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United States Government Accountability Office
Washington, DC 20548

**Comptroller General
of the United States**

Decision

Matter of: Salient Federal Solutions

File: B-408900

Date: December 19, 2013

Richard J. Vacura, Esq., Tina D. Reynolds, Esq., and Julien D. Bowers, Esq., Morrison & Foerster LLP, for the protester.
William L. Walsh Jr., Esq., Keir X. Bancroft, Esq., George W. Wyatt, IV, Esq., and Christina K. Kube, Esq., Venable LLP, for the intervenor.
Christopher S. Cole, Esq., and Phillip Reiman, Esq., Department of the Air Force, for the agency.
Cherie J. Owen, Esq., and David A. Ashen, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging the agency's evaluation of the realism of the awardee's proposed staffing approach is denied where the record shows that the agency reviewed the proposed labor hours, labor mix, labor rates, and staffing efficiencies, and reasonably concluded that the awardee's approach was realistic for the work proposed.

DECISION

Salient Federal Solutions, of Fairfax, Virginia, protests the issuance of a task order to Science Applications International Corporation (SAIC), of O'Fallon, Illinois, by the Department of Defense, U.S. Transportation Command, under request for proposals (RFP) No. HTC711-13-R-D016,[1] for integrated booking system

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[1] The task order was issued under the Department of Defense's ENCORE II multiple-award indefinite-delivery/indefinite-quantity (ID/IQ) contract schedule. The evaluated award value of the task order was $16,764,690.55. AR, Tab 13, Source Selection Evaluation Board (SSEB) Report, at 9. As a result, this procurement falls within our jurisdiction to hear protests related to the issuance of task orders under multiple-award ID/IQ contracts valued in excess of $10 million. 10 U.S.C. § 2304c(e)(1)(B).

development support. Salient challenges the evaluation of SAIC's proposal and the source selection decision.

We deny the protest.

BACKGROUND

The solicitation, issued on June 21, 2013, provided for issuance of a combination labor-hour and fixed-price task order (with some cost-reimbursable contract line item numbers (CLINs) for travel) to provide integrated booking system development support to the U.S. Army Military Surface Deployment Distribution Command. The integrated booking system is used by the Defense Transportation System for the global shipment of ocean cargo in support of wars, major contingencies, and humanitarian relief operations where government personnel are deployed. Contracting Officer's Statement at 2-3; RFP at 1.

The RFP described the procurement as a competitive performance/price tradeoff. RFP at 39. The solicitation provided that in evaluating proposals the agency would first calculate the total proposed price of each proposal and rank them in ascending order, and then begin evaluating technical proposals, starting with the lowest-priced proposal. Id. at 40. The solicitation further provided that if the lowest-priced proposal receives an acceptable technical rating and a past performance rating of substantial confidence, it will be considered the best value, and "award" will be made without further consideration of any other offerors. Id. at 42. However, if the lowest-priced proposal receives a technical rating of less than acceptable, or lower than substantial past performance confidence assessment rating, then the next lowest-priced offer was to be evaluated. This process was to continue until a proposal was determined to be both technically acceptable and have a substantial confidence past performance rating, or until all offers were evaluated, at which point, the agency would make an integrated best value assessment. Id.

The RFP's statement of work contained estimated labor hour workload data for each of the labor hour tasks, as set forth below:

	FY14	FY15	FY16	FY17	FY18
Task 3 - Enhancement Capabilities	23,576	20,730	21,102	19,410	16,590
Task 4 - New Development	14,948	5,126	3,524	2,584	1,832
Task 6 - Information Assurance	840	840	660	660	660
Task 7 - Configuration Management	3,760	3,760	3,760	3,760	3,760

AR, Tab 2, Performance Work Statement, at 55. The solicitation, however, emphasized that these estimated labor hours were "only an estimate . . . to aid in proposal preparation," and indicated that "[e]ach offeror's unique approach to meeting the PWS requirements, including the mix of proposed labor categories and labor hours per category, will be thoroughly evaluated in accordance with the

evaluation criteria in this RFP." Id. The RFP further provided that the agency would determine if the offeror's proposed level of effort and mix of labor categories was realistic by performing a price realism analysis. RFP at 40.

Proposals were received from five offerors, including Salient and SAIC. Each of the offerors, except Salient, proposed labor hours that varied from the estimates provided in the RFP. Contracting Officer's Supplemental Statement at 3. In this regard, SAIC identified several efficiencies to allow the firm to accomplish the work using a reduced number of labor hours. For example, SAIC's proposal explained that the company would use a [DELETED] that had been validated by "[DELETED]." AR, Tab 6, SAIC Technical Proposal at 28. Specifically, SAIC stated that its team would be staffed with a "[DELETED]," and that [DELETED]. Id. Further, SAIC's proposal explained that the firm employs

     [DELETED]

Id. According to the proposal, these and other techniques would reduce the overall workload and allow the leaner team to focus most of their time on more complex tasks. Id.

