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## Decision

**Matter of:** ADNET Systems, Inc.

**File:** B-413033; B-413033.2

**Date:** August 3, 2016

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Michael I. Mark, Esq., and Alexander T. Bakos, Esq., National Aeronautics and Space Administration, for the agency.

Nora K. Adkins, Esq., and Noah B. Bleicher, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. Protest challenging the agency's evaluation of proposals under the solicitation's mission suitability factor is denied where the record shows that the agency fully considered the proposals, reasonably assigned weaknesses where warranted, and did not treat offerors disparately.
  2. Protest challenging the agency's past performance evaluation is denied where the evaluation was reasonable and the source selection authority was properly briefed on the findings.
  3. Protest challenging the agency's cost realism analysis is denied where the agency thoroughly evaluated the proposed costs and reasonably concluded that the costs were realistic and that no cost adjustments were required.
  4. Protest of the agency's best-value determination is denied where the decision was adequately documented, consistent with the solicitation's evaluation criteria, and otherwise unobjectionable.
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### DECISION

ADNET Systems, Inc., a small business of Bethesda, Maryland, protests the award of a contract by the National Aeronautics and Space Administration (NASA) to

Science Systems and Applications, Inc. (SSAI), a small business of Lanham, Maryland, under request for proposals (RFP) No. NNL15ZB1003R-1, for atmospheric science research services. The protester challenges the agency's evaluation of ADNET's and SSAI's proposals, as well as the agency's award decision.

We deny the protest.

## BACKGROUND

On July 17, 2015, NASA, Langley Research Center (LaRC), issued the RFP as a small business set-aside seeking proposals for the science, technology, and research support services (STARSS) III contract. RFP at 381.<sup>1</sup> In general terms, the solicitation was for atmospheric science research for LaRC in nine technical areas, such as support of space flight measurements, instrument technology development, data analysis, operation of an atmospheric sciences data center, and outreach activities. Id., Statement of Work (SOW), at 476-509. The solicitation contemplated the award of a contract with a 5-year performance period (exclusive of a 60-day phase-in period) and included three contract line item numbers (CLINs). Id. at 383, 389. The first CLIN was fixed-price and was for the phase-in period. Id. The second CLIN was cost-plus-fixed-fee and was for the core requirements. Id. The third CLIN, also cost-plus-fixed-fee, with a maximum value of \$60 million, was an indefinite-delivery, indefinite-quantity CLIN under which the agency could issue future task orders to accommodate additional work within the general scope of the contract. Id.

The solicitation established that award would be made on a best-value basis, considering the following evaluation factors: mission suitability, past performance, and price/cost. Id. at 463. The RFP provided that the three factors were of approximately equal importance. Id. at 469. When combined, the non-cost factors were significantly more important than cost. Id.

The mission suitability factor was divided into two subfactors: (1) management and staffing approach and (2) understanding the requirement and technical approach. Id. at 465-66. First, the solicitation instructed an offeror to identify and discuss five of the most significant programmatic risks for each subfactor and the approach to avoid, neutralize, or mitigate such risks during contract performance. Id. at 451. With respect to the management and staffing approach subfactor, the RFP instructed an offeror to describe its approach to recruitment and retention to assure that highly qualified professional employees were attracted and retained. Id. at 451. The solicitation provided three elements for an offeror to specifically address:

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<sup>1</sup> The agency assigned documents in the record, including the solicitation, sequential BATES page numbers, which we use in our decision.

(1) recruiting, hiring, and retaining incumbent personnel to staff the core requirements for key labor categories; (2) recruiting and retaining non-incumbent personnel to staff the core requirements for key labor categories; and (3) responding to surging workload requirements resulting from changing missions and requirements including the approach to identifying and recruiting subject matter experts for urgent missions or new task orders. Id. at 452. Additionally, under the subfactor, an offeror was to propose a total compensation plan to demonstrate its ability to attract and retain highly qualified professional employees. Id. The solicitation also required an offeror to describe its approach for managing fluctuating contract requirements including day-to-day management across the core requirements and management of task orders. Id.

With respect to the second mission suitability subfactor, the solicitation required an offeror to describe its approach to four elements: (1) performance of the atmospheric science data center work--described in the SOW--at the staffing levels established within the solicitation staffing plan, and its approach to identifying, adopting, and adapting to emerging technologies; (2) knowledge capture and retention of expertise to sustain long-term expertise in key technical areas of instrument design, measurement, algorithm development, and data analysis; (3) new business and proposal development techniques to facilitate LaRC in capturing new Science Directorate work; and (4) collaboration, participation, or teaming with NASA foreign counterparts on programs and missions. Id. at 453.

