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Decision

Matter of: Halfaker and Associates, LLC

File: B-407919; B-407919.2

Date: April 10, 2013

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Robert J. McMullen, Esq., Department of the Navy, for the agency.
Eric M. Ransom, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest that agency failed to consider risks in awardee's performance approach is denied where the agency evaluation was reasonable and consistent with the terms of the solicitation.
 2. Protest challenging evaluation of awardee's past performance as undocumented and unreasonable is denied where the source selection decision documents the contracting officer's reasonable independent analysis of awardee's past performance.
 3. Protest challenging agency's selection of the lower-rated, lower-priced proposal for award is denied, where the record shows that the agency evaluation was consistent with the solicitation's best value award criteria.
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DECISION

Halfaker and Associates, LLC, of Arlington, Virginia, protests the issuance of a task order to Native Hawaiian Veterans, LLC (NHV), of Honolulu, Hawaii, by the Department of the Navy, Naval Supply Systems Command Fleet Logistics Center Norfolk, under task order request for proposals (TORP) No. N00024-12-R-3343, for watchstander support services at various Navy Regional Operation Centers (ROC) around the world.

We deny the protest.

BACKGROUND

The agency issued the solicitation on July 18, 2012, via the Navy's Seaport-e multiple award contracts platform. The solicitation sought quotations from Seaport-e contractors to provide watchstander support services on a 24-hour, 365 day per year basis at 11 Navy ROCs. The solicitation anticipated the issuance of a single fixed-price task order with cost reimbursable elements, with a 1-year base period of performance and two 1-year option periods.

Under the terms of the solicitation, the task order was to be issued to the firm submitting the quotation that represented the best value to the government. For the purpose of determining best value, the solicitation provided that the agency would evaluate two non-price factors--performance approach and past performance--and price. The performance approach and past performance factors were of equal importance, and the non-price factors in combination were more important than price. TORP at 35.

Regarding performance approach, the solicitation provided as follows:

The quoter shall provide in detail a performance approach that will successfully accomplish the requirements of the solicitation, including the [Performance Work Statement (PWS)]. The quoter should describe any risks associated with the solicitation and any risks associated with implementation of the quoter's approach to performance approach; describe techniques and actions to mitigate such risks; and explain whether the techniques and actions identified for risk mitigation have been successfully used by the quoter.

Id. at 32-33. Firms were also specifically instructed to address their management approach, staffing approach, phase-in approach, surge operations support plan, and approach to potential integration with other regional operation center contractors.

Under the past performance factor, firms were required to demonstrate relevant past performance by identifying their two most relevant contracts during the past five years. The solicitation defined relevant past performance as "performance under contracts or efforts within the past five years that is of similar scope, magnitude, and complexity to that which is described in the solicitation." Id. at 33.

Concerning price, firms were to provide a fixed price-per-month for each regional operation center, as well as detailed supporting documentation. The required supporting documentation included submission of labor rates and hours, burden rates, material lists and costs, travel charges, and other direct costs used in developing the cost/price breakdown. Id. The solicitation also advised that two

“other direct costs” (ODC) line items--incidental materials and travel--would be paid on a cost reimbursable basis. For the purposes of the evaluation, the solicitation required firms to enter \$30,000 per year for the incidental materials line item, and \$60,000 per year for the travel line item. Finally, firms were also advised that “[u]nrealistic rates, as determined by the Contracting Officer, may also be considered in risk assessment.” Id. at 35.

The Navy received four quotations in response to the solicitation, to include those from NHV and the incumbent contractor, Halfaker. After the Navy’s technical evaluation board (TEB) completed its initial evaluation, two of the quotations were eliminated from the competition as technically unacceptable, leaving only NHV and Halfaker in the competition.

On October 18, 2012, the Navy issued amendment 0001 to the solicitation, deleting one ROC location, reducing the base period of performance from twelve months to ten months, and soliciting revised quotations. After the Navy engaged in multiple exchanges with Halfaker, the Navy offered both firms a final opportunity to revise their quotations. Ultimately, Halfaker submitted a revised quotation with a total price of \$18,220,406. NHV submitted a final total evaluated price of \$16,468,309.

