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Decision

Matter of: i4 Now Solutions, Inc.

File: B-412369

Date: January 27, 2016

Bret S. Wacker, Esq., and Andrew M. Mast, Esq., Clark Hill PLC, for the protester. Stephen E. Ruscus, Esq., and Katelyn M. Hilferty, Esq., Morgan, Lewis & Bockius LLP, for Field Data Technology, LLC, the intervenor. Azine Farzami, Esq., Department of Agriculture, for the agency. Pedro E. Briones, Esq., and Noah B. Bleicher, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging an agency's evaluation of awardee's proposed level of effort and price is denied where the record demonstrates that the agency reasonably concluded that the level of effort was sufficient to perform the requirements and the price evaluation was performed in accordance with the terms of the solicitation.
 2. Protest that the agency engaged in misleading and unequal exchanges with offerors is denied where the record shows that the agency did not mislead the protester and the exchanges were equal.
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DECISION

i4 Now Solutions, Inc., a small business located in Fall Church, Virginia, protests the award of a contract, as well as the issuance of an initial task order, to Field Data Technology, LLC (FDT), of Fairfax, Virginia, under request for proposals (RFP) No. AG-3198-S-15-0007, issued by the Department of Agriculture (USDA), Food and Nutrition Service (FNS), for call center and support services for the Supplemental Nutrition Assistance Program (SNAP) Retailer and Recipient Service Center. i4 challenges the evaluation of FDT's level of effort and price, as well as the agency's conduct of discussions and source selection decision.

We deny the protest.

BACKGROUND

The RFP, which was set aside for 8(a) small-businesses, was issued on June 25, 2015, as a commercial item acquisition using Federal Acquisition Regulation (FAR) part 12 procedures. RFP at 1-2. The solicitation provided for the award of a fixed-price, indefinite-delivery, indefinite-quantity (IDIQ) contract (for a base year and four option years) on a best-value basis under FAR part 15, considering four evaluation factors: technical approach, management, past performance, and price. Id. at 1-2, 17-18, 35. Offerors were advised that the technical approach and management evaluation factors were equally weighted and more important than the past performance factor, and that the non-price factors, when combined, were significantly more important than price. Id. at 35. The solicitation also provided for the issuance of an initial fixed-price task order (concurrent with the IDIQ contract award and for the same 5-year performance period) on a best-value award basis considering the same evaluation factors and weighting stated above. See id. at 2-3, 35-37.

The solicitation included separate performance work statements (PWS) for the IDIQ contract and the initial task order. The IDIQ PWS required the contractor to operate the SNAP Retailer and Recipient Service Center and provide services including live call coverage, customer service activities, data intake, document scanning, reporting, and analysis. RFP attach I, IDIQ PWS, at 38, 46. The IDIQ PWS advised that additional directives and performance requirements would be specified at the task order level. Id. at 46-47. Under the initial task order, the contractor would provide a retailer service center. RFP attach. III, Task Order PWS, at 65. The task order PWS required a number of activities and deliverables, including providing on-line help, accommodating Spanish and English speaking callers, increasing Interactive Voice Response (IVR) usage and self-service options for retail grocery store, and providing monthly operational and statistical reports. Id. at 64-75.

The RFP instructed offerors to submit separate technical and price proposals; technical proposals were not to include any reference to pricing. RFP at 28. With respect to the technical approach factor, offerors were to provide a written narrative of their understanding and capability to perform all aspects of the PWS for both the IDIQ contract and the initial task order. Id. For the task order PWS in particular, offerors were to provide a detailed description of their technical approach, including step-by-step procedures and methodology for accomplishing the specified requirements. Id. The RFP stated that the agency would evaluate an offeror's understanding and ability to meet the solicitation requirements, including the capability to perform all aspects of both the IDIQ contract and the initial task order. Id. at 35. In addition, the RFP stated that the agency would evaluate an offeror's approach, procedures, and methodology for accomplishing the task order requirements. Id.

With respect to the price factor, offerors were to propose separate prices for the IDIQ contract and the initial task order. RFP at 3-4, 29. For the IDIQ contract, offerors were to propose (for each performance year) labor categories and fully burdened hourly rates for each category to meet the IDIQ PWS. Id. at 3, 29. For the task order, offerors were to propose a labor mix/hours and a total fixed-price for each performance year, and identify total hours and any percentage discounts (which were encouraged) off the IDIQ labor rates.¹ Id. In response to questions from offerors, the RFP advised that 30 full time equivalents (FTE) were performing the current contract. RFP amend. 1, Question & Answer (Q&A) No. 13, at 88.

