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## Decision

**Matter of:** First Information Technology Services, Inc.

**File:** B-405602

**Date:** December 1, 2011

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Tania Calhoun, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

Protester's allegation that it was coerced by the agency during discussions to increase its pricing is denied where, during discussions, the agency raised concerns regarding protester's low labor rates for 10 of 12 proposed labor categories, asked the protester to provide additional support for its rates, and the protester ultimately made a business decision to raise its labor rates rather than provide the agency with additional support for its initially proposed rates.

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### DECISION

First Information Technology Services, Inc. (FITS), of Arlington, VA, protests the award of a contract to Knowledge Consulting Group, Inc. (KCG), of Reston, VA, under request for proposals (RFP) No. HSTS03-11-R-CIO556, issued by the Department of Homeland Security, Transportation Security Administration (TSA), to obtain information technology security support services. FITS argues that the agency improperly conducted a price realism analysis which led to prejudicially misleading discussions with the firm, improperly evaluated KCG's proposal, and made a flawed best value determination.

We deny the protest.

## BACKGROUND

The solicitation, issued December 2, 2010, sought offers to provide continued information technology security support services for TSA's Office of Information Technology, Information Assurance Division, and other offices. RFP Statement of Work (SOW) ¶ 1.2. KCG is the incumbent contractor. The RFP contemplated the award of an indefinite-delivery/indefinite-quantity (ID/IQ) contract with an 8-month base period and up to four 1-year option periods. RFP §§ B.1, B.6, Agency Report (AR), Tab 2, Independent Government Cost Estimate (IGCE), at 2. The total orders could not exceed \$190 million. RFP § B.1.1. Task orders under the contract will be issued on a fixed-price and/or time and materials (T&M) basis. RFP § B.2.

Offerors were to submit proposals in five volumes, each to be evaluated under a separate factor: Business Management Approach-ID/IQ (Factor 1), Past Performance-ID/IQ (Factor 2), Price-ID/IQ (Factor 3), Staffing Approach-Task Order (TO) #0001 (Factor 4), and Price-TO #0001 (Factor 5). The solicitation stated that proposals must demonstrate the offeror's capability and understanding of the requirement and its ability to successfully complete the effort. RFP § L at 78-79.

The government planned to award a contract to the firm whose offer was most advantageous to the government, price and other factors considered. RFP § M.1.(a). Proposals would be evaluated in two phases. The first phase would be a best value evaluation of the offeror's Business Management Approach, Past Performance, and Price-ID/IQ volumes under their respective factors. The Business Management Approach factor was more important than the Past Performance factor, which was more important than the Price-ID/IQ factor. The two non-price factors, when combined, were significantly more important than price. RFP §§ M.1.(a), M.3. Offerors determined to be the best value in Phase I would be evaluated in Phase 2 under the Staffing Approach-TO #0001 and Price-TO #0001 factors. *Id.* These factors would be equal in weight and rated on an acceptable/unacceptable basis. TSA was to evaluate these offers for award purposes by adding the total price for all options to the total price for the basic requirement. RFP § M.1.(a).

As it relates to the protest, for their Price-ID/IQ volumes, offerors were required to submit labor rate tables in accordance with a template. The tables would be inserted into the contract for future task orders, which would be priced using labor rates that did not exceed those in the tables. RFP §§ L.3.2, B.4.1. The template required offerors to create a row for each labor category and to insert fully burdened hourly rates for multiple fiscal years.<sup>1</sup> RFP § B.6. For each rate, offerors were to provide

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<sup>1</sup> Attachment D of the RFP listed the minimum labor categories to be addressed; offerors wishing to provide additional or different labor categories were required to crosswalk them to the labor categories in the attachment. Prices of additional labor  
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any information reasonably required to explain the proposal, including the factors used to price each rate, as well as any assumptions made or exceptions taken. RFP § L.3.4. Section M.4.4. of the solicitation stated that the contracting officer would review the labor rates to ascertain whether they were fair and reasonable. Since adequate price competition was anticipated, price reasonableness would be determined by comparing the price proposals received. Proposed rates deemed unreasonable or unsupported might result in rejection of the proposal. Id.