The RFP provided that the agency's evaluation of an offeror's proposal under the mission suitability factor first would assess the five programmatic risks identified by the offeror for each subfactor and the offeror's approach to avoid, neutralize, or mitigate such risks. Id. at 464. Under the first subfactor, the agency would evaluate an offeror's approach to recruitment and retention, as well as its approach for efficiently and effectively managing fluctuating contract requirements. Id. The agency also would assess an offeror's plan to identify, mitigate, neutralize, and/or avoid organizational and personal conflicts of interest. Id. at 465. Under the second subfactor, the solicitation advised that the agency would evaluate an offeror's technical approach to the four elements noted above.

With respect to the past performance factor, the solicitation required an offeror to list the three most relevant contracts that the prime (and each significant subcontractor) have on-going or completed within the past 3 years for requirements that were similar in size ("dollars per year"), content, and complexity to the requirements of the solicitation. Id. at 460. An offeror also was required to send a past performance questionnaire (PPQ) to the contract references identified in its list of most relevant contracts. Id. at 461.

The RFP provided that NASA would evaluate an offeror's past performance and assign a confidence rating, which was based on a pertinence (*i.e.*, relevance) component and a performance component.<sup>2</sup> Id. at 467. In assessing the pertinence of an offeror's identified contracts, the RFP advised that the agency would consider the degree of similarity of work performed in terms of size, content, and complexity of each relevant contract. Id. This analysis would also consider the amount and type of work each firm was proposed to perform on this effort, as well as the recency and duration of the past performance. Id. For the performance component of the past performance evaluation, the RFP stated that NASA would assess an offeror's overall performance record. Id.

With respect to cost, the solicitation instructed an offeror to complete various cost forms and submit data other than cost or pricing data as required by Federal Acquisition Regulation (FAR) § 15.403-3. Id. at 456. The solicitation also instructed offerors to include sufficient support and explain all costs proposed, through figures and a narrative explanation. Id. For proposal purposes, the solicitation identified labor categories, labor classifications, and work year equivalents (WYE), as well as an adjusted average direct labor rate for each labor classification for the incumbent contractor personnel.<sup>3</sup> Id. The RFP instructed offerors to use these rates as a guide if the offeror proposed to capture incumbent personnel as part of its overall staffing approach. Id. Further, offerors were instructed that a "significant" variance of 5 percent or more between an average direct labor rate provided in the RFP and an offeror's proposed weighted average rate for that labor classification had to be "fully explained and justified." Id. With respect to indirect rates, the solicitation instructed an offeror to provide a cost history for the last 3 years if its indirect rates had not been reviewed within the last 12 months by the responsible government auditing agency. Id. at 459.

The solicitation provided that the agency would determine if an offeror's price was fair and reasonable through a comparison of the offerors' prices, as well as a comparison to NASA's independent cost estimate. Id. at 466. The solicitation also provided that the agency would conduct a cost realism analysis by independently reviewing and evaluating specific elements of each offeror's proposed cost estimate to determine whether the proposed cost elements were realistic for the work to be performed, reflected a clear understanding of the requirements, and were consistent with the unique method of performance and materials described in the offeror's technical proposal. Id. The agency would derive a probable cost by adjusting an offeror's proposed costs to reflect any additions or reductions in cost elements to

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<sup>2</sup> The confidence ratings were: very high confidence, high confidence, moderate confidence, low confidence, very low confidence, and neutral. RFP at 467-68.

<sup>3</sup> Except for one, each labor classification contained multiple labor categories. RFP at 457.

realistic levels based on the results of the cost realism analyses; an offeror’s probable cost would be used to determine best value. Id. at 466-67. The RFP further cautioned that a “[l]ack of resource realism may result in adjustment to the Mission Suitability score.” Id. at 467.

NASA received five proposals in response to the solicitation, including ADNET’s and SSAI’s. Agency Report (AR), Tab 35, SEB Final Consensus Slides, at 1524. The agency’s source evaluation board (SEB) evaluated the proposals and assigned each ratings/scores. Id. at 1526. Under the mission suitability factor, the evaluators documented strengths and weaknesses for each subfactor and assigned proposals an adjectival rating, percentage score, and point score.<sup>4</sup> Id. at 1527-1673. With respect to past performance, the SEB assigned an adjectival rating for pertinence (based on size, content, and complexity) and performance. Id. at 1698, 1702-27. The SEB then combined these two components to determine an offeror’s confidence rating. Id. at 1696, 1699. Cost/price proposals were evaluated to determine if the costs proposed were reasonable, realistic, and consistent with the offeror’s technical approach. Id. at 1675-93. As appropriate, the SEB also revised an offeror’s mission suitability score based on information from the cost proposal. Id. The SEB’s evaluation resulted in the following ratings of ADNET’s and SSAI’s proposals:

