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Decision

Matter of: BCF Solutions, Inc.

File: B-409570

Date: June 13, 2014

Kenneth B. Weckstein, Esq., and Shlomo Katz, Esq., Brown Rudnick LLP, for the protester.

William A. Roberts III, Esq., John R. Prairie, Esq., and Stacie L. Gonsalves, Esq., Wiley Rein LLP, for Quantech Services, Inc., the intervenor.

Kyle E. Chadwick, Esq., Scott N. Flesch, Esq., Department of the Army, for the agency.

K. Nicole Willems, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging agency's evaluation of awardee's proposal is denied where the selection authority had a reasonable understanding of the proposal, and the evaluation findings were reasonable and consistent with the evaluation criteria.
 2. Protest that agency failed to properly conduct a cost realism analysis is denied where the agency reasonably evaluated awardee's proposal and determined that an upward adjustment should be made to the probable cost, based on the possibility that certain cost saving efficiencies might not be realized, but that no downgrade of technical scores was necessary where the awardee's technical approach and labor mix were realistic and the awardee's low cost did not evidence a plan to shift costs to a related task order.
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DECISION

BCF Solutions, Inc. (BCF) of Arlington, Virginia, protests the issuance of a task order to Quantech Services, Inc. (Quantech) of Huntsville, Alabama, under request for task order proposals (RTOP) DA-01-13 (DA-01), issued by the Department of Defense, Missile Defense Agency (MDA), to holders of multiple award indefinite-delivery, indefinite-quantity, small business set-aside contracts for advisory and assistance services, administered by the MDA Engineering and Support

Services Program Office (MiDAESS), for acquisition and program management support.¹ The protester argues that MDA did not evaluate Quantech's technical proposal in accordance with the RTOP's evaluation criteria, should have rejected Quantech's proposal as ambiguous, failed to perform a proper cost realism analysis of Quantech's proposal, and made an unreasonable best value determination.²

We deny the protest.

BACKGROUND

The RTOP, which was issued on April 5, 2013, contemplated the issuance of a cost-plus-fixed-fee task order for acquisition and program-management support for MDA's Acquisition Directorate in the national capital region and five other locations, with a base performance period of one year, and two options, the first for one year and the second for nine months. RTOP at 3.

The RTOP provided for issuance of a task order to the offeror whose proposal represented the best value to the government based on a consideration of five factors: (1) technical; (2) past performance; (3) small business utilization past performance; (4) cost; and (5) small business utilization. Id. at 7. The RTOP established that the technical factor was significantly more important than all the other factors. Id. at 12. Past performance and small business utilization past performance were equal and more important than cost and small business utilization. Id. Cost and small business utilization were of equal importance, but the small business utilization and cost factors were to increase in importance as the degree of equivalence among proposals associated with the technical factor increased. Id.

¹ The value of this task order is in excess of \$10 million. Accordingly, this procurement is within our jurisdiction to hear protests related to the issuance of task orders under multiple-award indefinite-delivery, indefinite-quantity contracts. 10 U.S.C. § 2304c(e)(1)(B).

² In its initial protest, BCF argued that MDA unreasonably evaluated BCF's technical proposal. Protest at 23. The agency fully responded to this aspect of BCF's protest in the agency report, asserting that the protester's arguments amounted to disagreement with MDA's judgment and maintaining that MDA's evaluation was reasonable. Agency Report (AR) at 12. BCF failed to rebut or otherwise substantively address MDA's arguments in its comments. Therefore, we conclude that BCF has abandoned this protest ground and will not consider it further. IntelliDyne, LLC, B-409107 et al., Jan. 16, 2014, 2014 CPD ¶ 34 at 3 n.3. In addition, in its various protest submissions, BCF has raised arguments that reflect variations of, or additions to, those specifically discussed below. We have considered all of BCF's assertions and find no basis to sustain its protest.