For their Staffing Approach–TO #0001 volumes, offerors were required to provide narrative information concerning their capabilities to provide qualified personnel and their recruitment and retention plans. Offerors were also required to submit a labor resource table that identified the labor categories and hours proposed for each period of performance to meet the task order requirements.<sup>2</sup> RFP § L.4.1. TSA would use the table to evaluate an offeror’s proposed labor mix and proposed level of effort to rate its understanding of the technical requirements. RFP § M.5.2.

For their Price-TO #0001 volumes, offerors were required to propose a T&M type task order using a template that included labor categories, hours, hourly rates, and total amounts for each period of performance. RFP § L.5. The initial solicitation stated that the contracting officer would review this information to determine if the proposed price was fair and reasonable by considering the appropriateness of labor categories, labor mix, skill levels, and level of effort. RFP § M.5.3. Proposals demonstrating a lack of understanding of the requirements might result in rejection of the proposal. Id.

Proposals were received by 14 offerors by the extended closing date of January 13, 2011. During the Phase 1 evaluation, TSA conducted a limited price analysis for the purpose of determining initial excessive rates, “both high and low,” by comparing the proposed labor rates with each other and with historical prices paid by the government for same or similar items. AR, Tab 19, Business Clearance Memorandum (BCM), at 16.

On April 14, TSA issued Amendment No. 0003 to clarify the procedures that it would use to make the best value determination. As amended, the RFP stated the factors that would affect contract award were Factors 1 through 4. Again, Business Management Approach (Factor 1) was more important than Past Performance (Factor 2), which was more important than Price–ID/IQ (Factor 3). The Staffing Approach–TO #0001 factor (Factor 4) would be used as a sample task order

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categories not crosswalked to a labor category in the attachment would not be evaluated as part of the total evaluated price. RFP § B.6.

<sup>2</sup> The task order SOW listed the RFP’s labor categories and stated that the requirements in the ID/IQ SOW applied to this task order. RFP, Attachment H.

demonstrating the feasibility of the offeror's technical approach to meeting the task order requirements. AR, Tab 5, Amendment No. 0003, amended RFP § M.2.1.a. The amended RFP stated TSA would award the contract to the offeror that proposed the best value to the government supported by a price/technical tradeoff analysis. This analysis would be accomplished using an integrated assessment of the price (Factor 3) and non-price related factors (Factors 1, 2, and 4). Id. at amended RFP § M.2.1.b. For purposes of the tradeoff analysis, the amendment provided that the agency would calculate each offeror's total estimated price by multiplying each offeror's proposed labor rates by the government's estimated hours per labor category per year, as found in the IGCE; sum these figures to calculate the total price for that period of performance; and then sum the total prices for each period of performance to arrive at a total evaluated price. Id.

On April 19, TSA issued Amendment No. 0004 to again clarify the procedures for the best value determination. This amendment stated that all evaluation factors other than cost or price, when combined, were significantly more important than cost or price. However, as the technical merits of competing proposals approached equal, Price-ID/IQ (Factor 3) would become more important in any tradeoff decision. The government might also award to other than the highest technically rated proposal. AR, Tab 5, Amendment No. 0004, amended RFP § M.2.1.a. In transmitting this amendment, TSA advised offerors that, because Price-ID/IQ (Factor 3) would become more important in a tradeoff decision, offerors could submit revised Price-ID/IQ volumes. All offerors did so. CO's Statement ¶¶ 23, 24.

After receiving revised price proposals, to identify risk, TSA used a standard deviation analysis of each offeror's labor rates and their dispersion from the average of all offeror rates for each labor category (the mean). AR, Tab 19, BCM at 39. TSA considered that if a rate was two standard deviations or more below the mean, there was risk to TSA that the required services could not be provided for the life of the contract. Conversely, if a rate was two standard deviations or more above the mean, there was a risk that TSA would be overpaying for the services. Id. TSA determined that FITS had rates for 10 of 12 labor categories that were two standard deviations below the mean. By having "almost all of the rates proposed [two] standard deviations below the average" TSA found risk associated with FITS being able to provide the required services at an acceptable quality for the life of the contract. Id. at 50. TSA found that another offeror had rates for 9 of 12 labor categories that were two standard deviations above the mean and identified this as a risk associated with overpaying for the services. Id. at 50-51.