		<b>ADNET</b>	<b>SSAI</b>
<b>Mission Suitability</b>	Subfactor 1 (650 points)	Very Good	Very Good
	Subfactor 2 (350)	Excellent	Excellent
	Overall (1,000)	897.5	914
<b>Past Performance</b>	Pertinence	<u>Overall = VHP<sup>5</sup></u> Size = VHP Content = HP Complexity = VHP	<u>Overall = VHP</u> Size = VHP Content = VHP Complexity = VHP
	Performance	Exemplary	Exemplary
	Confidence	Very High	Very High
<b>Cost/Price</b>			
	Proposed Cost	\$241,751,023	\$253,353,964

<sup>4</sup> The evaluators calculated the point score for each subfactor by multiplying the assigned percentage score by the total points available for the subfactor. E.g., AR, Tab 35, SEB Final Consensus Slides, at 1532. The available points reflected the relative weights of the subfactors. RFP at 469.

<sup>5</sup> The available pertinence ratings were as follows: very highly pertinent (VHP), highly pertinent (HP), pertinent (P), somewhat pertinent (SP), and not pertinent (NP). AR, Tab 35, SEB Final Consensus Slides, at 1698.

	Probable Cost	\$241,751,023	\$253,353,964
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Id. at 1526, 1701; Tab 34, Price and Cost Analysis, at 1486, 1490.

In assigning the mission suitability ratings, the SEB assessed ADNET’s proposal one significant strength, seven strengths, and four weaknesses under the management and staffing approach subfactor. AR, Tab 35, SEB Final Consensus Slides, at 1534-49. Under subfactor two, the SEB assessed the proposal two significant strengths, three strengths, and two weaknesses. Id. at 1551-63. With respect to SSAI’s proposal, the SEB assessed one significant strength, four strengths, and one weakness under the management and staffing approach subfactor, and two significant strengths and three strengths under subfactor two. Id. at 1624-33, 1635-44.

The SEB presented its findings to the source selection authority (SSA) who concurred with the SEB’s analysis and conclusions. AR, Tab 37, Source Section Statement, at 1773. The SSA then conducted his own integrated assessment of the proposals for each factor and subfactor. Id. at 1778-79. With respect to ADNET and SSAI, the SSA compared the two proposals and documented his comparison detailing the distinguishing features. Id. The SSA first concluded that SSAI’s proposal was superior to ADNET’s under the mission suitability subfactors due to the significant strengths assigned to SSAI’s proposal and considering the weaknesses assigned to ADNET’s proposal. Id. at 1776-78. Next, the SSA found that SSAI provided a “slightly superior proposal” with regard to past performance because the firm’s past performance contracts exhibited more pertinent overall content. Id. at 1778. Based upon this analysis, the SSA ultimately determined that SSAI’s higher-rated proposal was worth the higher cost and deemed SSAI’s proposal the best value to the agency. Id. at 1779.

ADNET was notified of the agency’s award decision on March 29, 2016. The protester received a debriefing, and filed its protest with our Office on April 25.

## DISCUSSION

ADNET challenges the agency’s evaluation and award decision. The protester contends that the agency unreasonably evaluated the protester’s and awardee’s proposals under each of the evaluation factors. ADNET also contends that the source selection tradeoff decision was based upon the agency’s unreasonable evaluation and was devoid of any explanation or justification as to why NASA opted to pay a higher price for SSAI’s proposal. Although our decision does not address all of ADNET’s arguments in detail, we have fully considered each of them and find that none provides a basis to sustain the protest.

### Mission Suitability Factor

The protester contends that the agency's evaluation of ADNET's and SSAI's proposal under the mission suitability factor was unreasonable. Specifically, ADNET challenges each of the six weaknesses assigned to its proposal. ADNET asserts that the agency's evaluation was improper because, in ADNET's view, the proposal addressed all of the agency's concerns. The protester also contends that the weaknesses were improper because the firm received strengths for similar aspects of its proposal. ADNET also maintains that NASA failed to evaluate the proposals of ADNET and SSAI equally. Based upon our review of the record, we find no merit to ADNET's allegations; by way of example, we discuss a few of the weaknesses below.

The evaluation of an offeror's technical proposal is a matter within the agency's broad discretion and our Office will not substitute our judgment for that of the agency; rather, we will examine the record to determine whether the agency's judgments were reasonable and consistent with the stated evaluation criteria and applicable procurement statutes and regulations. Aerostar Perma-Fix TRU Servs., LLC, B-411733, B-411733.4, Oct. 8, 2015, 2015 CPD ¶ 338 at 7. A protester's disagreement with the agency's judgment does not establish that the evaluation was unreasonable. Jacobs Tech., Inc., B-411784, B-411784.2, Oct. 21, 2015, 2015 CPD ¶ 342 at 6.

