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Decision

Matter of: RFD Beaufort, Inc.

File: B-424661; B-424661.2

Date: October 7, 2026

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Susan Whitley Newburg, Esq., Department of the Navy, for the agency.

Todd C. Culliton, Esq., and Tania Calhoun, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

The sole-source award of a contract to produce submarine escape and surface survival personnel equipment suits was unobjectionable where the record shows that the agency's action was reasonably based on its industrial mobilization needs.

DECISION

RFD Beaufort, Inc., of Sharon Center, Ohio, protests the award of a sole-source contract to Mustang Survival Manufacturing, Inc., of Jacksonville, Florida, under request for proposals (RFP) No. N00104-26-R-ZB46, issued by the Department of the Navy for submarine escape and surface survival personnel equipment (SESSPE) suits. RFD Beaufort argues that the Navy unreasonably made the award without obtaining full and open competition.

We deny the protest.

BACKGROUND

SESSPE suits are life-saving devices allowing submariners to evacuate a submerged submarine in the event of an emergency. Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 1. Submarines cannot leave port without enough SESSPE suits. *Id.* RFD Beaufort and Mustang are the only pre-qualified manufacturers

of this equipment. *Id.* at 3-4. RFD Beaufort currently produces the equipment for the agency under another contract. *Id.* at 3.

On July 2, 2026, the Navy issued this RFP to procure 542 suits and only provided the solicitation to Mustang. Agency Report (AR), Tab 16, RFP at 3-5; Req. for Dismissal at 1.¹ The RFP explained that the requirement was solicited under 10 U.S.C. § 3204(a)(3)(A), Industrial Mobilization. RFP at 4. This statute authorizes the Navy to use non-competitive acquisition procedures in limited circumstances, including, as relevant here, to make an award to a particular source to maintain a facility, producer, manufacturer, or other supplier available for furnishing property or services to achieve industrial mobilization. 10 U.S.C. § 3204(a)(3)(A).

The agency also executed a “Justification for Other than Full and Open Competition” (J&A) document. AR, Tab 14, J&A at 1. The J&A described the acquisition as follows:

Award of a procurement on a sole-source basis to Mustang for the procurement of Submarine Escape Suits. This action is necessary to maintain an essential manufacturer available for furnishing these critical supplies in the interest of industrial mobilization.

AR, Tab 14, J&A at 1. As rationale for the acquisition, the J&A provided the following:

Historically, the Navy has been completely reliant on a single source of supply, [RFD Beaufort], as they were the only vendor capable of meeting the stringent requirements set forth in the [functional requirement document]. Recognizing the strategic risk of a single-point-of-failure for a critical life-saving capability, the Navy engaged with industry to develop a second source. Over the past five years, Mustang has invested significant time, effort, and private capital into research, testing, and standing up a dedicated production facility to successfully meet the [functional requirement document] and qualify as an approved manufacturer. Despite Mustang achieving qualification, the most recent competitive procurement for 1,000 suits (with a 100 [percent] option) is drafted for award to the incumbent, [RFD Beaufort]. Because Mustang has operated for five years without a production contract to recoup their facility and qualification investments, there is an immediate and highly probable risk they will abandon their Submarine Escape Suit operations and exit the market if they do not receive a production order. If Mustang exits the market, the Navy will revert to a sole-source dependency on [RFD Beaufort]. To prevent the loss of Mustang’s vital capability, production facility, and skilled workforce, it is in the vital interest of the Government to direct an award of 542 suits to Mustang. This quantity is deemed the minimum

¹ References to the report utilize the Adobe PDF page numbers.

necessary to maintain a “warm” production line and keep the facility operational while a long-term acquisition strategy is established.

Id. at 2.²

On July 13, RFD Beaufort requested a copy of the solicitation. COS/MOL at 4. Prior to the July 17 close of the solicitation period, RFD Beaufort filed this protest with our Office. RFD Beaufort and Mustang also submitted proposals to the agency. *Id.*

DISCUSSION

RFD Beaufort contends that the agency unreasonably awarded the contract because the Navy did not have sufficient evidence to find that Mustang would exit the market for SESSPE absent this contract. Comments at 2-5. RFD Beaufort argues that agency officials relied on speculation only, rather than hard facts or evidence, that Mustang would no longer manufacture this product. *Id.* at 4.