Under the technical factor the solicitation set forth the following subfactors, each of equal importance: (1) approach; (2) labor mix and hours; (3) key personnel; and (4) transition. Id. at 8. As relevant to this protest, with regard to the technical approach subfactor, offerors were to demonstrate their approach to “management of task orders and execution of the [performance objectives] outlined in the [performance work statement (PWS)], including multiple geographic locations. Also, the government will evaluate the extent that the offeror has fostered a stable workforce and maintained low employee turnover rates. . . .” RTOP at 13. With regard to the labor mix and hours subfactor, offerors were required to demonstrate their “approach to staffing to include labor mix and hours to accomplish the PWS requirements.” Id. According to the RTOP, ratings for the technical factor and subfactors ranged from exceptional to unacceptable. Id. at 12-13.

Regarding the past performance factor, the RTOP provided that “[t]he government will evaluate the extent to which the proposal demonstrated the prime contractor’s past performance in managing and executing similar efforts. The past performance evaluation will result in a subjective, integrated assessment and confidence rating based on recency, relevancy and quality.” RTOP at 14.

The RTOP provided that the government would evaluate the small business utilization past performance factor by evaluating the “extent to which the proposal demonstrated the offeror’s past performance in the execution of small business utilization requirements.” Id. The RTOP provided that the small business utilization past performance evaluation would result in a subjective assessment and would be assigned a rating of satisfactory, unsatisfactory, or neutral. Id. at 16.

According to the RTOP, a separate rating would not be assigned under the small business utilization factor. Id. at 13. Instead, the offeror’s proposed percentage of small business utilization would be ranked from the highest to lowest proposed percentage and considered in the overall best value determination. Id.

Regarding the cost factor, the RTOP indicated:

- (a) The total cost and fee will be evaluated for reasonableness, realism and completeness and will consist of an integrated assessment of the proposed labor rates (direct and indirect), labor hours/mix, proposed travel cost and/or [other direct costs] (if any) above the provided ceiling amount and prime/subcontractor fees. A cost realism analysis will be completed on awardable proposals to determine that the costs 1) are realistic for the performance of the work required, 2) reflect a clear understanding of the requirements, and 3) are consistent with the various elements of the offeror’s technical volume.
- (b) The results of the cost realism analysis will be used in the Government’s probable cost calculation and may be used in

performance risk assessments and responsibility determinations. The Government's probable costs shall be used for purposes of evaluation to determine the best value.

RTOP at 16-17.

In response to the RTOP, the agency received proposals from three offerors, including Quantech and BCF. AR at 3. For the purpose of evaluating the proposals, the agency constituted a technical evaluation team (TET) as well as a cost/price evaluation team (CPET). Contracting Officer's (CO's) Statement at 3. Following initial evaluations and discussions, the agency requested three rounds of revised proposals. AR at 3. Quantech's final technical proposal incorporated responses to agency discussion questions (requests for information). Among other things, the agency questioned Quantech's proposal to take advantage of synergies by leveraging Quantech personnel currently performing on a related task order (DA-02). Id.

Upon completing their evaluations, the MDA's evaluation teams submitted their findings to the task order decision authority (TODA). Contracting Officer's (CO's) Statement at 3. The agency's final evaluation resulted in the following ratings for BCF and Quantech:

Evaluation Criteria	Quantech	BCF
Technical Factor	Excellent	Excellent
Approach Subfactor	Exceptional	Excellent
Labor Mix and Hours Subfactor	Excellent	Excellent
Key Personnel Subfactor	Excellent	Exceptional
Transition Subfactor	Excellent	Exceptional
Past Performance Factor	Substantial Confidence	Substantial Confidence
Small Business Utilization Past Performance Factor	Satisfactory	Satisfactory
Small Business Utilization Factor	2 nd (72.99%)	3 rd (69.91%)
Proposed Cost	\$38,207,623	\$59,427,008
Probable Cost	\$42,040,079	\$59,427,008

AR, Tab 11, Technical Evaluation Results at 3.

Under the technical approach subfactor, the TET identified three exceptional features, including Quantech's proposed use of its "agile workforce concept" and Quantech's plan to take advantage of synergies between this task order, DA-01, and

a related task order, DA-02, then being performed by Quantech.³ AR, Tab 11, Technical Evaluation at 23-24. Quantech was not assigned any weaknesses under this subfactor. Id.