On May 10, TSA issued Amendment No. 0005 to once again clarify the procedures TSA would use to make the best value determination. The amended solicitation stated that the price technical tradeoff analysis would be accomplished using an integrated assessment of the Price-ID/IQ factor (Factor 3) and the nonprice related factors, Business Management Approach (Factor 1) and Past Performance (Factor 2). Of particular significance, Amendment No. 0005 established that the Staffing Approach-TO #0001 and Price-TO #0001 factors (Factors 4 and 5,

respectively) would only be evaluated for acceptability, and were not be further considered in the best value tradeoff analysis—offerors rated unacceptable under either Factor 4 or 5 would not be considered for award.

In this regard, Amendment No. 0005 also revised the provision informing offerors how TSA intended to evaluate their Price-TO #0001 volumes. Whereas the initial solicitation stated that the contracting officer would determine whether the proposed price was fair and reasonable, and proposals demonstrating a lack of understanding of the requirements might be rejected, the amended provision said only that the contracting officer would review the proposed prices to determine if the offeror proposed rates equal to or less than the Price-ID/IQ (Factor 3) pricing.<sup>3</sup> AR, Tab 5, Amendment No. 0005, amended RFP § M.5.3.

In transmitting Amendment No. 0005, TSA sent discussion questions to the various offerors remaining in the competition, to include FITS. As discussed further below, the letter stated that TSA had identified 10 labor categories it believed were priced unreasonably low and that, without additional explanation, the proposed rates for these labor categories increased the risk to the government that the firm would be able to provide the required services for the life of the contract, which might result in its offer being determined unreasonable and removed from further consideration. The letter asked FITS to identify the methodology it used to price the labor categories.<sup>4</sup> AR, Tab 25, Discussions Letter of May 10, 2011. On May 11, FITS' chief operating officer (COO) and the contracting officer discussed this letter during a telephone conversation. The contents of the conversation are in dispute. As discussed further below, FITS' COO states that he understood TSA had taken an “unequivocal position” that the agency would exclude FITS from the competition if it did not revise its rates. FITS Protest of Aug. 25, 2011, Exhibit 2, ¶ 8. The contracting officer denies ever requesting a labor rate increase or implying that one was needed. CO's Statement at 14. On May 13, FITS advised the contracting officer that the firm had decided to change its proposed labor rates and it ultimately submitted revised Price-ID/IQ and Price-TO #0001 proposals. In addition to increasing its proposed labor rates, FITS provided additional support for these rates. AR, Tab 14, FITS Final Revised Price-ID/IQ Volume, at 7-21.

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<sup>3</sup> As a result of this amendment, we need not consider FITS' argument that KCG's proposal should have been found unacceptable under the Price-TO #0001 factor because its low price demonstrated a lack of understanding of the requirements.

<sup>4</sup> Discussions were also conducted with the offeror who was found to have most of its rates two standard deviations above the mean concerning the risk TSA perceived in its proposal. AR, Tab 19, BCM at 51.

TSA's evaluation of final revised proposals was as follows:

<b>Offeror</b>	<b>Factor 1 Business Management Approach</b>	<b>Factor 2 Past Performance</b>	<b>Factor 3 Price-ID/IQ</b>	<b>Factor 4 Staffing Approach TO #0001</b>	<b>Factor 5 Price TO #0001</b>
Offeror A	Good	Neutral	\$79,017,145	Acceptable	\$68,871,923.20
Offeror B	Outstanding	Acceptable	\$84,859,498	Acceptable	\$32,328,966.93
FITS	Outstanding	Acceptable	\$79,127,924	Acceptable	\$43,103,027.20
KCG	Outstanding	Acceptable	\$71,635,459	Acceptable	\$27,269,872.27
Offeror C	Outstanding	Acceptable	\$72,726,431	Acceptable	\$35,261,542.40
Offeror D	Good	Acceptable	\$74,509,425	Acceptable	\$41,887,545.60

AR, Tab 19, BCM at 52.