As stated above, the solicitation required an offeror to identify and discuss what the offeror considered to be the five most significant programmatic risks under each mission suitability subfactor. RFP at 451. Under the management and staffing approach subfactor, ADNET's proposal laid out five specific risks. See AR, Tab 24, ADNET Technical Proposal, at 564-65. One particular risk ADNET identified was "[REDACTED]." Id. at 564. Specifically, ADNET's proposal explained that "[REDACTED]." Id. ADNET's proposal presented several approaches to mitigate this risk, including [REDACTED]. Id.

The SEB reviewed ADNET's five management and staffing approach risks and assigned the proposal a weakness for two reasons. First, the SEB noted that ADNET failed to adequately demonstrate that [REDACTED] was a programmatic risk aligned with the criteria for the subfactor. AR, Tab 35, SEB Final Consensus Slides, at 1546. Second, the SEB highlighted that ADNET failed to identify as a key programmatic risk the "[REDACTED]." Id. at 1546. The evaluators concluded that the "inappropriately identified risk," and ADNET's failure to recognize a significant programmatic risk, increased the probability that ADNET would not be able to effectively manage contract fluctuations, and increased the risk of unsuccessful performance. Id.

ADNET disagrees and asserts that the risk related to [REDACTED] was properly associated with the management and staffing approach subfactor because it focused on a [REDACTED]. Protest at 30. In ADNET's view, ensuring [REDACTED], all of which, according to ADNET, were closely tied to the

management and staffing approach elements, such as the need to quickly and efficiently respond to surging workload requirements resulting from changing missions and requirements, as well as “day-to-day management across core effort and management of task orders.” Id. at 31; see RFP at 465.

Here, we find no basis to question the agency’s judgement. As explained above, the management and staffing approach subfactor focused on an offeror’s approach to recruitment and retention, its compensation plan, and its approach to efficiently and effectively manage fluctuating and surging contract requirements, as well as conflicts of interest. RFP at 465-66. The record confirms that ADNET’s proposal failed to describe how the firm’s [REDACTED] risk specifically correlated to recruitment and retention, fluctuating workloads, or conflicts of interest. Indeed, nothing in this portion of ADNET’s proposal addressed how the risk was related to [REDACTED], as the protester now asserts in its protest.<sup>6</sup> An offeror that does not affirmatively demonstrate the merits of its proposal risks that its proposal will be evaluated unfavorably where it fails to do so. See Jacobs Tech., Inc., supra, at 8. While the protester argues that the risk at issue was properly aligned with subfactor one, ADNET’s disagreement with the agency’s reasonable assessment does not establish that the agency conducted an improper evaluation.

With respect to the second rationale for the weakness--ADNET’s failure to recognize as a significant programmatic risk the [REDACTED]--the protester argues that this weakness was improper because the firm received strengths for similar aspects of its proposal. The protester also contends that if the agency had a preconceived list of programmatic risks for an offeror to address, it was required to disclose this in the solicitation. We find no merit to ADNET’s arguments.

As an initial matter, NASA maintains that it did not have any predetermined list of the significant risks it expected an offeror to address, and the agency argues that it evaluated the proposals in accordance with the solicitation. AR at 15. Further, the record is clear: ADNET’s proposal did not discuss any risk stemming from the [REDACTED]. Here, we agree with NASA that it was reasonable to expect offerors to address risks that pertained to each subfactor, including, as relevant here, the management and staffing approach element involving managing fluctuating contract requirements. See id.; RFP at 452. Thus, we find unobjectionable the assignment of a weakness to ADNET’s proposal based, in part, on the firm’s failure to recognize what the agency considered to be a significant programmatic risk.

Moreover, although the protester argues that the weakness was inconsistent with the assignment of a significant strength for its approach to managing the fluctuating

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<sup>6</sup> The agency notes that a risk stemming from [REDACTED] would more properly align with subfactor two, understanding the requirement and technical approach. See AR at 14-15.

workload, the record reflects that the SEB assigned the weakness based upon a different aspect of the protester's proposal (i.e., approach to management versus the acknowledgment of risk). Thus, we find no inconsistency in this result, and we find the agency's evaluation judgments in this regard reasonable. Aerostar Perma-Fix TRU Servs, LLC, supra, at 8 n.5; See R&D Dynamics Corp., B-298766, Dec. 11, 2006, 2006 CPD ¶ 195 at 6 (rejecting argument that a weakness for failure to provide sufficient detail regarding an innovation was inconsistent with the assignment of a strength for proposing the innovation).