Regarding the non-price factors, the TEB evaluated Halfaker’s final revised quotation as outstanding under the performance approach factor, substantial confidence under the past performance factor, and outstanding overall--the highest evaluation ratings available. Agency Report (AR), Tab 23, TEB Report at 1. The TEB assigned NHV’s quotation an overall rating of “good” based on ratings of good for the performance approach factor, and an “unknown” confidence rating for the past performance factor. Id.

As relevant here, concerning NHV’s good rating under the performance approach factor, NHV’s staffing approach and phase-in approach were found to meet the intent of the performance work statement (PWS) and present a low risk of unacceptable performance. With specific regard to the staffing approach, the TEB found that NHV presented a multi-tiered approach that would aim first to capture the incumbent staff, second to utilize current NHV employees, and third to fill gaps in service using current recruiting activities. The TEB concluded that the “multi-tiered approach would ensure the NHV captures the most qualified personnel as a priority while still allowing flexibility to fill gaps in service with qualified and trained personnel.” Id. at 6.

In its evaluation of phase-in approach, the TEB found that NHV’s approach “meets the intent of the PWS, with a detailed plan of action for execution within 10 days or a reasonable adjustment for Government convenience.” Id. The TEB found that:

The NHV approach includes a planning phase, site survey phase, site preparation phase, and site transition phase. Detailed actions are included in each portion of the quote which include development of plans, proposals, notification, surveys, gathering credentials, conducting briefs, orientations, and more. Such actions would ensure proper identification of site specific requirements and notification to the affected government personnel regarding the transition.

Id.

Regarding NHV's "unknown confidence" rating under the past performance factor, the TEB concluded that NHV's first reference for watchstander support at three locations within the Northwest Region was only somewhat relevant and that NHV's second reference for course curriculum development was not relevant. As it relates to the protest, regarding the watchstander contract, the TEB found the reference to be very similar in scope to the solicitation requirements, stating that "[t]he quoter performed almost identical watch-standing performance as identified in the solicitation." Id. at 7. The TEB considered the reference "somewhat similar to the complexity of the solicitation as it supports commands at the same echelon, and due to the geographic diversity of covering CONUS, Guam and Hawaii . . . [h]owever, the reference does not involve performance in OCONUS locations, as required by the solicitation."¹ Id. The TEB, however, concluded that the reference was "not similar in magnitude to the solicitation with a stated 10 FTEs which is far below the performance FTE expectation from the [independent government estimate (IGE)]. In addition, the [reference's] annual contract value of \$1.1M is far below the solicitation IGE of \$8M." Id. The TEB determined that where one reference was rated not relevant, and the other was rated only somewhat relevant, an overall past performance rating of unknown confidence was appropriate.

In her source selection decision (SSD), the contracting officer reviewed the solicitation's evaluation criteria, the TEB report results, and the price and non-price quotations. Based on her own analysis of the non-price quotations, the contracting officer largely agreed with the TEB report results. The contracting officer, however, disagreed with NHV's unknown confidence past performance rating.

In particular, the contracting officer disagreed with the TEB's assessment of NHV's watchstander support reference. The contracting officer noted that the TEB had erred in concluding that NHV's reference failed to demonstrate OCONUS performance since the reference contract in fact covered Hawaii and Guam.

¹ As discussed more fully below, the contracting officer recognized that the TEB's statement was flawed, and that NHV's reference did demonstrate performance in OCONUS locations where it covered Guam and Hawaii.

Therefore, in terms of complexity, the contracting officer considered the reference to be “at least similar to the instant requirement,” rather than somewhat similar, as assessed by the TEB. AR, Tab 24, SSD at 14.

