
8. Crop Acres Grown
9. Percent Crop Treated
10. Sample Size

#### 4. Identification of the statutory authority permitting other than full and open competition

This document recommends that this procurement be awarded to GfK without full and open competition, in accordance with FAR 13.501(a)(i)(ii), "Sole Source Acquisitions for Test Program for Commercial Items, Section 4202 of the Clinger-Cohen Act of 1996", at an estimated dollar value of \$1,321,909.00 for a one-year period.

5. **Contractor's unique qualifications that support use of the authority cited**

GfK is the only known, responsible source to ensure that continuous and comparable data are available to meet EPA's requirement to adequately evaluate health, environmental, social, and economic usage of pesticides. The GfK AgroTrak system and related PCT files provide current data for herbicides, insecticides, fungicides and other pesticides used on various major and minor agricultural sites. GfK updates their survey data each year while maintaining the integrity of their historical data, allowing a user to evaluate pesticide usage for over 10 years. The GfK AgroTrak system and related PCT files provide current pesticide usage data on a large nationwide sample of approximately 16,000 farms, while GfK's AgroTrak study collects agricultural chemical information for all of the crops grown on a respondent's farm. Farms are qualified at the beginning of each year through collection of detailed data about their total farming operation. This is unique among agricultural research firms, as no other research firm is known to survey farm level respondents on pesticide usage on an annual basis containing as detailed information as GfK. In addition, GfK's AgroTrak system and related PCT files contain over 100 units of measureable data variables (percent crop treated, total acres treated, pounds applied, pests, as well as other information) on 60 crops. These data are very useful for supporting Agency assessments and are not found in any other data base system with the same degree of coverage or relevance, which GfK provides.

6. **Efforts made to solicit offers from other sources**

EPA conducted extensive market research (refer to *Section 8. Market research conducted*) seeking vendors which can compete with the GfK AgroTrak system and related PCT file data and did not find any. Also, in accordance with FAR 5.204, this requirement was publicized as a proposed sole-source requirement to GfK in Federal Business Opportunities (FedBizOpps) on February 17, 2011. There have been no inquiries from the private or commercial community concerning this announcement.

7. **Contracting Officer determination of price reasonableness**

Throughout recent contract negotiations the price of GfK AgroTrak and related PCT files have fluctuated, due to the continuing consolidation within the agriculture industry. A review of historical purchases made by EPA shows the prices have been fairly consistent over the last several years. For example from 2005 – 2009, the price for similar requirements ranged from [REDACTED]. This is less than a [REDACTED]% change over a period of 5 years. In addition, this year GfK is offering the Agency a reduction in their originally quoted price for PCT files. GfK originally quoted the Agency [REDACTED] for PCT files for years 2009-2010 and are currently offering a [REDACTED] reduction for these data. All of these purchases were made on a sole source basis and the contracting officer determined the prices to be reasonable. Therefore, pursuant to FAR 13.106-3 (a)(2)(ii) the cost is considered fair and reasonable.

8. **Market research conducted**

*Phillips McDougall:* In May 2010, EPA met with Phillips McDougall representatives who presented their various agrochemical products and services, which focus primarily on profiles of countries, products, and crop markets. These profiles, however, do not contain very basic data on active ingredients used in the U.S. such as percent crop treated, crop acres grown, and total acres treated needed by the Agency to inform regulatory decisions.

*Crop Data Management Systems (CDMS) (Scott Mueller):* BEAD met with CDMS in late 2004 and early 2005 to investigate the use of their Flash Reports. These reports include use data available by county and pest, as well as state-wide. However, the Flash Reports were only available for California and Arizona on 38 crops and for Pacific NW on 12 crops, whereas GfK reports on all U.S. states on 60 crops; notwithstanding, EPA purchased a set of the data, and subsequently found that CDMS's data collection methodology was not as robust as GfK's and not as useful for supporting EPA's nationwide assessments.

As of 2010, CDMS continued to offer Flash Reports that track 32 key crop categories. The data highlights include acres treated, amount applied, and use rate by county and pest, as well as state-wide. The Flash Reports, however, are only available for a few states and the highlighted data are limited. Excluded from these reports are key data such as percent crop treated and crop area grown; whereas GfK reports on all U.S. states on 60 crops. EPA has not purchased a set of the CDMS data since 2005 because CDMS' data collection methodology is not as robust as GfK's and the data are not useful for supporting EPA's nationwide assessments.