The agency viewed the “agile workforce” concept as a [DELETED]. Agency Post Hearing Comments at 3. By way of example, Quantech explained that [DELETED] AR, Tab 6, Quantech’s Final Technical Volume at 16. According to Quantech’s proposal, [DELETED]. Id. at 12. Quantech states that, [DELETED]. Id. at 16.

The agency also found Quantech’s proposed utilization of synergies between DA-01 and DA-02 to be an exceptional feature. AR, Tab 13, Task Order Award Decision and Addendum at 6; AR, Tab 11, Technical Evaluation at 23-24. In this regard, the agency highlighted Quantech’s leveraging of team members from DA-02, to take advantage of “cross-program visibility to provide valuable lessons learned” to staff performing on the DA-01 task order and to share information. Id. at 24.

The TET had initially considered Quantech’s plan to leverage DA-02 staff to be a flaw in the proposal, noting that “an offeror is expected to accomplish objectives within available resources and DA-02 personnel may not be available to provide support to DA-01 which increases the risk of unsuccessful contract performance and may impact schedule and performance for this effort.” AR, Tab 4, Requests for Information to Quantech at 2. As a consequence, during discussions, MDA asked Quantech to “[j]ustify the use of DA-02 personnel and describe how DA-01 and DA-02 personnel will be managed and prioritized to provide seamless support to MDA/DA without impact to cost, schedule, or performance.” Id.

Quantech responded by stating, “[t]o clarify, our technical approach does not use DA-02 personnel to accomplish DA-01 work. We understand DA-01 and DA-02 are separate [task orders]; our [task order leads] manage a defined workforce accomplishing PWS requirements based on specific customer priorities. However, our approach leverages best practices and guidance and sharing of information with no negative impact to DA-01 or DA-02 execution. . . . Quantech envisions Quantech-managed DA-01 personnel leveraging the DA-02 team’s expertise with developing, identifying and/or modifying new business practices, tools, policies and initiatives, improving the overall efficiency of the program’s acquisition.” AR, Tab 5, Quantech Responses to Requests for Information at 2-3. According to Quantech, this type of training would not impact DA-01 or DA-02 cost, schedule or performance. Id. Based on Quantech’s response, MDA concluded that Quantech’s

³ Task order DA-02 is a separate, but related, MiDAESS task order for acquisition executive support. Intervenor’s Response to the AR at 6. While DA-01, the task order at issue in this protest, is for program-level support, DA-02, is for agency-level acquisition planning and support. Id.

proposed leveraging of DA-02 team members was considered an exceptional feature because “it will provide a close relationship between DA-01 and DA-02 providing efficiencies to the government in terms of cost, schedule, and performance.” AR, Tab 11, Technical Evaluation at 23-24.

Regarding the labor mix and hours subfactor, the TET concluded that Quantech’s proposal had one exceptional feature for “cross-utilization of resources” and one excellent feature for “continuously re-assessing resource demand to keep pace with the ebb and flow of PWS activities and provide a staffing solution that is tuned to current enterprise execution.” AR, Tab 11, Technical Evaluation at 25. The TET found no weaknesses. Id.

The CPET evaluated the offerors’ proposed costs for reasonableness, realism, and probable cost. AR, Tab 12, Cost/Price Evaluation Report at 2-3. As part of its evaluation, the CPET collaborated with the TET in reviewing each offeror’s total resource volume. Id. at 4. Quantech proposed a total of 507,953 labor hours and a total labor cost of \$35,118,645, whereas BCF, the incumbent contractor, proposed a total of 613,658 labor hours and a total labor cost of \$54,620,229. Id. at 4. While the TET rated both Quantech’s and BCF’s proposed labor mix and hours as excellent with low risk to the government, the TET recommended that the CPET adjust Quantech’s probable hours upward in the event proposed efficiencies to be gained through use of the agile workforce and DA-01/DA-02 synergies were not realized. Id. at 7. The CPET calculated Quantech’s probable cost to be \$42,040,079, an increase of \$3,832,456 over Quantech’s proposed cost. Id. at 4.