The contracting officer also disagreed with the TEB “that the magnitude for the referenced effort is not similar enough to the instant requirement to be determined to be relevant (similar).” Id. at 13. Specifically, she found that:

Performance of virtually identical services to the instant requirement at three geographically dispersed locations, while not the same as similar performance at ten geographic locations, is considered to be similar in magnitude in that it exhibits a contractor’s ability to handle performance of these services at multiple, geographically dispersed locations. Similarly, performance of identical services for \$1.1 million, while not the same as performance of identical services at \$8 million, is considered by the Contracting Officer to meet the test for relevancy for magnitude purposes in that it exhibits a contractor’s ability to handle these services at a high dollar value.

Id. Based on the contracting officer’s consideration of NHV’s watchstander support reference as very similar in scope, similar in complexity, and similar in magnitude, the contracting officer determined that the reference was relevant, and changed NHV’s past performance rating from “unknown confidence” to “satisfactory confidence” also noting that it had done “exceptionally well” in its performance of this contract. Id. at 14. NHV’s overall non-price rating remained “good.”

After concluding her review of the NHV and Halfaker quotations, the contracting officer concluded that NHV’s lower-rated, lower-priced quotation represented the best value to the government. The SSD sets forth the following rationale:

The rating scheme set forth in the solicitation stated that the non-price quotes would be considered more important than price. Here, however, there is a low risk of unsuccessful performance by NHV and a price difference of \$1,752,016. Even when considering that Halfaker presents virtually no risk of unsuccessful performance and that its non-price quote could not have been rated higher, the low risk quote submitted by NHV is considered to be the best value to the government considering its low risk of unsuccessful performance and the significant price difference. The Contracting Officer has determined that the price difference between the two offerors is too significant to be overcome by the technical advantages associated with award to

Halfaker and that the offer submitted by NHV represents the best value to the government.

Id. at 14.²

The Navy issued the task order to NHV on December 20, 2012. Halfaker timely requested a debriefing, which the Navy provided on December 28. This protest followed.

DISCUSSION

Halfaker argues that the Navy's evaluation of NHV's performance approach was unreasonable, that the Navy failed to perform a reasonable price realism evaluation as required by the solicitation, that the Navy's evaluation of NHV's past performance was undocumented and unreasonable, and that the agency improperly issued the task order based on low price instead of following the solicitation's provision that technical superiority was to be considered more important than price.³

Performance Approach

Halfaker challenges the Navy's evaluation of NHV's performance approach, arguing that the Navy failed to consider the risk that NHV will be unable to hire Halfaker's incumbent workforce at its quoted price, as well as phase-in risks that will prevent NHV from being able to begin performance on "day one." Accordingly, Halfaker asserts that NHV should not have received a low risk assessment in the staffing approach and phase-in approach areas, and should not have been rated "good" for the performance approach factor overall.

In reviewing a protest challenging an agency's evaluation, our Office will not reevaluate proposals, nor substitute our judgment for that of the agency, as the evaluation of proposals is a matter within the agency's discretion. Smiths Detection, Inc.; Am. Sci. and Eng'g, Inc., B-402168.4 et al., Feb. 9, 2011, 2011 CPD ¶ 39 at 6-7. Rather, we will review the record only to determine whether the agency's

² The agency acknowledges that the contracting officer's calculation of the price advantage of NHV's quotation was in error. The correct price advantage is \$1,752,097--\$81 more than that calculated by the contracting officer.

³ Halfaker's initial protest presented a variety of allegations concerning the Navy's conduct of this procurement, however, during the development of the protest, Halfaker withdrew or abandoned many of its initial allegations. For example, Halfaker withdrew or abandoned allegations that the Navy conducted misleading discussions, that NHV is likely to understaff the resulting contract, and that the agency failed to perform a cost realism analysis of the ODC items.

evaluation was reasonable and consistent with the stated evaluation criteria and with applicable procurement statutes and regulations. Shumaker Trucking & Excavating Contractors, Inc., B-290732, Sept. 25, 2002, 2002 CPD ¶ 169 at 3.

As noted above, with regard to the performance approach factor, the solicitation generally required firms to “provide in detail a performance approach that will successfully accomplish the requirements of the solicitation,” describe risks and risk mitigation, and address their management approach, staffing approach, phase-in approach, surge operations support plan, and approach to potential integration. TORP at 32-33. The solicitation did not require that firms address, or the agency evaluate, any specified risks of contract performance.