The RFP stated that price proposals would be evaluated for fairness, reasonableness, price unbalancing, and compliance with applicable SCA² wage determinations. RFP at 37. The solicitation also stated that the price evaluation would consider an offeror's proposed IDIQ labor rates, as well as the offeror's rates, hours per labor category, and total hours to meet the task order requirements. See id. Offerors were advised that the agency would evaluate price proposals for award purposes by adding the total price for all performance years, and that a proposal may be determined unacceptable if the option prices were significantly unbalanced. See id.

USDA received four proposals by the July 27, 2015, deadline, including from i4 (the incumbent) and FDT. Agency Report (AR), Tab 15, Source Selection Mem., at 2. Technical proposals were evaluated by a proposal evaluation board (PEB), which assigned consensus ratings and prepared narrative assessments of strengths, weaknesses, deficiencies, and risks for each proposal under each of the non-price evaluation factors. See id. at 1-15. Price proposals were evaluated by a cost/price team (CPT) led by the contracting officer, who is also the chief of policy for the USDA Food and Nutrition Service contract management division. See id. at 15-24; AR, Tab 5, Source Selection Plan (SSP), at 4.

After initial technical and price evaluations, the contracting officer established a competitive range comprised of i4's and FDT's proposals and opened discussions

¹ Also for the task order, offerors were to propose fixed prices under four contract line items (CLIN), a payment schedule, and other direct costs (ODC). RFP at 4, 29. The CLIN were: SNAP Retailer Service Center Support (CLIN 001); SNAP Retailer Data-Intake, Fulfillment, Distribution, Storage, and Printing-coordination Support (CLIN 002); SNAP Recipient Call Management Operations (CLIN 003); and SNAP Recipient Fulfillment, Distribution, and Storage (CLIN 004). Id. at 4.

² For non-professional labor categories, offerors were to propose rates in accordance with the Department of Labor Service Contract Act (SCA) wage determination for the offeror's place of performance. RFP at 29-30; see attach. IV, SCA Wage Determination, at 1-10.

with the two offerors. See AR, Tab 15, Source Selection Mem., at 19-22; Contracting Officer (CO) Statement at 4. Based on his review of the technical evaluations, the contracting officer determined that discussions were not necessary regarding the evaluators' findings or the offerors' technical proposals. AR, Tab 14, Source Selection Mem., at 20. However, based on the CPT's price analysis, the contracting officer concluded that the agency could not determine if the proposed task order prices were fair and reasonable without conducting discussions. See id. at 16-17.

On September 23, the agency entered into discussions with FDT and i4. First, the contracting officer provided a written discussion letter to FDT that stated, in relevant part, as follows:

Your proposal has been determined to be in the competitive range with no technical weaknesses, or deficiencies that would require meaningful technical discussions but, the Government has concerns regarding [FDT's] price proposal. . . . The labor mix proposed is found to be adequate to meet the requirements of the PWS however there are concerns . . . that the level of effort proposed is not adequate to meet the tasks provided in the Task Order [PWS]. The Government questions [FDT's] ability to complete these tasks within the proposed level of effort. The Government provided in the Q&A that currently there are 30 FTEs working at the Call Center. In addition, this new contract contains additional tasks (scanning) that are not being done currently at the Call Center. In your price proposal you propose [DELETED] FTEs working the Base Year and [DELETED] FTEs working each Option Year. Taking on additional requirements with less staff produces a significant risk that the tasks will not be performed timely or accurately. Please provide an explanation and justification for the lower level of effort or provide a revised level of effort.

AR, Tab 10, FDT Discussion Letter, at 1.

On that same date (September 23), the agency also provided a written discussion letter to i4 that stated, in relevant part, as follows:

Your proposal has been determined to be in the competitive range with no technical weaknesses, or deficiencies that would require meaningful technical discussions. However, the Government would like for you to revisit your price proposal and consider providing further discounts. The Government does **not** want you to change your Level of Effort, Labor Mix or any Technical aspects of your proposal.

AR, Tab 11, i4 Discussion Letter, at 1 (emphasis in original).

On September 24, both offerors submitted responses to the agency's discussion letters. See CO Statement at 1. FDT submitted a written justification for its proposed level of effort (LOE) that further explained FDT's business processes, proposed software integration, staff allocation, IVR upgrades, training, and program management. AR, Tab 12, FDT Discussion Response, at 1-3. FDT did not submit a revised price proposal. See id.; AR, Tab 14, Source Selection Mem., at 21. i4, on the other hand, submitted a revised price proposal that included further price discounts and no revisions to i4's LOE, labor mix, or any technical aspect of its proposal. See AR, Tab 13, i4 Revised Proposal, at 2.

The next day (September 25), after reviewing FDT's and i4's submissions, the contracting officer held oral (telephone) exchanges with the offerors. See AR at 10. With regard to FDT, the record states that the contracting officer and FDT communicated as follows:

Question [no.1]: Your proposal stated that you would provide the Scanning/Document Management Solution[, but] on page 8 of the IDIQ PWS the Government Stated that the Scanning/Document Management Solution that is required will be provided by the Government. Will this change your technical or price proposal?