The Navy responds that it reasonably awarded the contract to maintain Mustang as an essential manufacturer of SESSPE. COS/MOL at 4-7. It argues that Mustang has not received a contract for SESSPE since becoming a qualified manufacturer in 2022 and the firm has not recovered any investment costs. *Id.* at 6.

Military agencies have authority to conduct procurements in a manner that enables them to establish or maintain mobilization base sources of supply for a particular item in the interest of national defense. 10 U.S.C. § 3204(a)(3)(A). These agencies need not obtain full and open competition where the procurement is conducted for industrial mobilization purposes and may use other than competitive procedures where it is

² The J&A uses Survitec when referencing RFD Beaufort; however, Survitec recently divested RFD Beaufort. Business Wire, *Capitol Meridian Partners & Stellex Capital Management to Acquire Beaufort, the Aerospace & Defense Survival Equipment Division of Survitec*, Sept. 8, 2025, available at <https://www.businesswire.com/news/home/20250908202457/en/Capitol-Meridian-Partners-Stellex-Capital-Management-to-Acquire-Beaufort-the-Aerospace-Defense-Survival-Equipment-Division-of-Survitec><https://www.businesswire.com/news/home/20250908202457/en/Capitol-Meridian-Partners-Stellex-Capital-Management-to-Acquire-Beaufort-the-Aerospace-Defense-Survival-Equipment-Division-of-Survitec>.

As another point of clarification, the J&A, which was prepared on February 26, 2026, references Federal Acquisition Regulation (FAR) 6.302-3(b)(1)(i), (vi) as the governing regulation. AR, Tab 14, J&A at 2. In its report, the agency cites and argues that the regulations under the Revolutionary FAR Overhaul apply. COS/MOL at 6. The Department of Defense directed agency officials to use the revised FAR part 6 as of February 1.

necessary to award the contract to a particular source or sources. *Magnavox Electronic Sys. Co.; Ferranti Techs., Inc.*, B-247316.2, B-247316.3, May 28, 1992, at 4; *Outdoor Venture Corp.*, B-405423, Oct. 25, 2011, at 2. Decisions as to which producers should be included in the mobilization base and which restrictions are required to meet the needs of industrial mobilization, involve complex judgments that must be left to the discretion of the military agencies. *Outdoor Venture Corp.*, *supra*. We will question those decisions only if the evidence convincingly shows that the agency has abused its discretion. *Id.*

On this record, we are unconvinced that the Navy abused its discretion. First, the record shows that the Navy considered Mustang's continued production to be an essential component of the industrial base because there is a significant strategic risk in being forced to rely on a single manufacturer to produce the SESSPE. Indeed, Navy officials considered that "[m]aintaining two active sources is critical to ensuring cost control, technical compliance, supply chain resiliency, and overall readiness in support of the United States Navy." AR, Tab 5, Internal Agency Correspondence at 1. These officials also discussed how the Navy experienced significant price escalations and problematic design alterations when the requirement was supported by a single manufacturer. *Id.*

Second, we have no reason to question the reasonableness of the Navy's determination that this award was necessary to prevent Mustang from terminating its production line. Mustang has not received any direct revenue since qualifying its SESSPE over five years ago. The record shows that agency officials noted how Mustang "has been putting a lot of time, effort, and money into being able to manufacture suits over the last five years or so[.]" and concluded that, "Mustang is going to find issue with putting forth everything that they have over the last few years, and then to not get any work." AR, Tab 6, Agency Internal Correspondence at 1. Further, agency officials noted that Mustang is a relatively small business entity with limited ability to absorb prolonged unrecovered development and production costs. AR, Tab 24, Agency Internal Correspondence at 2. While RFD Beaufort complains that the Navy failed to conduct any financial analysis demonstrating that Mustang would in fact close its production line but for the contract award, we are not persuaded that such analysis was necessary where the applicable statute and regulations do not require such certainty. Rather, the agency only needs a reasonable basis for the exercise of its authority and, as explained above, the agency had ample support for its conclusions and ultimate decision. Accordingly, we deny the protest.

The protest is denied.

Edda Emmanuelli Perez
General Counsel