Halfaker asserts that the agency’s assessment of the level of risk posed by NHV’s performance approach was unreasonable since, according to Halfaker, capturing the incumbent workforce “was the foundation for [NHV’s] performance approach,” yet NHV’s quotation demonstrates that it is “offering salaries that are significantly lower than the salary levels Halfaker knows are necessary.” Comments at 15.

This challenge, however, is based on a false premise. The record does not reflect that capturing the incumbent workforce was the sole foundation of NHV’s approach. Rather, the record shows that the agency specifically considered NHV’s recruitment strategy noting that it was based on a multi-tiered approach in which capturing the incumbent workforce was only the first of three prongs--NHV indicated that it was also prepared to utilize NHV personnel and current recruitment efforts to staff the contract. Moreover, the record shows that NHV explained that it employed proven retention techniques involving market-competitive compensation and fringe benefits, employee development opportunities, and job growth. NHV Quotation at 5. Since NHV’s staffing plan did not solely rely on capturing the incumbent workforce, Halfaker’s argument that NHV’s pricing will be insufficient to successfully achieve capture of the incumbent workforce fails to demonstrate that the agency’s risk assessment, which was based on the totality of NHV’s staffing approach, was unreasonable .⁴

⁴ To the extent that Halfaker’s true argument is that NHV will be unable to perform the contract for failure to retain the incumbent staff or recruit other qualified personnel at its quoted price, Halfaker challenges a matter for the contracting officer’s determination of responsibility, and not the TEB report or SSD’s technical evaluations. The determination that a bidder or offeror is capable of performing a contract is a matter largely committed to the contracting officer’s discretion. Accordingly, our Office generally will not consider a protest challenging an affirmative determination of responsibility. Bid Protest Regulations, 4 C.F.R. § 21.5(c).

Next, concerning NHV's phase-in approach, Halfaker asserts that the Navy unreasonably failed to evaluate, or consider the risk of, whether NHV would be ready to perform the contract on "day one." According to Halfaker NHV will be unable to achieve its phase-in plan because NHV does not address time consuming pre-performance issues at Navy's ROCs. For example, Halfaker explains that for each new employee, NHV will be required to obtain a visit authorization request, a common access card, access to government systems, and personnel qualification standards training, some of which can take weeks to accomplish, and that the Navy failed to consider the risk presented by these factors. Finally, Halfaker contends that NHV's proposal presented a risk of inability to recruit, train and deploy qualified personnel, especially by "day one."

As previously indicated, the solicitation in this case did not require NHV to discuss, or the Navy to evaluate, any specified risks of contract performance. In its discussion of phase-in approach, NHV explained its multi-phase strategy consisting of a planning phase, site survey phase, site preparation phase, and site transition phase. The Navy found that NHV provided necessarily details to include "development of plans, proposals, notification, surveys, gathering credentials, conducting briefs, orientations, and more." AR, Tab 23, TEB Report at 6. Additionally, NHV's phase-in approach explained its "proven ability to attract and employ incumbent staff . . . often retaining more than 90%," and stated that NHV previously "[t]ransitioned 55 incumbent employees in only four days at naval base Guam." NHV Quotation at 7. Although Halfaker may ultimately disagree with the agency's assessment of the risks associated with NHV's phase-in plan, we have no basis to find the Navy's evaluation unreasonable or inconsistent with the terms of the solicitation.

Price Realism

In an argument paralleling its allegations concerning the staffing risks posed by NHV's quotation, Halfaker asserts that the Navy failed to properly evaluate whether NHV's low quoted price was realistic given NHV's plan to capture the incumbent workforce. Halfaker argues that consideration of realism was required by the solicitation's warning that "[u]nrealistic rates, as determined by the Contracting Officer, may also be considered in risk assessment." Solicitation at 35.