TSA found that all of the above offerors submitted an acceptable staffing approach that was deemed fair and reasonable as it related to price and technical feasibility. AR, Tab 19, BCM at 53. TSA's tradeoff analysis compared the strengths of the proposals of KCG, the lowest-priced offeror, with the features of the other offerors' proposals to determine which represented the better value. *Id.* at 52. The agency concluded that KCG's proposal was stronger than the FITS proposal under the most important factor, Business Management Approach; that the two proposals were equally acceptable under the Past Performance factor; and that KCG offered the lowest evaluated price. TSA's technical and price evaluation teams determined that KCG's offer represented the better value as compared with each of the other offers, and recommended that the source selection authority (SSA) make award to KCG. *Id.* at 58-59. The SSA concurred, stating that, based upon the information in the tradeoff analysis, KCG provided a superior technical proposal along with the lowest overall price. AR, Tab 21, SSA Award Recommendation (SSAAR), at 8. TSA notified FITS of the award decision on July 14, and FITS filed this protest after its debriefing.

## DISCUSSION

In its protest, FITS argues that TSA's discussions with the firm were improper. According to FITS, during discussions, the agency coerced FITS into raising its labor rates, notwithstanding the fact that those rates were "reasonable and realistic and put the company in line for award." Protest at 10. FITS also argues that TSA improperly evaluated KCG's proposal under the task order evaluation factors, and that TSA's best value determination was flawed.<sup>5</sup>

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<sup>5</sup> In its comments on the agency report, for the first time, FITS raised two new arguments. First, FITS argued that TSA's concerns regarding its rates were based on an undisclosed and unnecessary price-realism analysis. FITS Comments, Oct. 6, 2011, at 2. Second, FITS argued that TSA's assessment of its rates to ascertain

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## Misleading or Coerced Discussions

FITS argues that it was coerced during discussions into raising its labor rates, to its prejudice, because if it had retained the rates in its first revised price proposal, it would have been evaluated as the lowest-priced offeror.<sup>6</sup>

During discussions, agencies may not consciously mislead or coerce an offeror into raising its prices. Eagle Tech., Inc., B-236255, Nov. 16, 1989, 89-2 CPD ¶ 468 at 3-4; see also ITW Military GSE, B-403866.3, Dec. 7, 2010, 2010 CPD ¶ 282 at 3; Enterprise Info. Sys., B-401037.5, B-401037.6, Dec. 1, 2009, 2009 CPD ¶ 233 at 2. Our review of the record does not support FITS' allegation.

The record reflects that FITS proposed the same labor rate for all twelve of the labor categories identified in its price proposal notwithstanding the differences in skills, knowledge, abilities, and experience levels associated with the different labor

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whether there was risk to the agency that the required service could not be provided was a matter concerning FITS' responsibility that should have been referred to the Small Business Administration, since FITS is a small business concern. Id. at 12. FITS, however, knew both of these issues when it received its May 10 discussions letter that the agency believed its proposed rates were "unreasonably low" and thereby "increases the risk to the [g]overnment that you will be able to provide the required services for the life of the contract . . . ." AR, Tab 25, Discussions Letter of May 10, 2011. As a result, these allegations were untimely raised in a piecemeal fashion. See 4 C.F.R. § 21.2(a)(1) (2011); J&J Maintenance, Inc.--Recon., B-240799.3, B-240802.3, Apr. 23, 1991, 91-1 CPD ¶ 396 at 3-4.

