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Decision

Matter of: Alion Science & Technology Corporation

File: B-410666

Date: January 22, 2015

Robert E. Korroch, Esq., Williams Mullen, for the protester.
Samantha S. Lee, Esq, Wiley Rein LLP, for Engility Corporation, the intervenor.
Judith L. Richardson, Esq., Defense Threat Reduction Agency, for the agency.
Gary R. Allen, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest that an agency applied unstated evaluation criteria in its evaluation of a protester's proposal is denied where the record reflects that the challenged evaluation was premised on matters that were logically encompassed by the stated evaluation criteria.
 2. Protest against an agency's cost-realism analysis of the awardee's proposal is denied where the record shows that the agency reasonably evaluated the awardee's proposed costs, taking into account the awardee's technical approach and individual cost elements.
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DECISION

Alion Science and Technology Corporation, of Fairfax, Virginia, protests the issuance of a task order to Engility Corporation, of Chantilly, Virginia under task order request for proposals (RFP) No. HDTRA1-14-WMD-0010, issued by the Defense Threat Reduction Agency (DTRA) for various services to support DTRA's Combating Weapons of Mass Destruction (CWMD) program, involving situational awareness systems integration. Alion challenges the agency's evaluation of both the protester's own proposal and Engility's proposal, as well as the agency's source selection decision.

We deny the protest.

BACKGROUND

The agency issued the RFP on January 29, 2014, to seven firms that were awarded indefinite-delivery/indefinite-quantity (ID/IQ) research and development contracts that support DTRA's mission as the Department of Defense's source of research, development, and expertise with respect to weapons of mass destruction. Contracting Officer (CO) Statement at 2; Agency Report (AR), Tab 5, ID/IQ Statement of Objectives. The stated purpose for the task order was to provide management, engineering, and integration support for two programs currently being developed at DTRA to improve CWMD situational awareness: the Advanced Analytics Program (AAP) and the Global Knowledge Management Capabilities (GKMC) program.¹ RFP at 64.²

The RFP contemplated the issuance of a cost-plus-fixed-fee task order that included a base research and development contract line item (R&D CLIN) with a 5-year performance period, and an option for a cost-plus-fixed-fee operations and maintenance contract line item (O&M CLIN) with a 4-year performance period. RFP at 24, 27.

The RFP provided that award would be made on a best-value basis, considering the following evaluation factors and subfactors: mission capability, which included the subfactors technical approach and management approach; relevant present and past performance; and cost. RFP at 43-46. The factors were listed in descending order of importance, and the non-price factors, when combined, were stated to be significantly more important than price. Id. at 43. The RFP also provided that the government intended to issue the task order without discussions. Id.

For the technical approach subfactor under mission capability, the RFP required offerors to demonstrate a complete technical understanding and sound approach to accomplishing the scientific/technical complexities and scope of the statement of work (SOW). RFP at 44. Proposals were also to demonstrate the offeror's complement of personnel with sufficient scientific and technical expertise to perform the SOW tasks, and listed particular areas of required expertise, including among

¹ The purpose of the Advanced Analytics Program is to develop and deploy a cutting edge information sciences capability focused on the CWMD mission. RFP at 65-66, 67. The purpose of the Global Knowledge Management Capabilities program is to provide an online knowledge management and data analytics system to support CWMD senior leadership decision-making and international engagement. RFP at 65.

² Referenced page numbers are Bates numbers as provided in the agency report.

those areas, as relevant here, chemical, biological, radiological, nuclear, and high-yield explosives (CBRNE). Id.³

For the management approach subfactor, offerors were to provide a comprehensive management approach with an effective organizational structure that demonstrated a thorough, complete, and effective approach to accomplishing the overall program and contract objectives stated in the ID/IQ contract's statement of objectives. RFP at 44. As part of this subfactor, offerors were required to demonstrate the ability to recruit, retain and replace personnel with the appropriate experience, expertise and security clearances. RFP at 45.