While agencies are required to perform some sort of price analysis or cost analysis on negotiated contracts to ensure that the agreed-upon price is fair and reasonable, where the award of a fixed-price contract is contemplated, a proposal's price realism is not ordinarily considered, since a fixed-price contract places the risk and responsibility for contract costs and resulting profit or loss on the contractor. OMV Med., Inc.; Saratoga Med. Ctr., Inc., B-281387 et al., Feb. 3, 1999, 99-1 CPD ¶ 52 at 5. However, an agency may provide for price realism analysis in the solicitation for such purposes as measuring an offeror's understanding of the solicitation requirements, or to avoid the risk of poor performance from a contractor who is

forced to provide services at little or no profit. See The Cube Corp., B-277353, Oct. 2, 1997, 97-2 CPD ¶ 92 at 4; Ameriko, Inc., B-277068, Aug. 29, 1997, 97-2 CPD ¶ 76 at 3. The nature and extent of an agency's price realism analysis are matters within the sound exercise of the agency's discretion. Citywide Managing Servs. of Port Washington, Inc., B-281287.12, B-281287.13, Nov. 15, 2000, 2001 CPD ¶ 6 at 5.

The record reflects that the contracting officer first considered whether NHV's prices were reasonable. Specifically, the contracting officer first determined that NHV's price was "reasonable based on adequate price competition," where there was a reasonable expectation that two or more firms would submit quotation in response to the solicitation," and two or more quotations were received. AR, Tab 24, SSD at 7. The contracting officer also proceeded to examine NHV's labor prices in comparison to the incumbent rates, and the independent government estimate, consistent with Federal Acquisition Regulation (FAR) guidance. See FAR §§ 15.404-1(b)(2)(ii), (v). These additional analyses appear to reflect a price realism evaluation, where they focus on whether NHV's price was too low.⁵

In this regard, the contracting officer noted that the incumbent contract included higher direct and indirect rates and NHV's monthly rates ranged from 2.2 percent to 23.6 percent lower than the incumbent rates per ROC. However, the contracting officer found that the rates reflected "reasonable" levels given that the overall difference was approximately 11.4 percent. AR, Tab 24, SSD, at 8. Moreover, in comparison to the IGE, the contracting found that NHV's rates were reasonable where they were approximately 10 percent lower overall. Id. at 8-9. Although Halfaker believes that NHV's rates will prove inadequate to hire incumbent staff, given the agency's consideration of NHV's lower monthly rates in comparison to the incumbent rates, as well as the fact that NHV's staffing plan, as previously discussed, was not exclusively based on capturing the incumbent workforce, we have no basis to find fault with the agency's realism evaluation where it did not

⁵ The Navy argues that the solicitation merely required the agency to evaluate prices for reasonableness and that it did not require a realism analysis. A price reasonableness analysis concerns whether prices are too high and is required in all negotiated contracts. A price realism analysis concerns whether prices are too low, and, as noted above, is not generally required in a fixed-price context. In this regard, the agency contends that the solicitation merely indicated that the agency "may" consider whether a firm's pricing was unrealistic as part of its risk assessment. We disagree. A reasonable reading of the solicitation is that the agency would first conduct an evaluation of firms' proposed prices to determine whether they contained unrealistic rates, and that the term "may" referred to the agency's discretion to find that a quotation with unrealistic rates posed increased the level of risk. See Waterfront Tech., Inc., B-401948.16, B-401948.18, June 24, 2011, 2011 CPD ¶ 123 at 15 n.16.

attribute NHV's quotation with a higher level of risk based on its lower rates, and lower overall price.

Past Performance

Halfaker contends that the Navy's evaluation of NHV's past performance was undocumented, unreasonable, and unsupported by the record. Halfaker argues that the evaluation is particularly troubling because the contracting officer overrode the TEB's conclusion that NHV's past performance warranted an unknown confidence rating and independently assigned a satisfactory confidence rating. According to Halfaker, NHV's past performance could not reasonably be considered relevant where its watchstanding reference was significantly smaller in magnitude than the requirement. Halfaker also argues that the Navy failed to document the quality of NHV's past performance references.