Response [no.1]: Team FDT is happy to utilize the electronic filing system solution to be implemented by [the agency] for scanning and electronic storage for all USDA documents. This change does not require a change to our Technical Proposal or our Price Proposal.

Question [no. 2: USDA] cannot tell where [FDT] accounts for facilities in their price proposal. FNS would like to make sure that since [FDT's] price is lower than [the agency's independent government cost estimate (IGCE)] that facilities have been tak[en] into account.

Response [no. 2]: Facility rental expenses are included [DELETED].

AR, Tab 15, Source Selection Mem., at 20. With regard to i4, the record states that the contracting officer and i4 communicated as follows:

Question: The Government would like clarification on [] ODC's for Social Media, Innovation-Licenses (\$[DELETED]) and Social Media, Innovations (\$[DELETED]) to determine what it will be used for in the performance of this task order.

Response: i4 [] stated that this is for social media to advertise SNAP [electronic benefit transfer (EBT)] in regards to the Call Center.

[Discussion]: The Government stated to i4 [] that Social Media is not a requirement for the performance of this task order. The Government further explained that when the PWS spoke to innovation, [USDA] was looking for innovation to make the process more efficient. The Government requested a final proposal revision from i4 [] on September 25, 2015 without the Social Media Innovation.

Id. at 21-22. On that same date (September 25), i4 submitted a final revised price proposal as requested, which removed the social media components. Id. at 22; see AR, Tab 14, i4 Final Revised Price Proposal.

The contracting officer considered the offerors' responses to the agency's concerns. With regard to FDT, he determined, based on FDT's justification and upon further review of the contract history: (1) that FDT had clarified its LOE and addressed its performance risk; (2) that FDT could perform the requirement based on its proposed LOE; (3) that its price was fair and reasonable; and (4) that FDT's proposal met solicitation requirements. See AR, Tab 15, Source Selection Mem., at 21-22. With regard to i4, he determined that its proposed LOE exceeded requirements and that its price was also fair and reasonable. Id. at 23.

The following reflects FDT's and i4's overall evaluation ratings and final evaluated task order prices:

	Technical Approach	Management	Past Performance	Task Order Price
i4	Highly Acceptable	Acceptable	Highly Acceptable	\$11,958,090
FDT	Highly Acceptable	Acceptable	Acceptable	\$8,972,314

AR, Tab 15, Source Selection Mem., at 20, 22.

The contracting officer, who served as the source selection authority (SSA) for the procurement, drafted a source selection decision memorandum that documented the evaluation record and his cost/technical tradeoff.³ Id. at 1-24. In his memorandum, the contracting officer reported that he analyzed the evaluators' findings, conducted his own comparative assessment of FDT's and i4's proposals, and reviewed their written and oral responses. Id. at 1, 20-24. The contracting officer found that the

³ The evaluators' findings were not separately documented, but were fully incorporated into the agency's source selection memorandum. See AR, Tab 15, Source Selection Mem., at 2-15.

PEB and CPT evaluations were reasonable, appropriate, and consistent with the solicitation. Id. at 1, 23-24. While he found that FDT and i4 had both proposed fair, reasonable, and balanced prices, the contracting officer noted that FDT had proposed, for the task order, a [DELETED] percent discount from its IDIQ labor rates, whereas i4 only proposed a [DELETED] percent discount. Id. at 23. Ultimately, the contracting officer concluded that there was no technical benefit and that it was not in the government's best interest to pay the 25 percent price premium for i4's higher-rated past performance, and he determined that FDT's proposal presented the best overall value and was the most advantageous offer to the agency. Id. at 23-24.

The agency awarded the contract and initial task order to FDT on September 29, and this protest followed. Id. at 24.

DISCUSSION

i4 challenges USDA's determination that FDT proposed a sufficient level of effort and argues that the agency's price evaluation was flawed. i4 also protests the conduct of discussions, as well as the agency's cost/technical tradeoff and best-value determination. While our decision here does not specifically discuss every argument raised, we have considered all of i4's assertions and find that none furnishes a basis for sustaining the protest.

Evaluation of FDT's Level of Effort

i4 asserts that FDT proposed significantly fewer FTEs than required to perform the task order, notwithstanding the RFP's increased technical requirements. According to i4, had USDA performed a proper price evaluation, the agency would have realized that FDT's "dramatically lower" price and LOE indicated that: (1) FDT's proposal did not meet the RFP's technical requirements; (2) the proposal continued to present a "significant risk" of performance failure, even after discussions; and (3) FDT was "confused" about the technical requirements. Protest at 14; Protester's Comments at 14-15, 31.