<sup>6</sup> FITS also argues that the agency failed to treat offerors equally during discussions. Specifically, to the extent the agency raised concerns regarding the protester's low labor rates during discussions, the agency was required to raise the same concerns with KCG, but it failed to do so. We conclude that there was no disparate treatment because the concern TSA had with FITS' proposal did not exist with KCG's proposal. The record reflects that 10 of the 12 labor rates proposed by FITS were identified as being more than two standard deviations below the average of all proposed rates for each category (the mean), and therefore created a level of risk which necessitated discussions. KCG, on the other hand, proposed only one labor rate which was two standard deviations below the mean. TSA did not find this isolated low rate to present a level of risk requiring discussions. Hence, the offerors received discussions tailored to their specific proposals. While offerors must be given an equal opportunity to revise their proposals, and the Federal Acquisition Regulation (FAR) prohibits favoring one offeror over another, discussions need not be identical; rather, discussions must be tailored to each offeror's proposal. FAR §§ 15.306(d)(1), (e)(1); Engineered Elec. Co. d/b/a DRS Fermont, B-295126.5, B-295126.6, Dec. 7, 2007, 2008 CPD ¶ 4 at 7.

categories. The record also reflects that TSA evaluated initial price proposals using two methods, a comparison of proposed prices received in response to the solicitation, and a comparison of proposed pricing/rates to historical prices paid by the government for same or similar items, including the labor rates for the current contract. AR, Tab 19, BCM at 3. After TSA received the first revised price proposals, it compared all offerors' proposed rates for each labor category using a standard deviation analysis to determine their dispersion from the average of all proposed rates for each category (the mean). TSA also concluded that proposed rates two standard deviations above or below the mean could mean there was risk to TSA.<sup>7</sup> Id. at 39. TSA determined that 10 of 12 FITS' proposed rates were two standard deviations below the mean and that this introduced risk to the agency. Id. at 50.

In its May 10 discussions letter to FITS, one of the price issues identified was:<sup>8</sup>

the Government has completed its analysis of the rates provided by [FITS] . . . and has identified 10 Labor Categories that the Government believes are priced unreasonably low. The Government acknowledges the competitive landscape and the competitive nature of your proposed pricing. However, without additional explanation the Government believes that your proposed rates for the following Labor Categories: . . . increases the risk to the Government that you will be able to provide the required services for the life of the contract which may result in your offer being determined unreasonable and removed from further consideration for award. Please identify the methodology used by [FITS] to price the Labor Categories

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<sup>7</sup> FITS contends that the agency's analysis did not support its finding of risk because the analysis said nothing about the offerors' anticipated profit, and because the agency did not request or have salary data, fringe benefit data, or indirect cost information that would permit it to know how much profit the firm would likely realize under the contract. We disagree. In its initial and first revised price proposals, FITS provided its overhead rate, general and administrative rate, fringe rate, and targeted profit margin, as well as average employee information. In any event, the agency's comparison of offerors' proposed labor rates, and standard deviation analysis, was merely a tool used by the agency to analyze offerors' labor rates, and provided a reasonable basis for its decision to seek additional information during discussions from the two offerors who had most of their rates identified as too high or too low. See USIS Worldwide, Inc., B-404671, B-404671.3, Apr. 6, 2011, 2001 CPD ¶ 92 at 13-14. Moreover, FITS argues that TSA erroneously concluded that its rates were two standard deviations below the mean. This argument is based on a misreading of the charts used by the agency, which clearly show that most of FITS' rates fell within the "Standard Deviation 2" column. AR, Tab 19, BCM at 39-50.

<sup>8</sup> The other issue raised concerned FITS' proposal of identical labor rates for all labor categories. AR, Tab 25, Discussions Letter of May 10, 2011.

identified above, as well as identify if the proposed prices include any assumptions or contingencies placed upon the Government.

AR, Tab 25, Discussions Letter of May 10, 2011.

The letter gave FITS the option to provide a revised price proposal that only addressed the discussions items. Id.