In addition, SAIC stated in its proposal that it would achieve efficiencies using [DELETED] team members. SAIC Technical Proposal at 27. In this regard, the proposal contained a table that specifically identified labor categories that would be cross-matrixed, and enumerated the [DELETED]. Id. For example, the table indicated that for the [DELETED]. Id. The table also identified the [DELETED] functions these individuals would perform. For example, [DELETED]. Id.

SAIC further explained in its proposal that its more efficient staffing approach had been successfully employed in its performance of the consolidated air mobility planning system (CAMPS) program, which bore many similarities to the requirements under this solicitation. SAIC Technical Proposal at 28. Specifically, SAIC stated that its staffing approach here mirrored the labor categories, number of personnel, and the management structure used in the CAMPS program, in which SAIC surpassed the expected delivery schedule and was praised for its performance. Id. In addition to its proposed efficiencies, SAIC's proposal offered labor rate discounts ranging from [DELETED]% to [DELETED]% off their existing ENCORE II ID/IQ contract labor rates. AR, Tab 8, SAIC Price Proposal, at 45; see AR, Tab 14, Best Value Determination, at 7.

In evaluating proposals, the agency first ranked the offerors in ascending order by price. Contracting Officer's Statement at 9; see RFP at 40. The agency then evaluated the lowest-priced proposal, which was determined to be technically unacceptable. AR, Tab 13, SSEB Report, at 5. SAIC's proposal was the second-lowest priced proposal, so it was the next proposal evaluated. Contracting Officer's Statement at 9.

The source selection evaluation board (SSEB) assigned SAIC's proposal a technical rating of acceptable and a past performance rating of substantial confidence. AR, Tab 13, SSEB Report, at 9. In its price evaluation, the agency found that SAIC proposed [DELETED] labor hours for task 3, which was [DELETED]% of the solicitation's estimated hours for that task; [DELETED] labor hours for task 4, which was [DELETED]% of the estimated hours for that task; [DELETED] labor hours for task 6, which was [DELETED]% of the estimated hours for that task; and [DELETED] hours for task 7, which was [DELETED]% of the estimated hours for that task. AR, Tab 11, Price Evaluation, at 4. The SSEB specifically noted that the hours proposed by SAIC were significantly less than the RFP's workload estimate, but concluded that the offeror's labor mix and hours were justified and supported by SAIC's technical approach. SSEB Report at 8.

The SSA concurred with the SSEB's conclusion that SAIC's proposed "level of effort and mix of labor categories was realistic and reflect[ed] a clear understanding of the requirements consistent with their unique technical approach." AR, Tab 14, Best Value Decision, at 7. Because SAIC's proposal was the lowest priced proposal to receive a technical rating of acceptable and a past performance rating of substantial confidence, in accordance with the terms of the solicitation, it was selected for issuance of the task order. Id. at 8-9. This protest followed.

DISCUSSION

Salient contends that the agency's price realism analysis was unreasonable because it failed to account for the fact that SAIC proposed significantly fewer labor hours than the government's estimate, and because SAIC's price was less than half of the government estimate. Salient also contends that SAIC's technical proposal should have been considered unacceptable because SAIC's low number of labor hours demonstrates that the firm lacks understanding of the RFP's requirements.[2]

Agencies are not required to conduct an in-depth analysis or verify each and every item in conducting a realism analysis. CMI Mgmt., Inc., B-402172, B-402172.2, Jan. 26, 2010, 2010 CPD ¶ 65 at 3; Innovative Techs. Corp., B-401689 et al.,

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[2] For the record, the evaluation documents show that Salient submitted the highest-priced proposal of any offeror, and thus, may not be an interested party here. AR, Tab 13, Source Selection Decision, at 9. However, since the agency did not evaluate the technical or past performance proposals beyond the awardee's, we have no way of knowing whether the other intervening offerors submitted proposals that were technically acceptable and evidenced substantial confidence under the past performance factor. Id. Accordingly, we are unable to to conclude that Salient lacks the direct economic interest to be considered an interested party to pursue this protest. 4 C.F.R. § 21.0(a)(1) (2013).

Nov. 9, 2009, 2009 CPD ¶ 235 at 12. The nature and extent of such a realism analysis ultimately are matters within the sound exercise of the agency's discretion, and our review of such an evaluation is limited to determining whether it was reasonable and consistent with the solicitation's evaluation criteria. CMI Mgmt., Inc., supra (labor hours contract); Systems Research & Applications Corp.; Booz Allen Hamilton, Inc., B-299818 et al., Sept. 6, 2007, 2008 CPD ¶ 28 at 27.