USDA responds that it reasonably evaluated FDT's proposal and found it to be compliant with the RFP requirements. AR at 13, 22-24. The agency contends that it carefully evaluated FDT's level of effort to determine whether the offeror could perform the requirement at its proposed price. Id. at 16-17. In the agency's view, the record shows that USDA properly evaluated FDT's price proposal by considering its proposed efficiencies, performance risk, and compliance with the RFP's technical requirements. See id. at 14-17. We agree.

The manner and depth of an agency's price analysis is a matter within the sound exercise of the agency's discretion, and we will not disturb such an analysis unless it lacks a reasonable basis. Gentex Corp.--Western Operations, B-291793 et al.,

Mar. 25, 2003, 2003 CPD ¶ 66 at 27-28. It is up to the agency to decide upon the appropriate method for evaluation of cost or price in a given procurement, although the agency must use an evaluation method that provides a basis for a reasonable assessment of the cost of performance under the competing proposals. S. J. Thomas Co., Inc., B-283192, Oct. 20, 1999, 99-2 CPD ¶ 73 at 3. In reviewing a protest against the propriety of an evaluation, it is not our function to independently evaluate proposals and substitute our judgment for that of the contracting activity. Decisive Analytics Corp., B-410950.2, B-410950.3, June 22, 2015, 2015 CPD ¶ 187 at 11. Rather, we will review an evaluation to ensure that it was reasonable and consistent with the evaluation criteria in the solicitation and applicable procurement statutes and regulations. Id.

Here, we find unobjectionable the agency's determination that FDT's proposed task order level of effort met the requirements outlined in the PWS. As noted above, the offeror proposed fewer labor hours than estimated in the IGCE, which resulted in the agency initially deeming the offeror's LOE to be a "high risk of providing quality performance." See AR, Tab 15, Source Selection Mem., at 15-17, 19. Specifically, the agency documented its concern that FDT proposed [DELETED] FTEs in the base year and [DELETED] FTEs in the option years, whereas in the IGCE the agency estimated 30 FTEs in each year of performance.⁴ Id.; see AR, Tab 4, IGCE, at 1. The agency raised its concerns regarding FDT's proposed level of effort with the firm during discussions, questioning FDT's ability to complete the tasks within the proposed LOE. AR, Tab 10, FDT Discussion Letter, at 1. As highlighted above, in response to discussions, the offeror opted not to adjust its proposed level of effort and instead submitted additional justification and substantiation for its proposed FTEs. See AR, Tab 12, FDT Discussion Response, at 1-3. More specifically, FDT identified improved call center processes and methodologies that would allow for a reduction of staff in the options years. Id.

The record reflects that the agency assessed FDT's comprehensive response to discussions and reasonably concluded that FDT's proposed LOE met the requirements outlined in the task order PWS. In reaching this conclusion, the contracting officer confirmed FDT's assessment that during the past year there had been on average only 27 FTEs supporting the task order requirements.⁵ AR, Tab 15, Source Selection Mem., at 21. In addition, the contracting officer documented some of the efficiencies that FDT proposed, including, for example, [DELETED] to effectively manage call center operations. Id. The contracting officer

⁴ By way of comparison, the record reflects that i4 proposed [DELETED] FTEs for each year of performance. AR, Tab 14, i4 Final Revised Price Proposal, at 4; Tab 15, Source Selection Mem., at 18.

⁵ FDT reports that its team includes [DELETED]. AR, Tab 12, FDT Discussion Response, at 1.

acknowledged that the [DELETED] would improve staff efficiencies. Id. Also, the contracting officer highlighted that FDT proposed to [DELETED], which would [DELETED] be more efficient and accurate [DELETED].” Id. The [DELETED] would also decrease the amount of time for staff to perform [DELETED] Id. Based on these explanations, we find nothing unreasonable with the contracting officer’s determination that various efficiencies in FDT’s proposal would reduce the number of staff required to perform the PWS tasks.

In addition, the contracting officer pointed out that FDT’s staffing structure would also increase efficiencies and [DELETED]. Specifically, FDT offered a unique staffing profile that provided [DELETED]. Id. The contracting officer accepted FDT’s explanation that [DELETED] would “aid in retention.” Id. Thus, [DELETED] to perform these tasks. Id. The protester has offered no basis to question the agency’s findings in this regard.

While the protester argues that i4 proposed similar solutions and efficiencies, it has not demonstrated that the agency’s consideration of these proposal features in accepting FDT’s level of effort was flawed or otherwise in error. Indeed, contrary to i4’s suggestion, merely because the awardee proposed fewer FTEs than the incumbent contractor does not require a finding that the awardee proposed an insufficient level of effort. In addition, i4’s assessment that FDT failed to resolve the agency’s initial LOE concerns reflects the protester’s disagreement with the agency’s judgments and does not provide a basis to sustain the protest. Based on our review of the record, we do not agree that the agency’s conclusions were unreasonable or inconsistent with the solicitation.