The evaluation of an offeror's past performance, including the agency's determination of the relevance and scope of an offeror's performance history, is a matter of agency discretion, which we will not find improper unless it is inconsistent with the solicitation's evaluation criteria. National Beef Packing Co., B-296534, Sept. 1, 2005, 2005 CPD ¶ 168 at 4; see MFM Lamey Group, LLC, B-402377, Mar. 25, 2010, 2010 CPD ¶ 81 at 10. The evaluation of experience and past performance, by its very nature, is subjective; we will not substitute our judgment for reasonably based evaluation ratings, and an offeror's mere disagreement with an agency's evaluation judgments does not demonstrate that those judgments are unreasonable. Glenn Def. Marine-Asia PTE, Ltd., B-402687.6, B-402687.7, Oct. 13, 2011, 2012 CPD ¶ 3 at 7.

Additionally, source selection officials and higher-level agency evaluators may reasonably disagree with the evaluation ratings and results of lower-level evaluators. See, e.g., Verify, Inc., B-244401.2, Jan. 24, 1992, 92-1 CPD ¶ 107 at 6-8. In this regard, an SSA has broad discretion in determining the manner and extent to which technical and cost evaluation results are used, is permitted to make an independent evaluation of offerors' proposals, and may disagree with or expand upon the findings of lower-level evaluators provided the basis for the evaluation is reasonable and documented in the contemporaneous record. KPMG Consulting LLP, B-290716, B-290716.2, Sept. 23, 2002, 2002 CPD ¶ 196 at 13-14; Brisk Waterproofing Co., Inc., B-276247, May 27, 1997, 97-1 CPD ¶ 195 at 2 n.1.

In this case, the record demonstrates that the contracting officer's independent evaluation of the relevance of NHV's watchstanding past performance reference was reasonable and documented in the SSD. As noted above, the contracting officer specifically agreed with the TEB's finding that NHV's referenced watchstanding contract was very similar in scope to the requirement. She noted that the reference was for performance of virtually identical watchstanding services. She, however, disagreed with the TEB's assessment of the complexity of the reference as only

“somewhat similar” where the TEB’s evaluation was based on the erroneous finding that the reference did not reflect OCONUS contract performance, and the reference in fact included performance on Hawaii and Guam. Correcting for this error, the contracting officer found the reference to be “similar” rather than merely “somewhat similar” in terms of complexity .

The contracting officer also explained that she disagreed with the TEB’s conclusion that NHV’s reference was not similar in magnitude. She found that the reference in fact reflected work of a “similar” magnitude since it demonstrated NHV’s ability to support essentially the same services at multiple, geographically dispersed locations, for a substantial--albeit lower--dollar value (approximately \$1.1 million per year versus approximately \$8 million per year). AR, Tab 24, SSD at 13. We conclude that the contracting officer thoroughly documented her evaluation of the relevance of NHV’s watchstander past performance reference, and reasonably exercised her discretion in assessing the relevance of NHV’s referenced watchstander contract. See Int’l Transp. Co., B-406924.2, B-406924.3, Dec. 20, 2012, 2013 CPD ¶ 14.

With respect to the quality of NHV’s watchstander contract, the record contains only limited documentation because the TEB report did not include a discussion of the quality of NHV’s past performance. However, we conclude that the documentation is sufficient to support NHV’s satisfactory confidence rating. The SSD’s conclusion on NHV’s ratings contemporaneously documents past performance quality in its statement that “the past performance of NHV was rated as similar to the current effort and the services were also rated by the reference as having been performed exceptionally well, resulting in a rating of satisfactory confidence.” Id. at 14. Additionally, the record contains a declaration from the chairperson of the TEB explaining that he had contacted NHV’s reference and was informed that NHV had performed “exceptionally well” but the information was not discussed in the TEB report because it was not for consideration where the TEB had rated the reference as only somewhat relevant and assigned NHV an overall past performance rating of unknown confidence. Declaration of TEB Chairperson, Jan. 24, 2013, at 1.