The record reflects that the TODA independently reviewed the evaluation findings, and selected Quantech’s proposal as representing the best value to the government. Id.; AR, Tab 13, Task Order Award Decision and Addendum at 6, 10. In making the award decision, the TODA noted the various underlying technical strengths of the proposals, and that all three offerors were rated excellent overall for the technical factor. AR, Tab 13, Award Decision at 13. The TODA thus indicated that “while the technical factor was the most important factor, given the degree of equivalency among proposals, the importance of the small business utilization factor and cost factors did increase.” Id. The TODA concluded that Quantech’s proposal represented the best value to the government “[g]iven Quantech’s advantages in small business utilization past performance, small business utilization ranking, as well as its significant cost advantage, which are not offset by BCF’s slight advantage in the technical factor.” Id. at 19.

The agency notified BCF that Quantech had been selected for issuance of the task order, and provided BCF with a debriefing on March 4, 2014. AR, Tab 14, Award Notification at 2 and CO’s Statement at 11. This protest followed.

DISCUSSION

BCF argues that MDA did not reasonably evaluate Quantech's technical proposal, that the agency failed to perform a proper cost realism analysis of Quantech's proposal, and as a consequence, made an unreasonable best value determination.

Evaluation of Quantech's Technical Proposal

With regard to the agency's evaluation of Quantech's technical proposal, BCF argues that, given the many contradictions in Quantech's proposal, related to the leveraging of resources from DA-02 and the use of an agile workforce, MDA should have found that it could not determine what Quantech was proposing and should have rejected the proposal outright. BCF Comments on the AR at 2. BCF also alleges that the agency departed from the solicitation's stated evaluation scheme by assigning Quantech an exceptional rating under the technical approach subfactor and an excellent rating under the labor mix and hours subfactor. Protest at 21. According to BCF, Quantech should have received a satisfactory rating, at best, for each of those factors and for the overall technical factor, because the risk presented in Quantech's proposal was greater than the risk allowed for an excellent or exceptional rating. Id. at 21-22.

The evaluation of an offeror's proposal is a matter within the agency's discretion. McGoldrick Construction Services Corporation, B-409252.2, Mar. 28, 2014 CPD ¶ 114 at 6. In reviewing an agency's evaluation, we will not reevaluate the proposals, but will examine the record of the evaluation to ensure that it was reasonable and consistent with the stated evaluation criteria and procurement statutes and regulations, and to ensure that the agency's rationale is adequately documented. Id. While we will not substitute our judgment for that of the agency, we will sustain a protest where the agency's conclusions are inconsistent with the solicitation's evaluation criteria, undocumented, or not reasonably based. Id.

With regard to BCF's arguments that Quantech's proposal was ambiguous and MDA misunderstood what Quantech had proposed in terms of the agile workforce concept and the leveraging of DA-02 personnel, the record reflects, as noted above, that MDA, in fact, conducted discussions with Quantech to clarify and better understand these aspects of its proposal. AR, Tab 4, Requests for Information to Quantech at 2. Specifically, MDA asked Quantech to "[j]ustify the use of DA-02 personnel and describe how DA-01 and DA-02 personnel will be managed and prioritized to provide seamless support to MDA/DA without impact to cost, schedule, or performance." Id.

Quantech's response directly addressed MDA's question and explicitly indicated that "[Quantech's] technical approach does not use DA-02 personnel to accomplish DA-01 work." AR, Tab 5, Quantech Response to Requests for Information at 2. Quantech further explained that "[w]e understand DA-01 and DA-02 are separate [task orders]; our [task order leads] manage a defined workforce accomplishing

PWS requirements based on specific customer priorities.” Id. Quantech described the approach, not as an approach that involved assigning DA-02 personnel to take over DA-01 work, but rather as an approach that would involve synergistic collaboration between personnel performing on both task orders by leveraging “best practices and guidance and sharing of information with no negative impact to DA-01 or DA-02 execution.” Id. For example, Quantech envisioned “Quantech-managed DA-01 personnel leveraging the DA-02 team’s expertise with developing, identifying and/or modifying new business practices, tools, policies and initiatives, improving the overall efficiency of the program’s acquisition.” AR, Tab 5, Quantech Responses to Requests for Information at 2-3.