Evaluation of FDT’s price

Next, i4 challenges the agency’s evaluation of FDT’s proposed price, primarily asserting that the awardee’s “drastically lower” price reflects FDT’s “confusion” about the technical requirements. See Protest at 26; Protester’s Comments at 29. In essence, the protester argues that had the agency conducted a price realism analysis, it would have deemed FDT’s price a performance risk.

When awarding a fixed-price contract, an agency is only required to determine whether the offered prices are fair and reasonable. FAR § 15.402(a); Per Aarsleff A/S et al., B-410782 et al., Feb. 18, 2015, 2015 CPD ¶ 86 at 17. An agency’s concern in making a price reasonableness determination is whether the offered prices are too high, rather than too low. Vital Link, Inc., B-405123, Aug. 26, 2011, 2011 CPD ¶ 233 at 6. Arguments that the agency did not perform an appropriate analysis to determine whether prices are too low, such that there may be a risk of poor performance, concern price realism not price reasonableness; price realism is not required to be evaluated by the agency unless the solicitation provides for such an analysis. Indtai Inc., B-298432.3, Jan. 17, 2007, 2007 CPD ¶ 13 at 4; Dismas Charities, Inc., B-289575.2, B-289575.3, Feb. 20, 2004, 2004 CPD ¶ 66 at 4.

Moreover, an offeror, in its business judgment, properly may decide to submit a price that is extremely low or below-cost. Sea Box, Inc., B-410220, Nov. 17, 2014, 2014 CPD ¶ 352 at 4 n.4.

Here, i4's arguments are premised on the protester's misconception that USDA was required to perform a price realism analysis to gauge whether FDT's proposed price reflected its understanding of the technical requirements.⁶ As described above, the solicitation stated that price proposals would be evaluated for fairness, reasonableness, price unbalancing, and compliance with the applicable SCA wage determinations. RFP at 37. In addition, the RFP stated that the price evaluation would consider an offeror's proposed IDIQ labor rates, as well as the offeror's rates, hours per labor category, and total hours to meet the task order requirement, and that a proposal may be determined unacceptable if the option prices were significantly unbalanced. See id.

Contrary to i4's apparent belief, the RFP here did not contemplate a price realism analysis. See RFP at 37. Specifically, the solicitation did not contain an express provision for a price realism analysis, nor did it advise offerors that their proposals could be rejected on the basis of low prices. Accordingly, a price realism analysis was neither required nor permitted. See ERIMAX, Inc., B-410682, Jan. 22, 2015, 2015 CPD ¶ 92 at 7-8; DynCorp Int'l LLC, B-407762.3, June 7, 2013, 2013 CPD ¶ 160 at 9.

Moreover, our review of the record confirms that USDA performed a reasonable price evaluation that was consistent with the solicitation criteria. In this regard, the record shows that the CPT evaluated i4's and FDT's overall prices by comparing them to each other and to the agency's IGCE. See AR, Tab 5, Source Selection Mem., at 15-17. Also as required by the solicitation, the CPT assessed offerors' proposed LOEs, including labor mixes, labor categories, and hours, by comparison to the IGCE and the task order PWS requirements, and determined the degree to which an offeror's LOE presented a risk to providing quality performance. Id. at 17-19. The CPT further evaluated offerors' proposed escalation factors and labor rates for the option years to determine whether proposed prices were unbalanced. See id. at 16-17. Moreover, the agency considered the discounts that offerors

⁶ i4 conflates price reasonableness with price realism. See Protester's Comments at 28-29 (arguing that when an offeror presents a proposal for largely the same services as the incumbent effort but at a price reduction of 33 percent below the IGCE, the agency must determine whether such a price is reasonable). Contrary to the protester's view, price reasonableness is an assessment of whether a price is unreasonably high, while price realism is an assessment of whether a price is too low. See, e.g., The Matthews Group, Inc. t/a TMG Constr. Corp., B-408003.3, B-408004.3, Mar. 21, 2014, 2014 CPD ¶ 104 at 8.

proposed (from their proposed IDIQ labor rates) to perform the task order. Id. at 16-17, 22-23. Finally, the agency considered whether an offeror's proposed labor rates for nonprofessional labor categories complied with the relevant SCA wage determinations.⁷ Id. at 15-17.