Regarding the cost factor, the RFP explained that the government would review cost proposals for realism, reasonableness, and completeness.⁴ RFP at 46. The RFP cautioned that a realistic cost must be supported by a realistic technical proposal. Id. The RFP also included pricing assumptions⁵ for the base R&D CLIN (\$36,500,000); and the optional O&M CLIN (\$7,750,000).⁶ Id. at 42. The RFP noted that these assumptions were made for informational purposes only. Id.

The RFP provided that the mission capability subfactors would be rated on the following adjectival scale: exceptional, good, acceptable, marginal, and unacceptable.⁷ RFP at 45.

The agency received proposals from all seven ID/IQ contractors, including Alion and Engility. CO's Statement at 7. The agency evaluated Alion's and Engility's proposals as follows:

³ The statement of objectives for the ID/IQ contract emphasizes the importance of targeting, detecting and protecting against CBRNE threats. AR, Tab 5, ID/IQ Contract Statement of Objectives, at 1-2.

⁴ Notwithstanding the applicability of Federal Acquisition Regulation (FAR) subpart 16.5, the RFP provided that cost proposals would be evaluated in accordance with FAR § 15.404. RFP at 46.

⁵ These pricing assumptions are also referred to as the independent government cost estimate (IGCE). AR, Tab 15, IGCE.

⁶ The agency later revised these estimates to \$37,670,494 for the base R&D CLIN and \$6,612,052 for the optional O&M CLIN. AR, Tab 11, Alion Eval. Memo., at 13; Tab 13, Engility Eval. Memo., at 26.

⁷ As relevant here, a good rating reflected that the proposal had major and/or minor strengths, and if it had any weaknesses, they were minor and more than offset by the strengths. An acceptable rating indicated that weaknesses were generally offset by strengths. RFP at 45.

	Alion	Engility
Mission Capability		
Technical Approach	Good	Good
Mgmt. Approach	Acceptable	Good
Past Performance	Exceptional	Good
Evaluated Cost		
Base R&D CLIN	\$34,847,715	\$35,366,802 ⁸
Optional O&M CLIN	\$7,266,427	\$3,587,946 ⁹

AR, Tab 11, Alion Eval. Memo., at 2, 4, 5, 14; Tab 13, Engility Eval. Memo., at 17, 19, 20, 27-28.

The agency performed a best-value analysis, in which it documented the strengths and weaknesses identified in each proposal. One offeror, [deleted], submitted a proposal that was both higher in price and more highly rated under the non-price evaluation factors than either Alion's or Engility's. AR, Tab 16, Source Selection Document (SSD). The agency's source selection document compares Engility's and [deleted]'s proposals and concludes that the technical advantages identified in [deleted]'s proposal were not great enough to warrant paying the associated price premium, which exceeded [deleted] million. Id. at 36. Engility's proposal was selected as representing the best value, and the task order was issued to Engility on September 29, 2014. After a debriefing, this protest followed.¹⁰

⁸ In its cost realism analysis of Engility's proposal, the agency found that Engility had not proposed [deleted] for the base R&D CLIN, in line with the technical approach. AR, Tab 13, Engility Eval. Memo., at 27. The agency therefore calculated a most probable cost to factor in the missing labor that would be needed to make the proposed cost realistic. Id. The evaluation table reflects the agency's adjustment of Engility's cost for the base R&D CLIN from \$34,621,802 to \$35,366,802. Id.

⁹ In its cost realism analysis of Engility's proposal, the agency found that Engility had not proposed [deleted] for the optional O&M CLIN, in line with the technical approach. AR, Tab 13, Engility Eval. Memo., at 27. The agency therefore calculated a most probable cost to factor in the missing labor needed for a realistic cost. Id. The evaluation table reflects the agency's adjustment of Engility's costs for the optional O&M CLIN from \$2,988,112 to \$3,587,946. Id.

¹⁰ 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).