BCF, nevertheless, identified a number of statements in Quantech’s proposal that it views as indicating Quantech’s reliance on DA-02 staff to perform DA-01 work. AR at 10; BCF’s Comments on the AR at 9-12. For example, BCF cites Quantech’s statement that “[t]he DA-02 staff will provide in-depth and daily guidance on new MDA acquisition policy and processes training to DA-01 Q-team members . . .” arguing that it evidences Quantech’s intent to use DA-02 staff to perform DA-01 activities that should be properly performed by and charged to, the DA-01 task order. BCF’s Comments on the AR at 10.

Our Office held a hearing regarding the agency’s understanding of Quantech’s proposal during which the TET lead and TODA provided testimony. Generally, they were in agreement as to their understanding of the agile workforce as well as the synergies Quantech proposed to take advantage of by “fostering collaboration between Quantech personnel performing task order DA-02, in support of MDA’s acquisition policy staff...and Quantech personnel performing task order DA-01, in support of MDA’s acquisition programs. . . .” Agency Post-Hearing Comments at 2. The witnesses were not in agreement, however, as to whether the proposal allowed for the use of DA-02 personnel to perform work under DA-01.

Any such disagreement is, in our view, immaterial because the TODA, who made the ultimate selection decision, had completed an independent review of the proposals, in addition to reviewing the results of the evaluation carried out by the TET and CPET, and benefitted from his background knowledge of both the DA-01 and DA-02 task orders. Hearing Transcript (Tr.) at 154. The TODA’s understanding of the scope of the DA-01 and DA-02 task orders allowed him to understand the synergies between the task orders, described in Quantech’s proposal. In particular, his understanding of the responsibilities of DA-02 personnel, as they related to the activities of DA-01 personnel, made it clear to him that the resources Quantech sought to leverage from DA-02 in support of DA-01 are largely responsibilities that are within the scope of the DA-02 task order. See Tr. at 216-221.

For example, Quantech proposed that DA-02 personnel would staff technical decision memoranda (TDM) and developmental decision memoranda (DDM), which BCF argues are DA-01 requirements. AR, Tab 6, Quantech Technical Volume at

23. When asked about this during the hearing, the TODA explained that DA-01 personnel would be responsible for writing the DDM with the program-specific content, and the DA-02 personnel, as part of the scope of DA-02, would be responsible for staffing the DDM through the approval process. See Tr. at 216-221. Thus, although the task orders are separate, and have separate staff, as Quantech recognized in its discussions response, they are also inherently interrelated and have overlapping scopes with regard to achieving common objectives, and Quantech's references to coordination with DA-02 personnel are properly understood in this context, and do not, as BCF suggests, reflect an intent to use DA-02 personnel in lieu of DA-01 personnel to perform requirements within the scope of DA-01.

The TODA further testified to the close coordination between DA-02 and DA-01, specifically the time-saving synergies between "staff" (DA-02) and line DA-01 (work), and explained that DA-02 personnel are responsible for transferring knowledge and information to DA-01 personnel. Tr. at 170. Accordingly, the TODA understood Quantech as having proposed to take advantage of the synergies created by the close coordination with DA-02, and to having staffed its proposal to account for the existing synergies. The TODA noted that the interactions between DA-02 and DA-01 occur on a regular basis, but that Quantech was the only offeror to expressly identify and recognize these synergies in its technical proposal and use them as a basis for quantifying adjustments to its staffing levels. See Tr. at 174 (TODA explaining that Quantech undertook the risk to quantify the savings from the synergies in the form of labor hours reductions). Based on the record, including the TODA's testimony, we have no reason to conclude that Quantech's proposal was fundamentally ambiguous regarding its utilization of DA-02 resources, that the TODA's conclusions were unreasonable or that the TODA failed to understand what Quantech had proposed.

BCF also argues that the risk posed by Quantech's technical approach (its staffing in terms of number and labor mix) precluded an exceptional rating under the technical approach subfactor and an excellent rating under the labor mix and hours subfactor.⁴ Protest at 22-23.