FITS asserts that TSA's letter "explicitly threatened" to exclude it from the competition if it did not raise its rates. FITS Comments, Oct. 6, 2011, at 19. We do not read the letter as any sort of threat. The letter clearly identifies the agency's concern and offers FITS the opportunity to allay that concern by providing additional explanation, such as the methodology it used to price these labor categories. This request is entirely consonant with the RFP's requirement that, for each rate, offerors provide "any information reasonably required to explain your proposal," the "factors used to price each rate." RFP §§ L.3.4., B.

During their telephone conversation, FITS' COO states that he told the contracting officer the firm would be able to recruit and retain qualified personnel at the proposed rates and explained the basis for those rates. FITS Protest, Aug. 25, 2011, Exhibit 2, COO Affidavit ¶ 7. He states that he told her he thought FITS would lose its competitive advantage if it increased its rates, but that she said, "while he might consider it counterintuitive," FITS would be found noncompetitive without an increase in its hourly rates. Id. The COO states that he understood TSA had taken an unequivocal position that the agency would exclude it from the competition if it did not revise its hourly labor rates so the firm decided to raise them. Id. at ¶ 8. The contracting officer, on the other hand, denies ever requesting a labor rate increase or implying that one was needed. She states the letter gave FITS the option of identifying its methodology or providing a revised proposal, that FITS' COO asked her which option he should choose, and that she informed him she could not tell him. CO's Statement at 14-15.

Notwithstanding FITS' view that its rates were not unreasonably low based on the metrics used to develop them,<sup>9</sup> FITS Protest, Aug. 25, 2011, Exhibit 2, Affidavit ¶ 4, the firm decided to raise its rates in the final revised price proposal. It also included additional details to support its pricing, such as salary survey results, recruitment and retention strategies, revised details on its indirect rates and targeted profit

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<sup>9</sup> The COO's affidavit states that FITS developed its proposed labor rates based on several metrics, including [REDACTED], and that its proposed rates were consistent with [REDACTED], including one that involved [REDACTED] as those required here. Id. at ¶ 4. None of this information supporting FITS' rates appeared in its initial or first revised Price-ID/IQ proposals.

margin, and tables showing the buildup of its rates. AR, Tab 14, FITS Final Revised Price-ID/IQ Proposal, at 7-21.

We do not find that the agency coerced FITS into raising its prices. The discussions letter plainly alerted FITS to the agency's concern and offered it the opportunity to provide additional explanation and justifications that would allay that concern. Such information was required by the RFP. FITS states it provided oral explanation for the rates but the contracting officer was not convinced, so it had to raise its rates. FITS Comments, Oct. 6, 2011, at 6-7. This explanation does not substantiate the allegation that the agency conducted misleading or coercive discussions. An offeror's conclusion that it has failed to persuade an agency of the basis for a lower price during oral discussions does not prevent the offeror from maintaining and further supporting its position in written submissions as the agency, in fact, requested it to do. SIMSHIP Corp., B-253655.2, Dec. 2, 1993, 93-2 CPD ¶ 293 at 5. Even giving credence to FITS' COO's account of the conversation, the contracting officer did not prohibit FITS from retaining its rates. Rather than retaining its rates and providing the invited justification—again, required by the RFP—the firm chose to both provide the justification and raise its rates in its final revised proposal. FITS decision to raise its rates was an exercise of its independent business judgment and does not suggest misleading discussions. Enterprise Info. Sys., supra at 2-3.

#### Improper Evaluation of KCG's Proposal Under Task Order Factors

FITS challenges the propriety of TSA's evaluation of KCG's proposal under the Staffing Approach-TO #0001 and Price-TO #0001 factors (Factors 4 and 5, respectively). FITS contends that there is no record of TSA's evaluation of KCG's staffing levels, and that KCG's staffing levels were out of line with the IGCE and therefore showed a lack of understanding of the requirements. FITS also argues that TSA did not use these two factors to determine the feasibility of KCG's staffing approach and pricing, as required by the solicitation.