DISCUSSION

Alion protests that (1) the agency improperly evaluated Alion's proposal under the management approach technical subfactor; (2) the agency's cost realism analysis for Engility's proposal was inconsistent with the RFP; (3) the agency's technical evaluation of Engility's proposal failed to reflect the risk revealed by the cost realism analysis; and (4) the agency's best-value tradeoff analysis was improper because it was based on these allegedly flawed evaluation results.¹¹ We have considered all of Alion's arguments, although we only address the more significant ones, and, for the reasons stated below, find that none provides a basis to sustain the protest.

Alion Technical Evaluation

The protester argues that the agency's evaluation of Alion's own proposal as merely acceptable under the management approach subfactor was unreasonable. Protest at 7. Specifically, Alion contends that the agency applied an unstated evaluation criterion when it identified, as a major weakness in the protester's proposal, Alion's failure to describe its management approach for chemical, biological, radiological, nuclear, and high-yield explosives (CBRNE) within its advanced analytics program. Id. Alion claims that the RFP did not require offerors to provide any CBRNE analytical support to the advanced analytics program, and that nothing in the evaluation scheme for the management approach subfactor mentioned CBRNE. Id. at 8.

The agency responds that the weakness was properly assessed because it is encompassed within the management approach's evaluation criteria. In this regard, the agency points out that the management approach subfactor requires all offerors to provide a management approach that "demonstrates a thorough, complete, and effective approach to accomplish the overall program and contract objectives as stated in the [ID/IQ contract's statement of objectives]." Memo. of Law at 6, quoting RFP at 44. The agency also references the technical approach subfactor, which requires the proposal to demonstrate "a complement of personnel with sufficient scientific/technical expertise in, [among other things], CWMD/CBRNE," and asserts that the RFP requires, under the management approach subfactor, that offerors

¹¹ Alion does not challenge the substance of the source selection document. For example, the protester does not question why it did not include a direct comparison of Engility's proposal to Alion's higher-priced and similarly-rated proposal, or weigh their relative technical merits and prices. Rather, Alion's only objection to the agency's source selection is that it is based on the evaluation conclusions that Alion has challenged in its protest. Protest at 12; Comments at 10. In Alion's comments, the protester simply refers back to its initial protest filing to repeat its contention in this regard, without addressing the source selection document included in the AR.

demonstrate the ability to recruit, retain and replace personnel with the appropriate experience and expertise. Id. at 7, quoting RFP at 44-45.

In its evaluation of Alion's proposal, DTRA's evaluation team noted under the technical approach subfactor that Alion provided only limited information concerning CBRNE personnel, capabilities and skill sets needed to support the mission requirements. AR, Tab 11, Alion Evaluation Memo., at 4. Despite this weakness, the evaluation team rated Alion's technical approach as good. However, with respect to the management approach subfactor, the agency noted that Alion neglected to provide any plan as to how it would provide the necessary CBRNE scientific/technical expertise to support the advanced analytics program as needed. As a result, although the agency's evaluation team identified a number of strengths in Alion's management approach, it considered Alion's omissions concerning CBRNE to be a major weakness and rated Alion's proposal as acceptable under this subfactor. Id.

The evaluation of proposals in a task order competition is primarily a matter within the contracting agency's discretion, since the agency is responsible for defining its needs and the best method of accommodating them. Wyle Labs., Inc., B-407784, Feb. 19, 2013, 2013 CPD ¶ 63 at 6; Optimal Solutions & Techs., B-407467, B-407467.2, Jan. 4, 2013, 2013 CPD ¶ 20 at 6. Our Office will review evaluation challenges to task order procurements to ensure that the competition was conducted in accordance with the solicitation and applicable procurement laws and regulations. Logis-Tech, Inc., B-407687, Jan. 24, 2013, 2013 CPD ¶ 41 at 5; Bay Area Travel, Inc., et al., B-400442 et al., Nov. 5, 2008, 2009 CPD ¶ 65 at 9. A protester's disagreement with the agency's judgment, by itself, is not sufficient to establish that an agency acted unreasonably. STG, Inc., B-405101.3 et al., Jan. 12, 2012, 2012 CPD ¶ 48 at 7.