Next, the protester challenges the agency's assignment of a weakness to ADNET's total compensation plan. The protester also contends that the agency's evaluation in this regard was unequal.

The SEB assigned a weakness to the protester's proposed total compensation plan because ADNET did not adequately explain how the firm's guarantee to [REDACTED] would be realized given that ADNET's proposed [REDACTED] rates were approximately [REDACTED] than the average annual rates provided in the RFP.<sup>7</sup> AR, Tab 35, SEB Final Consensus Slides, at 1548. In this regard, the agency concluded that this omission in ADNET's proposal introduced cost risk (in the business proposal) and could impact ADNET's ability to attract and retain highly qualified employees. Id.

ADNET makes several arguments with regard to the assignment of this weakness. None provides a basis to sustain the protest. For example, the protester attempts to misconstrue the weakness by arguing that the weakness was received for failing to explain the variance between its proposed rates and historical average rates provided in the solicitation. This assertion is not supported by the record. In this regard, the record demonstrates that the weakness was not assigned due to the variance in the proposed and historical rates; rather, the weakness was assigned because the protester failed to "adequately address in the [total compensation plan] how the [REDACTED] of the direct labor rates will be [REDACTED] in the remainder of the employee's compensation (e.g., leave, health benefits, bonuses) to fulfill the Offeror's guarantee of [REDACTED] to employee's total compensation." Id. Thus, the record is clear that the weakness focused on ADNET's failure to explain how it would implement its guarantee, not the fact that it proposed different [REDACTED] than those provided in the RFP, as suggested by ADNET.

The protester also asserts that the agency's assessment was improper because ADNET's total compensation plan adequately explained how its guarantee of [REDACTED] would be realized. As examples, ADNET points to portions of its

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<sup>7</sup> ADNET's total compensation plan provided that ADNET "[REDACTED]." AR, Tab 24, ADNET Technical Proposal, at 587. In this regard, the proposal provided that ADNET would, "[REDACTED]," "[REDACTED]," and "[REDACTED]." Id.

proposal where ADNET generally proposed to “[REDACTED],” “[REDACTED],” and “[REDACTED].” AR, Tab 24, ADNET Technical Proposal, at 586-87. ADNET also submitted a declaration by a program manager who was responsible for preparing ADNET’s proposed direct labor wage rates. Protester Comments, exh. A, Declaration, at 1. In the declaration, the program manager explains how ADNET calculated an [REDACTED] rate so that the protester could “[REDACTED].” Id. at 2. The declaration also explains that ADNET did not provide a detailed explanation of its [REDACTED] rates because the solicitation only requested additional detail when the proposed rates fell below 5 percent of the historical rates provided in the solicitation. Id. at 3.

Here, while we agree that ADNET’s proposal provided multiple guarantees to maintain current compensation, the proposal never explained exactly how it would fulfill these guarantees given that the firm proposed a [REDACTED]. Indeed, the program manager’s post-protest explanation, while clarifying for purposes of this protest, appears nowhere in ADNET’s compensation plan. Furthermore, while we also agree with ADNET that the solicitation did not require an offeror to address a variance of less than 5 percent of the historical rate in its cost proposal, the total compensation plan--part of an offeror’s technical proposal--had no such limitation and instead required a sufficiently detailed explanation of the firm’s compensation plan. In this regard, the solicitation cautioned that an offeror should ensure that its proposal was specific, complete, and concise. RFP at 448. The RFP additionally cautioned that an offeror should ensure that its cost proposal was consistent with its technical proposal in all respects. Id.

Due to the disconnect between ADNET’s compensation guarantee (in its technical proposal) and its proposed rates (in its cost proposal), we find reasonable the agency’s concerns that ADNET would not be able to meet its guarantee and thus would not be able to hire and retain incumbent employees. On this record, the agency’s assignment of this weakness was reasonable and consistent with the terms of the solicitation.<sup>8</sup>

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<sup>8</sup> We also disagree with the protester that it was inappropriate for the agency to assess a weakness to ADNET’s technical compensation plan based in part upon direct labor rates in ADNET’s cost proposal. The solicitation stated that the total compensation plan shall be compliant with FAR § 52.222-46, Evaluation of Compensation for Professional Employees, which states that the compensation plan “will be considered in terms of its impact upon recruiting and retention, its realism, and its consistency with a total plan for compensation.” FAR § 52.222-46(a); see RFP at 464. Thus, we cannot find improper the agency having taken into consideration ADNET’s proposed labor rates as part of the agency’s assessment of ADNET’s total compensation plan.