Based on its thorough evaluation, the agency reasonably concluded that the two offerors proposed fair and reasonable prices, sufficient levels of effort, and that prices for the option years were not unbalanced. While the protester argues that the agency should have conducted a different price analysis—one that focused on whether FDT's price was too low—we find that USDA's price evaluation was in accord with the solicitation and otherwise unobjectionable. Accordingly, i4's complaints fail to provide a basis to sustain the protest.⁸

Discussions

The protester argues that USDA held unequal and misleading discussions. Specifically, i4 asserts that the contracting officer provided key information and opportunities to FDT that he did not provide to i4. For example, according to i4, during written discussions the contracting officer allowed FDT to "adjust its technical approach" and level of effort, but he did not allow i4 to make similar adjustments. Protester's Comments at 24. In addition, the protester complains that during oral exchanges the contracting officer improperly disclosed to FDT its pricing position relative to the IGCE and provided FDT an additional opportunity to adjust its price proposal accordingly. Id. at 25-26. i4 claims that if it had been given similar information and the same opportunities, the firm would have adjusted its proposal to its advantage. Id. at 24. The protester also claims that the agency "materially misled i4 by directing it to lower its price" while also advising that the firm's technical proposal had no weaknesses and requesting that i4 not revise its level of effort or any technical aspect of its proposal. Protest at 22.

⁷ Inexplicably, the record reflects that i4 did not provide other than certified cost and pricing data, as required by the RFP, to demonstrate that i4's fully burdened labor rates for nonprofessional labor categories complied with the relevant SCA wage determinations. See RFP at 30; AR, Tab 15, Source Selection Mem., at 16, 21-23. The record also shows that the contracting officer did not raise this matter with i4 during discussions. See AR, Tab 11, i4 Discussion Letter, at 1; Tab 13, i4 Revised Price Proposal; Tab 14, i4 Final Price Proposal.

⁸ To the extent that i4 argues that the agency, as part of its price evaluation, ignored FDT's noncompliance with the RFP's requirements, the protester does not identify any aspect of the FDT's proposal, or the agency's evaluation thereof, that was allegedly inconsistent with the RFP's technical requirements. See Protester's Comments at 17-19.

USDA counters that its discussions with i4 and FDT were fair and proper. See AR at 20-22. According to USDA, it properly limited its discussions with i4 to its price proposal because the agency did not assess any weaknesses or deficiencies in i4's technical proposal. Id. at 21. Moreover, the agency asserts that it had no reason to hold discussions or seek clarifications regarding i4's LOE and labor mix, because they mirrored its current contract performance and the IGCE. See id. USDA maintains that i4 mischaracterizes the agency's discussions and that the protester has provided no evidence of disparate treatment. See id. at 21-22.

When an agency engages in discussions with an offeror, the discussions must be "meaningful," that is, sufficiently detailed so as to lead an offeror into the areas of its proposal requiring amplification or revision. See Hanford Envtl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 8. Although discussions must address deficiencies and significant weaknesses identified in proposals, the precise content of discussions is largely a matter of the contracting officer's judgment. FAR § 15.306(d)(3); Computer World Servs. Corp; CompQSoft, B-411216 et al., June 17, 2015, 2015 CPD ¶ 184 at 7. Exchanges however, need not be identical among offerors; rather, they need only be tailored to each offeror's proposal. See FAR §§ 15.306(d)(1), (e)(1); WorldTravelService, B-284155.3, Mar. 26, 2001, 2001 CPD ¶ 68 at 5-6. For example, requesting clarification from one offeror does not trigger a requirement that the agency seek clarification from other offerors. See Serco Inc., B-406061, B-406061.2, Feb. 1, 2012, 2012 CPD ¶ 61 at 13. We find, based on our review of the record, that the agency's discussions were neither unequal, nor misleading.

As noted above, the agency found that FDT's price proposal raised concerns that its proposed LOE may be inadequate to perform the task order and thus presented a performance risk. Consequently, the contracting officer, in his September 23 discussion letter to FDT, informed FDT of the concern and properly requested that it submit a revised price proposal or further justify its proposed LOE. AR, Tab 10, FDT Discussion Letter, at 1. Contrary to the protester's assertion, the agency did not provide FDT an opportunity to revise its technical proposal.

By contrast, the record reflects that the agency did not have any concerns with i4's proposed level of effort, deeming the number of hours and labor categories initially proposed "sufficient to meet the requirements." AR, Tab 15, Source Selection Mem., at 18. Accordingly, the contracting officer's September 23 discussion letter to i4, in effect, informed i4 that the agency found no shortcomings in its technical or price proposals, including its LOE, and simply requested that i4 consider providing further discounts of its labor rates. That is, despite identifying no weaknesses or deficiencies in its proposal, the agency provided i4 an equal opportunity to "revisit" its pricing. See AR, Tab 11, i4 Discussion Letter, at 1. Indeed, the protester took the opportunity to submit a revised price proposal with additional discounts. See AR, Tab 13, i4 Revised Proposal, at 2. By complaining that the agency conducted unequal discussions, the protester is essentially arguing that the agency failed to

identify a non-existing weakness--unlike the one identified in FDT's initial proposal--and then failed to raise that non-existing weakness during discussions.⁹ On this record, we do not agree that the agency's discussions were unequal.¹⁰