Here, the record shows that the agency assessed the realism of SAIC's proposed staffing approach, including both labor hours and labor mix. First, the record shows that the SSA assessed the realism of SAIC's proposed labor rates by comparing those rates to the labor rates of similar labor categories of another contractor performing similar duties under the ITES-2S contract. Best Value Decision at 7. In addition, the SSA compared SAIC's proposed labor rates to SAIC's labor rates in its performance of a different task order. Id. The SSA found that both task orders have a history of satisfactory performance, and that the "[l]abor rates for similarly used categories were comparable" to SAIC's proposed rates here. Id.

Second, the record shows that the agency closely reviewed SAIC's proposed staffing hours and categories. Specifically, the SSEB report referenced the table from SAIC's proposal that explained what [DELETED] individuals would perform. SSEB Report at 7-8. The SSEB considered this use of "[DELETED]" to be an efficiency. Id. at 7. The SSEB report also noted that SAIC's approach:

> [DELETED]

Id. at 8.

The source selection decision also contains an even more in-depth review of SAIC's proposed labor mix, labor hours, and proposed efficiencies. As an initial matter, the SSA acknowledged that SAIC's proposed labor hours were less than the government estimate, but noted the SSEB's determination that SAIC's proposed technical approach reasonably accounted for this difference.   Best Value Decision, at 7. In addition, the selection decision includes a task-by-task analysis of SAIC's proposed labor hours in comparison to the labor hours in the government estimate. Id. at 7-8. In this regard, the SSA noted (as did the SSEB) that SAIC proposed several methods for achieving its proposed efficiencies, including the use of [DELETED] and the use of [DELETED] staff that would work as a [DELETED]. Best Value Decision at 6-8; SSEB Report at 7-9. For example, with regard to task 3, the SSA stated that:

> [w]hile the IGCE [internal government cost estimate] estimated over 15,000 hours of Developer support, SAIC demonstrated that a [DELETED] will allow SAIC to successfully perform this task with [a] lower number of labor hours than estimated in the IGCE.

Id. at 8. Based on the above analysis, the SSA found SAIC's proposed labor hours and mixes to be realistic, considering the firm's proposed technical approach and the efficiencies described in SAIC's proposal. Best Value Decision at 7.

While Salient questions the agency's acceptance of SAIC's ability to achieve the efficiencies described in its proposal, Salient has not shown why it was unreasonable for the agency to find SAIC's approach in this regard to be realistic. Nor has Salient shown to be unreasonable the agency's overall determination that SAIC's price was realistic.

Salient also challenges the agency's evaluation of SAIC's technical proposal. Specifically, the protester contends that SAIC's low price demonstrates a fundamental misunderstanding of the RFP's requirements.

The evaluation of technical proposals is a matter within the discretion of the contracting agency, since the agency is responsible for defining its needs and the best method for accommodating them. Visual Connections, LLC, B-407625, Dec. 31, 2012, 2013 CPD ¶ 18 at 3. In reviewing an agency's evaluation, we will not reevaluate technical proposals, but instead will examine the agency's evaluation to ensure that it was reasonable and consistent with the solicitation's stated evaluation criteria and with procurement statutes and regulations. Id. at 4. With regard to technical capability, the RFP required the agency to consider an offeror's staffing approach and determine whether the offeror identified sufficient personnel resources, given the contractor's approach to performing the tasks identified in the PWS. RFP at 40. As discussed above, the agency evaluated SAIC's staffing approach, including labor mix and proposed efficiencies, and found the approach to be realistic. See, e.g., SSEB Report at 7-8; Best Value Decision at 5-6. In this regard, the selection decision found with respect to SAIC's technical approach that:

> SAIC provided [a] sound plan for accomplishing the IBS [integrated booking system] project within the required period of performance . . . realistic milestone dates confirm their understanding of the IBS mission. SAIC provided a sound staffing approach as reflected in their staffing matrix, showing adequate coverage to the IBS mission. SAIC . . . identif[ied] the necessary resources and present[ed] [DELETED]. This [DELETED] detail was evaluated and determined to be an efficiency that justifies the lower proposed hours (from the Workload History provided) and a proposal that will support and assist in solving the complexity of the IBS mission. . . [T]he SSEB identified that SAIC utilized fewer hours than were provided in a Workload History for labor hour CLINs . . . While fewer hours were proposed, the team noted in their recommendation that [SAIC's] [DELETED] labor category support [was] deemed an efficient solution

that will support and assist in solving the complexity of the IBS mission.

AR, Tab 14, Best Value Decision, at 5-6. Salient has furnished no basis for questioning these findings. Accordingly, on this record, we conclude that the agency's judgments were reasonable and that the record sufficiently documents the agency's evaluation.

The protest is denied.

Susan A. Poling
General Counsel