ADNET also claims that the SEB treated ADNET unequally because SSAI--the incumbent contractor--was not assessed a weakness despite unexplained variances between its proposed rates and the historical rates provided in the RFP, as well as other discrepancies between its total compensation plan and cost proposal. This allegation is not supported by the record. First, as just stated, ADNET's weakness was not assessed due to any variances between its proposed rates and the RFP-provided rates. Moreover, with respect to SSAI's technical proposal, the record reflects that the SEB conducted a thorough evaluation and actually assigned a strength to SSAI's total compensation plan. See AR, Tab 35, SEB Final Consensus Slides, at 1629 (SSAI "proposes an effective total compensation plan that includes competitive salaries and fringe benefits," and "the fringe benefits for [SSAI] include well-defined and competitive leave, healthcare, career development assistance, and retirement packages"). With respect to the awardee's proposed costs, the agency found that there were no "significant differences" between the firm's proposed rates and the historical rates provided in the RFP, contrary to ADNET's contention otherwise. AR, Tab 34, Price and Cost Analysis, at 1492. In sum, we find no disparate treatment in the agency's evaluation of ADNET's or SSAI's proposals.

#### Past Performance Factor

The protester challenges the agency's past performance evaluation, primarily the SEB's assessment of ADNET's prior contracts. ADNET asserts that the SEB ignored information submitted in ADNET's PPQs, which allegedly demonstrated that ADNET had very highly pertinent experience. The protester also contends that the SEB's evaluation of SSAI ignored an alleged recent decline in SSAI's performance under the incumbent contract, as well as "less than stellar ratings" on other relevant contracts. Supp. Protest at 4. ADNET also argues that the SEB failed to inform the SSA of SSAI's allegedly poor past performance.

The evaluation of an offeror's past performance, including the agency's determination of the relevance and significance of an offeror's performance history, is a matter of agency discretion, which we will not find improper unless it is unreasonable or inconsistent with the solicitation's evaluation criteria. CLS Worldwide Support Servs., LLC, B-405298.2 et al., Sept. 11, 2012, 2012 CPD ¶ 257 at 15. Where a protester challenges an agency's past performance evaluation, we will review the evaluation and award decision to determine if they were reasonable and consistent with the solicitation's evaluation criteria and procurement statutes and regulations, and to ensure that the agency's rationale is adequately documented. Falcon Envtl. Servs., Inc., B-402670, B-402670.2, July 6, 2010, 2010 CPD ¶ 160 at 7. A protester's disagreement with the agency's judgment concerning the merits of the protester's past performance does not establish that the evaluation was unreasonable. Sam Facility Mgmt., Inc., B-292237, July 22, 2003, 2003 CPD ¶ 147 at 3. Here, the agency's evaluation was reasonable and consistent with the RFP.

As stated above, the solicitation required an offeror to submit a list of the three most relevant contracts that the prime (and each significant subcontractor) has on-going, or completed within the past 3 years, for requirements that were similar in size, content, and complexity to the requirements of the solicitation. RFP at 460. An offeror also was required to send PPQs to references for each past performance contract identified in its proposal. Id. at 461. In addition, the solicitation required an offeror to submit a “thorough and complete” description of the content of the work performed, as well as a specific description of how the offeror’s prior experience was relevant to ten technical content areas identified in the PPQs.<sup>9</sup> Id.

In assessing the pertinence component of past performance, the RFP advised that the agency would consider the degree of similarity of work performed in the prior efforts in terms of size, content, and complexity. Id. at 467. In assessing the performance component, the RFP stated that NASA would evaluate an offeror’s overall performance record. Id. The solicitation additionally advised that “[i]solated or infrequent problems that were not severe or persistent, and for which the Offeror took immediate and appropriate corrective action, may not reduce the Offeror’s confidence rating.” Id. However, confidence ratings would be reduced when problems were within the contractor’s control and were significant, persistent, or frequent; if there was a pattern of problems; or if there was a negative trend of performance. Id.

As noted above, for the pertinence component of ADNET’s past performance, the agency determined that the protester demonstrated very highly pertinent experience in terms of size, highly pertinent experience in terms of content, and very highly pertinent experience in terms of complexity. AR, Tab 32, Past Performance Report, at 1401. The evaluators rated ADNET’s past performance as very highly pertinent overall. Id. With respect to the content aspect specifically, the SEB assigned ADNET’s proposal a highly pertinent rating because the agency found that the protester had demonstrated very highly pertinent experience in five of the ten technical content areas, highly pertinent experience in three of the areas, pertinent experience in one area, and somewhat pertinent experience in one area. Id. at 1390-1401.