⁴ The RTOP defined "exceptional" as:

The proposal demonstrates the requirements of the performance work statement are very well understood. The offeror will likely provide a very high capability of performance that **represents virtually no risk to the government**. The proposal clearly contains exceptional features that meet or exceed the highest expectations of the government. There are no weaknesses or the weaknesses are so minor as to be considered inconsequential. RTOP at 12 (emphasis added).

(continued...)

The crux of BCF's argument stems from the fact that MDA made a probable cost adjustment of slightly more than 10% to Quantech's proposed cost to address the possibility that the efficiencies associated with Quantech's technical approach might not be realized. Id. at 22. In particular, these are the efficiencies resulting from Quantech's agile workforce concept and proposed plan to take advantage of synergies between DA-01 and DA-02 by leveraging the resources of DA-02. Id. According to BCF, this upward adjustment indicates that Quantech did not understand the work and/or did not propose proper staffing. Id. at 23. As a result, BCF argues, MDA made a probable cost adjustment to account for risk in Quantech's proposal because its technical approach and proposed labor mix and hours reflected a moderate level of risk. Id. at 23. According to BCF, this risk is sufficient to preclude Quantech from receiving an exceptional rating, which required a finding of virtually no risk, or a rating of excellent, indicating a low risk, under the terms of the RTOP. BCF Comments on the AR, at 3. BCF also contends that Quantech's proposal reflected greater risk because it proposed to perform 25% of the required work with basic analysts and did not propose any subject matter experts to make up shortfalls in experience. Id. According to BCF, this staffing mix reflected a lack of understanding of the requirements and further increased the amount of risk in Quantech's proposal. Id.

(...continued)

The RTOP defined "excellent," as:

The proposal demonstrates the requirements of the performance work statement are well understood. The offeror will likely provide a high capability of performance which **represents low risk to the government**. The proposal contains excellent features that will likely produce results very beneficial to the government. There may be minor weaknesses in some aspects. Id. (emphasis added).

The RTOP defined low risk as having "little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal government monitoring will likely be able to overcome any difficulties." Id. at 13.

The RTOP defined "satisfactory" as:

The proposal demonstrates an acceptable understanding of the PWS. The offeror will likely provide an adequate capability of performance which **represents no higher than a moderate level of risk to the Government**. There is sufficient confidence that a fully compliant level of performance will be achieved. There may be weaknesses but none that would preclude adequate performance. Id. at 12 (emphasis added).

The record reflects that Quantech's proposal described the "bottoms-up" approach it used to develop its staffing plan, and we have no reason to conclude that the agency miscalculated risk associated with this plan or that Quantech misunderstood the requirements. AR, Tab 6, Quantech Technical Volume at 15. In this regard, Quantech developed performance work and task product estimates by labor category, including developing "an average-time-to-complete hourly estimate for all products including required skill-mix." Id. Quantech then derived its initial staffing levels by multiplying its product estimates by the number of organizations requiring a product as well as the frequency that each product would be required. Id. Quantech then revised "initial product estimates, both hours and skill mix, to account for efficiencies gained from [DELETED]. Id. at 16. In its proposal, Quantech explained that while its initial staffing plan included 110 full time equivalents (FTEs), it was able to reduce its staffing by 12 FTEs, proposing 98 FTEs, by [DELETED]. Id. at 18.

In its rationale supporting Quantech's rating under the labor mix and hours subfactor, the TET explained that the labor mix and hours proposed by Quantech "are a result of not only analyzing the required tasks, but also taking reductions based on best practices and sharing of information across both [DA-01 and DA-02] task orders." AR, Tab 11, Technical Evaluation at 25. The TODA and the TET agreed that the proposed cross-utilization of resources was an exceptional feature and noted that "Quantech's labor mix and hours are based on [task order] size, complexity and number of geographic locations, making the proposed labor mix and hours more than adequate to accomplish all PWS requirements." AR, Tab 11, Technical Evaluation at 25-26; AR, Tab 13, Task Order Award Decision and Addendum at 8-9. Additionally, in support of Quantech's technical approach rating, the TET noted that, while Quantech did not propose the use of any SMEs, the proposed analysts and contract program manager are "seasoned in the acquisition arena," and, under the agile workforce concept, would be available to [DELETED]. Id. at 24.