In reviewing protests against allegedly improper evaluations, it is not our role to reevaluate proposals. Rather, our Office examines the record to determine whether the agency's evaluation was reasonable and in accord with the evaluation criteria set forth in the solicitation. Hanford Env'tl Health Foundation, B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 4. A protester's mere disagreement with the agency's conclusions does not render the evaluation unreasonable. Id.; UNICCO Gov't Servs., Inc., B-277658, Nov. 7, 1997, 97-2 CPD ¶ 134 at 7.

As noted above, the amended solicitation established that these two factors would not be included in the best value tradeoff analysis, but would be used to determine the feasibility of the task order staffing approach and pricing. Offerors rated unacceptable under Factor 4 would not be considered for award, and offerors whose Price-TO #0001 rates were higher than the rates proposed in their Price-ID/IQ volumes would be deemed unacceptable and not considered for award. AR, Tab 5, Amendment No. 0005, amended RFP § M.2.1.b. With respect to Factor 4, the source

selection plan's definition of an acceptable rating included proposals that contained strengths and weaknesses, even significant weaknesses, provided that any risks could be mitigated with moderate government intervention. AR, Tab 6, Source Selection Plan at 10-11.

For their Staffing Approach-TO #0001 volumes, offerors were to include narrative information and a labor resource table that would identify the labor categories and hours proposed for each period of performance. RFP § L.4.1. TSA was to evaluate each offeror's proposed labor mix and level of effort to rate its understanding of the technical requirements; to assess the appropriateness of resources assigned to deliverables and work products by considering labor categories and levels of effort; and to evaluate staff experience for relevance, currency, and coverage. RFP § M.5.2.

FITS argues that there is no record of TSA's evaluation of KCG's staffing levels because, in contrast to proposals of other offerors, the evaluation worksheet for KCG's Staffing Approach-TO #0001 volume does not discuss its staffing levels.

TSA explains that it evaluated KCG's staffing levels in the context of the company's staffing approach, and that the worksheets for both KCG and FITS do not discuss staffing levels because those staffing levels did not raise concern. In fact, the agency had no concerns with either proposal, but noted various strengths for each firm's staffing approach. By comparison, the record shows that the agency did have concerns with the staffing levels of other offerors and documented these concerns in their respective evaluation worksheets.<sup>10</sup> TSA Supplemental Report, Nov. 3, 2011, at 2-3, 5.

FITS has not questioned any of the detailed information in KCG's proposal that explained or justified its staffing approach, labor mix, and level of effort. Instead, the firm states that KCG's proposal includes significantly fewer FTEs than in the IGCE over the full five-year period of the contract, particularly in the option years, and argues that this disparity shows KCG might not have fully understood the requirements. As a result, FITS argues, TSA should have noted this disparity in its evaluation and rated KCG's proposal unacceptable.

The solicitation did not require TSA to compare an offeror's proposed staffing levels against the IGCE but, instead, to evaluate its proposed labor mix and level of effort in order to rate the offeror's understanding of the requirements. RFP § M.5.2. TSA did use the IGCE, in part, as a guide for estimating projected staffing, but was required to consider each offeror's unique staffing approach. The evidence shows that it did so. Three offerors had staffing levels of concern to TSA both because their

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<sup>10</sup> While FITS asserts that TSA's use of the same paragraph to summarize its findings for each offeror demonstrates a cut-and-paste approach, the evaluation worksheets show that TSA considered each offeror's unique staffing approach.

staffing diverged from the IGCE and because they had not provided sufficient justification. AR, Tab 28, Factor 4 Evaluation Worksheets. FITS complains that TSA did not find KCG's staffing of concern in instances where its staffing levels also diverged from those in the IGCE, but has not challenged the justifications provided by KCG in its proposal or shown that this divergence, standing alone, should have been a cause for concern, much less that any concern should have resulted in an unacceptable rating.<sup>11</sup> We cannot concur with FITS that TSA was required to make note of weaknesses it did not find in KCG's proposal.