Here, we conclude that the evaluation was consistent with the terms of the RFP, and not premised on an unstated evaluation criterion. Although the RFP may not have specifically directed an offeror to discuss its management plan for CBRNE, the RFP did list CBRNE under the technical approach subfactor, and provided for an evaluation of the thoroughness and completeness of an offeror's management approach to accomplish the overall program and contract objectives stated in the ID/IQ contract's statement of objectives. The statement of objectives referenced CBRNE expertise in numerous places. RFP at 44.

In evaluating proposals, an agency properly may take into account specific, albeit not expressly identified, matters that are logically encompassed by, or related to, the stated evaluation criteria. Independence Constr., Inc., B-292052, May 19, 2003, 2003 CPD ¶ 105 at 4. It is an offeror's responsibility to submit a proposal that establishes its capability and the technical merits of its proposed approach, and allows for a meaningful review by the procuring agency in accordance with the evaluation terms of the solicitation. See Verizon Fed., Inc., B-293527, Mar. 26,

2004, 2004 CPD ¶ 186 at 4. On this record, we find that a management plan concerning CBRNE expertise was logically encompassed within, or related to, the stated criteria in the management approach subfactor. Accordingly, we do not find unreasonable, or inconsistent with the RFP, the agency's determination that Alion's failure to address its plans for providing CBRNE expertise constituted a major weakness.

Evaluation of Engility's Optional O&M CLIN Costs

Alion also argues that the agency failed to reasonably evaluate the realism of Engility's proposed costs for the optional O&M CLIN. In its comments, the protester contends that the agency did not adequately take into consideration or properly analyze the fact that Engility proposed [deleted] labor categories for this CLIN, rather than [deleted] personnel allegedly contemplated by the independent government cost estimate (IGCE). Comments at 6-8.

When an agency evaluates proposals for the award of a cost-reimbursement contract, an offeror's proposed estimated cost of contract performance is not considered controlling since, regardless of the costs proposed by the offeror, the government is bound to pay the contractor its actual and allowable costs. Magellan Health Servs., B-298912, Jan. 5, 2007, 2007 CPD ¶ 81 at 13; Metro Mach. Corp., B-295744, B-295744.2, Apr. 21, 2005, 2005 CPD ¶ 112 at 9. Consequently, an agency must perform a cost-realism analysis to determine the extent to which an offeror's proposed costs represent what the contract costs are likely to be under the offeror's unique technical approach, assuming reasonable economy and efficiency. Federal Acquisition Regulation (FAR) §§ 15.305(a)(1), 15.404-1(d)(1) (2014), Sys. Techs., Inc., B-404985, B-404985.2, July 20, 2011, 2011 CPD ¶ 170 at 5. An offeror's proposed costs should be adjusted, when appropriate, based on the results of the cost-realism analysis. FAR § 15.404-1(d)(2)(ii). Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary, and adequately documented. See Magellan Health Servs., supra.

Here, Alion argues that the agency failed to reasonably evaluate the awardee's proposed staffing approach of using [deleted] labor categories to perform the work. Comments at 7. The protester contends that the agency simply accepted Engility's approach without analysis, in spite of the agency's determination in the IGCE that a much broader and higher-level skill set was required. Id. Further, while the protester acknowledges that the agency did make adjustments to Engility's proposed costs for the optional O&M CLIN, it claims that these adjustments did not address the difference between Engility's proposed labor categories and those in the IGCE. Id. at 8.