While it is true that the TET recommended a 56,400 hour adjustment to Quantech's probable hours to account for the 12 FTE differential between Quantech's initial staffing plan and the one it ultimately proposed, because there is "some cost risk that these assumed efficiencies may not be realized," the TET also stated that "Quantech's bottoms-up analysis for each [performance objective] provided adequate assessment of staff allocation and task complexity" and confirmed that the skill mix was sufficient to accomplish the work based on Quantech's technical approach. Id. at 25; AR, Tab 12, Cost/Price Evaluation Report at 7. This adjustment reflected a cost risk mitigation approach and was not inherently inconsistent with the agency's judgments concerning the risks associated with Quantech's approach to its staffing levels and labor distribution. AR, Tab 12, Cost/Price Evaluation Report at 7.

Based on the record, we conclude that MDA's rationale was well documented and reasonable, and BCF has failed to demonstrate otherwise.⁵ A protester's mere disagreement with an agency's judgment is not sufficient to establish that an agency acted unreasonably. Trofholz Techs., Inc., B-404101, Jan. 5, 2011 CPD ¶ 144 at 3-4.

Cost Realism Evaluation

BCF challenges MDA's cost realism evaluation arguing that MDA did not compare Quantech's proposed costs to BCF's actual costs, or to the IGE, and that MDA omitted the costs that would be paid under Quantech's use of the DA-02 task order to accomplish DA-01 work from Quantech's most probable cost. Protest at 16-17.

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed costs are not considered controlling because, regardless of the costs proposed, the government is bound to pay all actual, allowable costs. FAR §§ 15.305(a)(1), 15.404-1(d); Tidewater Constr. Corp., B-278360, Jan. 20, 1998, 98-1 CPD ¶ 103 at 4. Consequently, an agency must perform a cost realism analysis to evaluate the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR § 15.404-1(d)(2); Hanford Envtl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 9. However, an agency is not required to conduct an in-depth cost analysis, or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. See Cascade Gen., Inc., B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8. Similarly, an agency's cost realism analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency as of the time of its evaluation. See SGT, Inc., B-294722.4, July 28, 2005, 2005 CPD ¶ 151 at 7; Metro Mach. Corp., B-295744, B-295744.2, Apr. 21, 2005, 2005 CPD ¶ 112 at 10-11.

The cost realism analysis in this case is well documented. See AR, Tab 12, Cost/Price Evaluation Report. The agency developed an independent government estimate (IGE) based on estimates of staff hours required to support individual sub-organizations, and BCF's labor rates for the existing task order. AR at 6. According to the CPET, however, because the IGE was not premised on a task-based analysis of the solicited requirements, the agency did not believe it could

⁵ BCF also argues that Quantech's overall technical rating should be lower, based on the assertion that MDA had incorrectly assigned ratings under the technical approach and labor mix and hours subfactors. As we have no reason to question MDA's ratings of those subfactors, this argument has no merit.

rely solely on the estimate for purposes of making probable cost adjustments to the offeror's proposals. AR, Tab 12, Cost/Price Evaluation Report at 3. Instead, the CPET used the IGE for two primary purposes: (1) to flag any data outliers for further consideration/analysis (*i.e.*, labor hours, direct labor rates, indirect burden); and (2) as a budgetary tool to determine if sufficient funds were available for task order award. Id.