In certain circumstances, our office will accord lesser weight to post hoc arguments or analyses because we are concerned that judgments made “in the heat of an adversarial process” may not represent the fair and considered judgment of the agency, which is a prerequisite of a rational evaluation and source selection process. Boeing Sikorsky Aircraft Support, B-277263.2, B-277263.3, Sept. 29, 1997, 97-2 CPD ¶ 91 at 15. However, post-protest explanations that provide a detailed rationale for contemporaneous conclusions and simply fill in previously unrecorded details, will generally be considered in our review of evaluations and award determinations, so long as those explanations are credible and consistent with the contemporaneous record. ITT Fed. Servs. Int’l Corp., B-283307, B-283307.2, Nov. 3, 1999, 99-2 CPD ¶ 76 at 6.

In this case, we conclude that the TEB chairperson's declaration supports the contemporaneous record with previously unrecorded details. Specifically, the declaration merely confirms the SSD's statement NHV performed its watchstander reference "exceptionally well" and explains the absence of a past performance quality evaluation in the TEB's analysis of NHV's quotation. Where the quality of NHV's past performance was discussed in the SSD, and is supported by the TEB chairperson's explanation, we conclude that the documentation is sufficient to support the Navy's evaluation.

Best Value Trade Off

Finally, Halfaker asserts that the Navy's best value decision was improper. Halfaker contends that the Navy failed to conduct a comparative analysis of the proposals, and that the selection of NHV's lower-rated, lower-price quotation was not consistent with the solicitation's evaluation scheme providing that the non-price factors were more important than price.

Source selection officials in negotiated procurements have broad discretion in determining the manner and extent to which they will make use of the technical and price evaluation results; price/technical trade-offs may be made, and the extent to which one may be sacrificed for the other is governed only by the test of rationality and consistency with the solicitation's evaluation criteria. World Airways, Inc., B-402674, June 25, 2010, 2010 CPD ¶ 284 at 12. Even where, as here, technical merit is significantly more important than cost, an agency may properly select a lower-cost, lower-rated proposal if it reasonably decides that the cost premium involved in selecting a higher-rated, higher-cost proposal is not justified. Hogar Crea, Inc., B-311265, May 27, 2008, 2008 CPD ¶ 107 at 8.

The record here does not support Halfaker's contention that the contracting officer's comparison of the quotations was inadequate, or that the award decision was inconsistent with the solicitation's award scheme. The SSD demonstrates that the contracting officer thoroughly reviewed the TEB report and independently reviewed the quotations before reaching her award decision. In the SSD the contracting officer also reviewed the evaluation criteria that considered the non-price quote more important than the price quote and recognized Halfaker's highest-possible technical ratings. Ultimately, however, the contracting officer decided that the price difference between the two firms was too significant to be overcome by the technical advantages associated with award to Halfaker. AR, Tab 24, SSD at 14. Based on this record we conclude that the contracting officer's best value decision was well documented and that Halfaker has not shown that the contracting officer's judgment in this regard was unreasonable.

CONCLUSION

In sum, we conclude that the agency's evaluation and best value decision were reasonable. Concerning the non-price quotation evaluation, the Navy's low-risk ratings of NHV staffing and phase-in approaches, and good rating overall, were reasonable where the Navy found that NHV had presented a multi-tiered staffing approach that met the intent of the PWS, and a presented a phase-in approach with detailed actions for each portion of the phase-in plan. Regarding the agency's price realism evaluation, Halfaker has not demonstrated that the agency acted unreasonably by not assigning NHV's quotation a greater degree of risk for proposing rates that Halfaker does not believe will be sufficient to hire the incumbent workforce where the agency found the monthly rates to reflect reasonable levels as compared to the incumbent contract rates, the IGE's rates, and where the record reflects that NHV's staffing approach was not solely based on capturing the incumbent workforce. We also have no object to the contracting officer's independent reevaluation of NHV's past performance, where the independent evaluation was documented in the SSD, and reasonable. Finally, we conclude that the Navy's best value decision was consistent with the solicitation's award scheme, where the contracting officer recognized Halfaker's highest-possible ratings, but concluded that the price advantage of NHV's quotation was too great to be overcome.

The protest is denied.

Susan A. Poling
General Counsel