*Market Probe:* EPA is aware that Market Probe provides data services that go beyond simple data collection to advanced statistical analyses. However, their services are geared more toward manufacturers who are interested in distribution, sales, and marketing analyses. They do not specialize in providing the types of information used by EPA in assessments of pesticides; whereas, GfK's AgroTrak database and related PCT files have a wealth of data on pesticide use that is very useful for development of assessments.

*Crop Protection Research Institute (CPRI)'s National Pesticide Use Database (Leonard Gianessi):* EPA currently uses Crop Protection Research Institute's 2002 National Pesticide Use Database (NPUD) database that contains agricultural data. EPA uses it in conjunction with more recent data because it contains crops that are not covered in other databases. Limitations of this database, however, are that it is not current, does not contain pest data, and it only provides percent crop treated, pounds active ingredient applied, and average pesticide application rates. It is likely that no updates of this database will be made available due to L. Gianessi's retirement.

*USDA National Agricultural Statistics Service (NASS):* EPA also uses publicly available agricultural data from USDA's NASS in conjunction with other data. EPA does not solely rely upon it, however, because NASS has limited data coverage (i.e. every other year) and best estimates of pesticide usage require that EPA obtain the data for as many years as possible to reflect the actual usage of pesticides.

*California Pesticide Use Data:* EPA currently uses California's Pesticide Use database to obtain agricultural data when it cannot be found in other sources. EPA uses it sparingly or in conjunction with other sources, because most of EPA's estimates are for national use. The obvious drawback here is the limited geographical scope of the data.

**9. Other factors supporting the use of other than full and open competition**

The Agency is a current subscriber to GfK's data base for earlier years and continued access is required to a historical data base as is access to comparable information for 2009-2010. No other sources are known which can provide this type of data.

The Agency has considered possible alternatives to duplicate the information that the proposed purchase would provide and rejected them for reasons as discussed below:

- a.) EPA funded national survey - The EPA could fund surveys of agricultural pesticide usage. However, the costs are far beyond the available funds at the EPA for such data. Furthermore, USDA (cooperating with states) is the lead Agency for collecting primary pesticide usage data from farmers, as designated by OMB in the early 1980's.
- b.) Partial funding of USDA/State surveys - The EPA could partially fund USDA/State survey activities, but would obtain only very small amounts of additional usage data, compared to that available from GfK due to the economies of multi-client support of their efforts. USDA/State surveys in the past have been lacking in coverage with respect to factors such as: crops covered, timeliness of reporting, geographic coverage and specifically, and economic information other than quantity of chemical used (e.g., expenditures, application rates, numbers of users/non-users, target pest, application method, etc.). USDA/State continues to upgrade its program, but cannot fully meet Agency needs, even if the Agency were to spend considerable funds to support their efforts.
- c.) Request data from pesticide registrants under FIFRA - Under the provisions of FIFRA and the Food Quality Protection Act (FQPA) 7 U.S.C. §136 et seq. (1996), the Agency can require pesticide registrants to submit information necessary for the estimation of risks and benefits of pesticide usage through the issuance of Data Call In (DCI) notices, as part of the Registration Review process. However, for information concerning pesticide usage and benefits, registrants are only required to submit information already available to them. In the past the information submitted on chemicals of concern has been less than adequate. In addition, the use of DCI's offers no usage information on alternatives to the chemical of concern, necessary for estimation of benefits.
- d.) Alternative multi-client vendor - One firm, Mike Buckley & Associates, was located which provides pesticide usage data for selected agricultural crops on a proprietary, multi-client subscription basis. That firm's survey includes a number of specialty crops which are covered by GfK. Some of these crops (e.g., apples, oranges and food crops) are heavily treated with pesticides and are widely consumed in the U.S. The alternative vendor does not use actual farm level respondent data for their specialty crops, and does not cover the major field crops at the same level of completeness, coverage nor accuracy as which GfK provides.

The Agency continues to make use of existing data in the public domain. The Agency collects and maintains files of pesticide usage reports of individual states and national surveys published by USDA. In addition, EPA partially funds, through a cooperative agreement with USDA, efforts by National Center for Food and Agricultural Policy (NCFAP). NCFAP collects, aggregates, and summarizes pesticide usage data available in the public domain. However, this information is incomplete, not timely and not fully adequate for the Agency's needs.

The agency continues to encourage other potential vendors to submit proposals for similar types of pesticide usage data.



**APPROVAL**

Approval of Sole Source Acquisition for Agricultural Pesticide Usage Data with GfK Kynetec in accordance with **FAR 13.501(a)(i)(ii)**, “**Sole Source Acquisitions for Test Program for Commercial Items, Section 4202 of the Clinger-Cohen Act of 1996**”.

*Signed*  
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Susan Moroni, Competition Advocate

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Date