It is undisputed that the IGCE's estimated staffing levels increased for each option year. It is not clear why this is so. The solicitation's SOW does not reflect an increased workload from year to year, and the offerors do not appear to have contemplated any such increases. For the base year, the proposed staffing of both KCG and FITS was similar to that in the IGCE.<sup>12</sup> FITS' proposed staffing level did not vary for the subsequent periods of performance. KCG's proposed staffing level decreased by one for each of three labor categories in the first option year and remained at that level for the remaining periods of performance, a decrease specifically addressed in its proposal. AR, Tab 2, IGCE; Tab 12, FITS Revised Volume 4 at 2-10; Tab 7, KCT Initial Volume 4 Attachment; Tab 10, FITS Volume 5 at 33. Even if the agency only used the base year staffing levels to evaluate the proposals, as FITS asserts, the protester has provided no evidence that the staffing levels proposed by KCG for the base year showed a lack of understanding of the requirements, and there is nothing to suggest that its decreased staffing levels in the subsequent periods of performance should have altered TSA's conclusion. Under the circumstances, we see no reason to find that the mere fact that KCG's proposed staffing levels (and FITS' proposed staffing levels, for that matter) diverged from the estimates in the IGCE in the option years demonstrates a lack of understanding of the requirements.

FITS finally argues that TSA improperly failed to use Factors 4 and 5 to determine the feasibility of the task order staffing approach and pricing, as required by section M.2.1.b. of the solicitation. However, both the BCM and the SSAAR clearly indicate that all of the offerors considered in the tradeoff analysis submitted an "acceptable" staffing approach that was deemed fair and reasonable as it relates to both price and technical feasibility. AR, Tab 19, BCM at 53; Tab 21, SSAAR, at 1. FITS has given us no basis to question this determination with respect to the Staffing Approach-TO #0001 proposal. Further, the staffing levels reflected in this proposal, along with the

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<sup>11</sup> Indeed, TSA found three of the four offerors with staffing levels of concern to be acceptable notwithstanding the concern. Id.

<sup>12</sup> In the base year, FITS' total proposed staffing diverged more from the IGCE than did KCG's total proposed staffing. AR, Tab 2, IGCE; Tab 12, FITS Revised Volume 4 at 2-10; Tab 7, KCT Initial Volume 4 Attachment.

rates that TSA found reasonable during the evaluation of the firm's Price-ID/IQ proposal, were the basis for the Price-TO #0001 proposal. Under the circumstances, we have no reason to fault the agency's evaluation of proposals under these two factors.

#### Best Value Determination

FITS argues that, in making its best value determination, TSA failed to look behind the ratings and consider the respective strengths of FITS and KCG before concluding that KCG's proposal was stronger under the Business Management Approach factor.

Source selection decisions must be documented, and include the rationale and any business judgments and tradeoffs made or relied upon by the SSA. FAR § 15.308. However, there is no need for extensive documentation of every consideration factored into a tradeoff decision. Id.; Terex Gov't Programs, B-404946.3, Sept. 7, 2011, 2011 CPD ¶ 176 at 3. Rather, the documentation need only be sufficient to establish that the agency was aware of the relative merits and costs of the competing proposals and that the source selection was reasonably based. Terex Gov't Programs, supra; General Dynamics Ordnance & Tactical Sys., B-401658, B-401658.2, Oct. 26, 2009, 2009 CPD ¶ 217 at 8.

The SSA received an extensive preaward briefing that described the respective strengths and weaknesses of all offerors. AR, Tab 20, Preaward Briefing Slides for SSA. In comparing all of the proposals with KCG's lowest-priced proposal, the SSA's award determination included detailed summaries of these strengths and weaknesses. The SSA concluded his award determination by stating that, based upon the information provided in this analysis, KCG was found to provide the superior overall approach. AR, Tab 21, SSAAR, at 8. From the discussion in the SSAAR, it is clear that the SSA understood the evaluated differences between the technical proposals of the two firms.<sup>13</sup> On review of this record, we conclude that there is no basis to object to the agency's best value determination and source selection decision.

The protest is denied.

Lynn H. Gibson  
General Counsel

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<sup>13</sup> FITS' assertion that its proposal had more strengths than did KCG's proposal says nothing about the relative merits of these strengths.