ADNET asserts that the agency’s analysis of the content aspect of its pertinence assessment was flawed because the highly pertinent rating was inconsistent with

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<sup>9</sup> The ten content areas encompassed key technical elements in the SOW and included, in relevant part: demonstrated experience in fusion of large datasets for climate data records; teaming on competitive science research and analysis projects; and leveraging emerging technologies in an operational science data center environment. RFP, attach. 6, Past Performance Questionnaire; AR, Tab 32, Past Performance Report, at 1390-99.

the protester's relevant past performance data. In this regard, the protester alleges that the agency's evaluation failed to consider information contained in its proposal narrative, as well as the corresponding PPQs. ADNET asserts had the agency properly considered the PPQs, which according to ADNET indicated that the firm performed significant amounts of work in all ten content areas under its Space and Earth Science Data Analysis (SESDA) II and SESDA III contracts, the firm would have received a very highly pertinent content rating.

Here, the record supports the reasonableness of the agency's evaluation and assignment of a highly pertinent rating for the content of ADNET's past performance contracts. While the protester's references under certain of its PPQs provided that ADNET performed work in all ten content areas, the agency's analysis reasonably found otherwise. See AR, Tab 39, ADNET PPQs, at 1908, 1913; Tab 32, Past Performance Report, at 1390-1402. For example, the SEB found that ADNET's work in content area three--experience in fusion of large datasets for climate data records--involved the use of different tools than would be pertinent to the STARSS III contract, and that ADNET did not adequately demonstrate its role or the work performed in establishment of the multi-sensor aerosol products sampling system. AR, Tab 32, Past Performance Report, at 1392. In a second example, under content area four--experience in participating with international partners on earth science projects or missions--the SEB's analysis found that ADNET had not demonstrated adequate experience in collaboration with foreign partners in the performance of engineering tasks under SESDA III, and did not adequately describe its role or work that involved collaboration with international partners under SESDA II. AR, Tab 32, Past Performance Report, at 1393. Despite the protester's disagreement with the SEB's assessment, we see nothing unreasonable with the evaluators' conclusions.

The solicitation required the agency's evaluation to include a review of the offeror's past performance contracts; the offeror's narrative description of the content of the contract work and how its prior experience was relevant to ten technical content areas; and the offeror's PPQs. In accordance with this instruction, the record reflects that the agency independently assessed each offeror's past performance contracts for pertinence and did not blindly accept the PPQ references' ratings, as preferred by the protester. Given this, we find that the agency's evaluation was reasonable.<sup>10</sup>

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<sup>10</sup> We likewise have reviewed the entire record of SSAI's past performance, and the SEB's evaluation thereof, and find no support for the protester's claims that SSAI was unreasonably or unequally evaluated. See generally AR, Tab 32, Past Performance Report; Tab 42, SSAI PPQs, at 1965-84; Tab 43, SSAI PPIRS Record, at 1985-86; Tab 44, SSAI CPARS Records, at 1987-2000; Tab 45, SSA's Award Fee Evaluation System Records, at 2002-16. In this regard, the record demonstrates that the agency was fully aware of and reviewed SSAI's incumbent

(continued...)

## Cost Realism

ADNET contends that NASA failed to conduct a valid cost realism evaluation with respect to indirect rates. The protester argues that the agency calculated an adjustment to SSAI's rates but inexplicably failed to apply the adjustment to SSAI's proposed cost. ADNET asserts that a proper cost realism analysis would have resulted in an upward cost adjustment to SSAI's costs and changed the outcome of the agency's cost/technical tradeoff in favor of award to ADNET.

NASA argues that it properly evaluated the offerors' cost proposals and performed a thorough cost realism analysis. The agency disputes the protester's assertion that it made any probable cost adjustments and contends that none was necessary because the cost analyst reasonably determined that the proposed rates were realistic.

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. FAR §§ 15.305(a)(1); 15.404-1(d); CGI Fed. Inc., B-403570 et al., Nov. 5, 2010, 2011 CPD ¶ 32 at 4. Consequently, the 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)(1); Hanford Env'tl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 9. 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 Env'tl. Health Found., supra, at 8-9.

As stated above, the solicitation provided that the agency would conduct a cost realism analysis by independently reviewing and evaluating specific elements of each offeror's proposed cost to determine whether the cost elements were realistic for the work to be performed, reflected a clear understanding of the requirements, and were consistent with the unique method of performance and materials described in the offeror's technical proposal. RFP at 466. The agency would derive a probable cost by adjusting an offeror's proposed costs to reflect any additions or reductions in cost elements to realistic levels; an offeror's probable cost would be used to determine best value. Id. at 466-67.