These allegations are belied by the record. Contrary to Alion's assertions, the record shows that the agency considered the specific elements of Engility's

proposed costs for the optional O&M CLIN before it concluded that Engility's costs were reasonable and realistic. AR, Tab 13, Engility Eval. Memo., at 20-28. For example, the agency determined that Engility's proposed use of subcontractor [deleted] labor categories for certain less complex tasks was sufficient. Id. at 23-25. The agency also specifically recognized that one of the major reasons for the difference between Engility's proposed costs and the IGCE was that the labor rates Engility proposed were much lower.¹² Id. at 27. The record further shows that the agency, in considering the skill set Engility proposed, noted that there were [deleted] labor categories or hours proposed to cover some of the more complex tasks, such as software coding, integrating, test and deployment of O&M problem reports and updates. Id. In accordance with this analysis, the agency made adjustments to Engility's costs by adding a [deleted] position and a [deleted] position, for an additional [deleted] labor hours. Id. Alion has not shown that these adjustments were unreasonable.

Based on the record, we conclude that the agency's rationale was sufficiently documented and reasonable, and that Alion has failed to demonstrate otherwise. The fact that Alion disagrees with the agency's judgment is not sufficient to establish that the agency acted unreasonably.¹³ See Trofholz Techs., Inc., B-404101, Jan. 5, 2011, 2011 CPD ¶ 144 at 3-4.

Alion also contends that the agency did not properly consider the most probable costs for all offerors. Protest at 11. The protester complains that although DTRA adjusted Engility's proposed costs for evaluation purposes, it made no adjustments to the protester's costs. In this regard, Alion speculates that "a proper cost realism analysis very likely could have resulted in a higher [most probable cost] for Engility and a lower [most probable cost] for Alion." Id. Alion misunderstands the

¹² The record shows that the agency reviewed Engility's proposed labor hours, finding that the firm proposed [deleted] more hours than those listed in the IGCE for the optional O&M CLIN. AR, Tab 13, Engility Eval. Memo., at 27. The agency also analyzed Engility's proposed labor rates for the optional O&M CLIN and found them to be fair and reasonable, based upon a comparison with the appropriate General Services Administration rates. Id. at 24.

¹³ The protester also argues that Engility's proposed costs for the optional O&M CLIN are unrealistic because they are significantly lower than those proposed by Alion. The mere fact that an awardee's proposed costs are lower than the protester's proposed costs, however, does not, by itself, provide a basis to sustain a protest. See Wyle Labs., Inc., supra, at 8-9. As discussed above, given our findings as to the reasonableness of the agency's evaluation of Engility's proposed labor mix for the optional O&M CLIN, we reject Alion's contention that Engility's costs were unrealistic simply because the firm's proposed costs were lower than the IGCE and Alion's proposed costs.

requirement that a cost-realism analysis consider the unique methods of performance and materials described in each offeror's proposal. We have held that where an offeror's proposed costs reflect its technical approach, the agency need not make a downward adjustment. See TriCenturion, Inc.; SafeGuard Servs., LLC, B-406032 et al., Jan. 25, 2012, 2012 CPD ¶ 52 at 15; The S.M. Stoller Corp., B-400937 et al., March 25, 2009, 2009 CPD ¶ 193 at 15. Here, the agency considered Alion's proposed costs to be realistic in relation to Alion's proposed technical approach. AR, Tab 11, Alion Eval. Memo., at 14. On this record, Alion has provided no basis to conclude that the agency was required to downwardly adjust the protester's evaluated costs.

The protest is denied.¹⁴

Susan A. Poling
General Counsel

¹⁴ Alion also argues that the agency unreasonably evaluated Engility's mission capability as good, asserting that this is somehow inconsistent with its conclusion that Engility's cost proposal was unrealistic; and that the agency's best value and selection decision is flawed because it is based on the evaluation that Alion has protested. Protest at 12; Comments at 10. Both of these arguments are premised on the assumption that Alion's challenges to the agency's evaluation of Engility's proposal are valid. Given our conclusion, above, that the agency's evaluation and cost realism analysis of Engility's proposal were reasonable, and that none of the protester's challenges to the agency's evaluation provides a basis upon which to sustain the protest, we find no merit to either of these arguments.