As discussed above, the TODA and the TET agreed that Quantech merited an excellent rating under the labor hours and mix subfactor, based on its proposed approach, but concluded that a 56,400 hour adjustment to the probable hours was warranted because these assumed efficiencies may not be realized. Id. at 7. The CPET compared Quantech's proposed labor hours and mix--as well as its probable labor hours and mix, which included the 56,400 hour upward adjustment--to the IGE, looking for any outliers in terms of reasonableness and realism, and noted that the proposed and probable hours were 18.66% and 9.62%, respectively, lower than the IGE. Id. at 7. The CPET brought this to the attention of the TET who affirmed that the probable hours were realistic based on "Quantech's innovative technical approach and anticipated synergies" for performance of the two task orders. Id. The TET also stated that "Quantech's bottoms-up analysis for each [performance objective] provided adequate assessment of staff allocation and task complexity" and confirmed that the skill mix was sufficient to accomplish the work based on Quantech's technical approach. Id. Given the confirmation from the technical evaluators that Quantech's staffing levels were realistic, the CPET had no further concern regarding the realism of Quantech's costs. On this record, we have no basis to question the agency's use of the IGE as a tool in its evaluation of Quantech's costs.

Moreover, to the extent BCF argues that the agency should have used its costs as a basis for comparison, BCF is mistaken. The agency's cost realism analysis of Quantech's proposal was properly based on the unique costs and technical approach proposed by Quantech. A cost realism analysis must be performed to determine the extent to which the offeror's proposed costs represent what the costs are likely to be based on an offeror's unique technical approach. Federal Acquisition Regulation (FAR) § 15.404-1(d)(1); Booz Allen Hamilton, Inc., B-409355, B-409355.2, Mar. 19, 2014, 2014 CPD ¶ 100 at 7. This analysis includes independently reviewing and evaluating specific elements of each offeror's cost estimate to determine whether the estimated proposed cost elements are realistic for the work to be performed, reflect a clear understanding of the requirements, and are consistent with the unique technical approach described in the offeror's proposal. Id. Accordingly, the agency properly focused its cost evaluation on Quantech's proposal and technical approach, rather basing than considering the protester's costs, as opposed to BCF's costs.

Turning to BCF's contention that Quantech proposed to achieve cost savings for the DA-01 proposal by subsidizing its performance with costs charged to the DA-02 task

order, the challenge is based on a misunderstanding of Quantech's technical approach. Protest at 18-19. According to BCF, Quantech's proposal "leaves no doubt that DA-02 personnel will perform some of the actual work required by the solicitation," which should, therefore, be billed to task order DA-01. BCF's Comments on the Agency Report at 12. Thus, BCF argues, MDA could not have performed a proper cost realism analysis because the total cost of Quantech's proposal was unknown. *Id.* As explained above, Quantech did not propose to use DA-02 staff to perform DA-01 work, and the TODA properly understood Quantech's proposal in this regard.

As previously discussed, Quantech proposed to leverage DA-02 knowledge and best practices, taking advantage of synergies between the two task orders, and also proposed to use an agile workforce concept [DELETED]. AR, Tab 6, Quantech's Final Technical Volume at 11-12. MDA found that Quantech's ability to propose a smaller staff and a lower skill level mix, thus proposing a lower cost, while still demonstrating that its staffing plan would be sufficient to meet the requirements of the PWS, flowed from this approach. AR, Tab 12, Cost/Price Evaluation Report at 7. As such, based on the record, there is no reason for us to conclude that MDA's cost realism analysis was flawed due to a failure to account for costs that would be incurred by DA-02 personnel carrying out DA-01 work.

The record reflects that MDA performed a thorough cost realism analysis of Quantech's price submission. As stated above, an agency's cost realism methodology need only be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency as of the time of its evaluation. See SGT, Inc., supra; Metro Mach. Corp., supra. Further, because the contracting agency is in the best position to make this determination, we review an agency's judgment in this area only to see that the agency's cost realism evaluation was reasonably based and not arbitrary. Hanford Envtl. Health Found., supra, at 10. Here, the agency's cost realism analysis was well-documented, and in no way arbitrary.

In sum, based on our review of the entire record and considering all of the arguments raised by BCF challenging MDA's evaluation and cost realism analysis, we find no basis to question the agency's evaluation of Quantech's proposal. Because the protester's challenge to the best value determination was based on assertions that MDA's evaluation of Quantech's technical proposal and the cost realism analysis were arbitrary, the protester's challenge to the best value determination is similarly unfounded.

The protest is denied.

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