Similarly, we disagree with the protester that it was misled during discussions. Contrary to the protester's repeated assertions, USDA, in its discussion letter to i4, did not "direct" i4 to lower its price. See Protest at 10, 13, 22, 24; Protester's Comments at 10, 26-27. Rather, as quoted above, the agency requested that i4 "revisit" its price proposal and "consider providing further discounts." AR, Tab 11, i4 Discussion Letter, at 1. In this respect, the RFP explicitly encouraged offerors to propose discounts from their IDIQ labor rates. RFP at 29. Moreover, while i4 claims that it would have adjusted its proposal and LOE had it been given "similar information and the same opportunity" as FDT, besides its generalized claim, i4 has not identified any aspect of its proposal that the firm would have allegedly changed. See Protester's Comments at 24. Accordingly, the record does not support i4's contention that it was misled during discussions.

Equally unavailing are the protester's complaints regarding the phone conversation that the contracting officer had with FDT representatives. First, we agree with the agency that the phone conversation did not constitute formal discussions with FDT but rather clarifications to confirm two aspects of its proposal.¹¹ In situations where,

⁹ We note, as discussed above, i4 was in fact given a second opportunity to revise its price proposal (to remove the costs associated with social media innovations) subsequent to the September 25 oral exchanges. See AR, Tab 14, i4 Final Revised Price Proposal.

¹⁰ We also find no merit to the protester's complaint that the discussions were unequal because the agency sought clarification from FDT--and not i4--as to whether FDT's proposal would need to be revised in light of the fact that the agency would be providing a scanning/document management solution. See Protester's Comments at 25. The protester's argument reflects a misreading of the record. In this respect, while the protester proposed to rely on the same system already in use (i.e., the one provided by the agency), FDT had proposed its own new, different document management solution. Thus, the agency had no reason to seek clarification from i4 on this issue, and the clarifications did not result in any proposal revisions.

¹¹ FAR § 15.306 describes a spectrum of exchanges that may take place between a contracting agency and an offeror during negotiated procurements. Clarifications are limited exchanges between the agency and offerors that may occur when contract award without discussions is contemplated; an agency may, but is not required to, engage in clarifications that give offerors an opportunity to clarify certain aspects of proposals or to resolve minor or clerical errors. FAR § 15.306(a); Satellite Servs., Inc., B-295866, B-295866.2, Apr. 20, 2005, 2005 CPD ¶ 84 at 2 n.2.
(continued...)

as here, there is a disagreement concerning whether an exchange between an agency and an offeror constitutes discussions, we consistently have held that the acid test of whether or not discussions have occurred is whether the offeror has been afforded an opportunity to revise or modify its proposal. Archer Western Federal JV, B-410168.2, B-410168.3, Nov. 12, 2014, 2014 CPD ¶ 351 at 5-6. Here, notwithstanding the protester's assertions otherwise, the September 25 oral exchanges between the contracting officer and FDT reflect no intent on the part of the agency to request that FDT submit a revised technical or price proposal, and, in fact, FDT did not submit a revised proposal following the clarifications.

Moreover, we see nothing improper with the contracting officer disclosing to FDT that its price was lower than the IGCE.¹² Specifically, as outlined above, the contracting officer mentioned this information to FDT only in an effort to clarify whether FDT's price accounted for facilities; the agency did not provide this information to FDT as part of its written discussions and the firm was not afforded an opportunity to revise its proposal once it learned that its price was lower than the IGCE. On this record, we fail to see how i4 was prejudiced by the disclosure to FDT. That is, FDT received no benefit from learning this information.

To the extent that i4 believes the contracting officer was required to inform i4 of its pricing position relative to the IGCE, the agency, as noted above, found i4's price fair and reasonable. In this respect, while the FAR provides a contracting officer discretion to inform an offeror that its price is too high, it does not require that the contracting officer do so, especially where, as here, USDA did not consider i4's price a significant weakness or deficiency that the offeror could alter or explain to enhance the proposal's potential for award. See SOS Interpreting, Ltd., B-287477.2, May 16, 2001, 2001 CPD ¶ 84 at 3; Biospherics, Inc., B-285065, July 13, 2000, 2000 CPD ¶ 118 at 5 (there is no requirement that an agency inform an offeror during discussions that its price may be "too high," where the offeror's price is not considered excessive or unreasonable); see also KBM Group, Inc., B-281919, B-281919.2, May 3, 1999, 99-1 CPD ¶ 118 at 8-9 (agency did not mislead protester during discussions, even though award was ultimately made based on price and agency did not inform protester that its price was higher than awardee's price, where

(...continued)

Discussions occur when an agency communicates with an offeror for the purpose of obtaining information essential to determine the acceptability of a proposal, or provides the offeror with an opportunity to revise or modify its proposal in some material respect. See FAR § 15.306(d); see also Environmental Quality Mgmt., Inc., B-402247.2, Mar. 9, 2010, 2010 CPD ¶ 75 at 5.

¹² As discussed below, the FAR provides that a contracting officer may inform an offeror that its price is considered by the government to be too high, or too low, and reveal the results of the analysis supporting that conclusion. FAR § 15.306(e)(3).

agency did not believe that protester's price was too high for the approach taken). The protester has provided no basis to question the agency's discussions with the offerors.

Best-Value Determination

Finally, i4 protests USDA's source selection decision, asserting that the SSA's tradeoff analysis and best-value determination were unreasonable because they were based, in part, on the allegedly flawed price evaluation described above, among other reasons. In the protester's view, the agency essentially converted the best-value procurement to one where award was made to the lowest-priced, technically acceptable proposal.

In a best-value procurement, such as this one, it is the function of the SSA to perform a price/technical tradeoff to determine whether one proposal's technical superiority is worth a higher price. General Dynamics-Ordnance & Tactical Sys., B-401658, B-401658.2, Oct. 26, 2009, 2009 CPD ¶ 217 at 8. Even where price is the least important evaluation factor, as here, an agency properly may select a lower-priced, lower-rated proposal if the agency reasonably concludes that the price premium involved in selecting a higher-rated, higher-priced proposal is not justified in light of the acceptable level of technical competence available at a lower price. Id. The extent of such tradeoffs is governed only by the test of rationality and consistency with the evaluation criteria. Hillstrom's Aircraft Servs., B-403970.2, Dec. 28, 2010, 2010 CPD ¶ 303 at 5. Thus, a protester's disagreement with an agency's determinations as to the relative merits of competing proposals, or disagreement with its judgment as to which proposal offers the best value to the agency, do not establish that the evaluation or source selection was unreasonable. Id.

Here, we find unobjectionable the SSA's cost/technical tradeoff and source selection decision. First, as described above, we find no merit to i4's objections to the agency's price evaluation; thus there is no basis to question the SSA's reliance upon those judgments in making his source selection decision. Next, we disagree with the protester that the agency converted the procurement to one where award was made on a low-price, technically acceptable basis. In this regard, the record shows that in conducting his tradeoff, the SSA comparatively assessed i4's and FDT's proposals and analyzed the evaluators' findings, including the strengths and weaknesses assigned to proposals. See generally AR, Tab 15, Source Selection Mem., at 1-24. He reviewed the offerors' written and oral responses to his discussion and clarification questions, and extensively analyzed their proposed prices. Id. at 20-23. The SSA acknowledged that i4's proposal was rated higher than FDT's under the

past performance factor, the least important of the non-price factors.¹³ Id. at 23. The SSA also noted, though, that i4's evaluated price for the task order was 25 percent higher than FDT's. Id. Ultimately, the SSA reasonably concluded that "there is no technical benefit and it is not in the best interest of the Government to pay 25% more in price for i4's higher rated past performance." Id. While the protester disagrees with the SSA's conclusion, it has not shown it to be unreasonable.

Lastly, in its challenge to the source selection decision, i4 focuses on the specific ratings assigned to the proposals rather than the underlying evaluation itself. Such emphasis on ratings is misplaced. In this regard, where the evaluation and source selection decision reasonably consider the underlying basis for the ratings, including the advantages and disadvantages associated with the specific content of competing proposals, in a manner that is fair and equitable, and consistent with the terms of the solicitation, the protester's disagreement over the actual numerical, adjectival, or color ratings is essentially inconsequential in that it does not affect the reasonableness of the judgments made in the source selection decision. General Dynamics, American Overseas Marine, B-401874.14, B-401874.15, Nov. 1, 2011, 2012 CPD ¶ 85 at 10. Our Office has consistently recognized that ratings, be they numerical, adjectival, or color, are merely guides for intelligent decision-making in the procurement process. Citywide Managing Servs. of Port Washington, Inc., B-281287.12, B-281287.13, Nov. 15, 2000, 2001 CPD ¶ 6 at 11.

In sum, i4's protest reflects little more than disagreement with USDA's evaluation and source selection decision, which does not establish that the agency acted unreasonably or provide a basis to sustain its protest. See id. at 10.

The protest is denied.

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General Counsel

¹³ USDA acknowledges that it made an "administrative error" when it used a slightly different adjectival rating scheme than announced in the RFP for the past performance factor. CO Statement at 2; see RFP at 36-37. Nevertheless, we agree with the agency that i4 suffered no prejudice from this variation in ratings because all offers ultimately were evaluated under the same rating scheme and the two rating schemes were materially the same. See AR at 19-20. In this regard, competitive prejudice is an essential element of a viable protest, and where the protester fails to demonstrate prejudice, our Office will not sustain the protest. Guidline Instruments, Inc., B-409924.2, Jan. 13, 2015, 2015 CPD ¶ 36 at 5.