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performance record, including the performance characterized by the protester as "less than stellar." The record also demonstrates that the SEB's past performance conclusions were properly presented to the SSA for the best-value tradeoff analysis. AR, Tab 36, SEB Briefing Charts, at 1694-1727.

Here, the record demonstrates that the agency's cost analyst conducted a thorough and reasonable analysis of direct labor and indirect rates. AR, Tab 34, Price and Cost Analysis, at 1490-99. The analyst concluded that the offerors' proposed costs were realistic and that no probable cost adjustments were required, notwithstanding ADNET's allegation to the contrary. Id. at 1490.

With respect to indirect rates, the analyst compared the proposed rates to estimated indirect rates for each team member (prime and proposed subcontractors). Id. In this regard, the analyst calculated estimated indirect rates based on the historical indirect rates provided in the offerors' proposals.<sup>11</sup> The analyst then compared the estimated rates to the proposed rates and applied the estimated rates to each team member's proposal to show the overall cost impact of applying the estimated rates. Id. at 1495-96. The analyst determined that the differences between the proposed indirect rates and the analyst's estimated rates were "relatively nominal" and "in no case [did] it appear a team member [was] underbidding its indirect rates." Id. at 1496. Thus, the analyst concluded that the proposed indirect rates were realistic and no cost adjustments were necessary.

With respect to SSAI's indirect rates specifically, the analyst determined that a "better analysis" was possible to assess the realism of SSAI's proposed indirect rates, one that did not include the use of estimates based on historical rates. Specifically, the analyst used for his analysis the indirect rates negotiated in a modification to SSAI's incumbent STARSS II contract.<sup>12</sup> Id. at 1497. Based on this comparison, the analyst determined that SSAI's proposed indirect rates "compare[d] favorably" to the negotiated incumbent rates and the differences were "relatively nominal." Id. Thus, the analyst concluded that SSAI's proposed indirect rates were realistic and no cost adjustment was necessary.<sup>13</sup> Id.

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<sup>11</sup> The analyst's estimated rates were based on each team member's recent indirect cost history (3 years) after incorporating the proposed core effort for the STARSS III work and assuming a 4.46 percent annual growth in each team member's business. AR, Tab 34, Price and Cost Analysis, at 1494.

<sup>12</sup> The analysis found the negotiated rates to be realistic because there was no incentive for SSAI to underbid (i.e., the modification was non-competitive). AR, Tab 34, Price and Cost Analysis, at 1497.

<sup>13</sup> In an effort to normalize the offerors' indirect rates (stemming from different accounting systems and structures), the analyst calculated a "wrap rate" for each offeror, and compared the offerors' wrap rates for realism purposes. AR, Tab 34, Price and Cost Analysis, at 1498. The wrap rate measured the firms' total indirect loads, and equaled 1 plus the percent difference between the burdened average labor rate and the direct average labor rate. Id. The results of this analysis demonstrated that the offerors and their significant subcontractors proposed very

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On this record, we find that the agency's cost realism analysis techniques were consistent with the FAR, and led to the reasonable conclusion that SSAI's indirect rates did not require a probable cost adjustment. While the protester asserts that the agency's estimated rates, or in the case of SSAI its negotiated rates, equate to the calculation of a most probable cost adjustment, we disagree. The agency used these rates (estimated or negotiated) merely as a benchmark to determine if the proposed rates were realistic. Based upon this benchmark, the agency determined that the difference between the proposed rates and benchmarked rates was nominal, the rates were realistic, and no cost adjustment was necessary. We find this analysis unobjectionable.

An agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or verify each and every item in assessing cost realism; rather the evaluation requires the exercise of informed judgment by the contracting agency. Cascade Gen., Inc., B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8. The methodology employed must, as here, 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. SGT, Inc., B-294722.4, July 28, 2005, 2005 CPD ¶ 151 at 7. There is no requirement that an agency follow any particular cost realism evaluation method, or evaluate costs using every possible method of analysis. Id. Accordingly, we find that the protester's allegations provide no basis to sustain the protest.<sup>14</sup>

#### Best-Value Decision

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similar total indirect wrap rates, which the analyst found to be an indicator that the proposed total indirect costs/burdens were realistic. Id. at 1499. This aspect of the realism analysis was not challenged by ADNET.

<sup>14</sup> Additionally, we disagree with the protester that the facts here are similar to those of our prior decisions sustaining protests where the SSA relied on the offerors' proposed costs, rather than the adjusted costs calculated as a result of the agency's realism analysis, in making the source selection decision. Cf. Magellan Health Servs., B-298912, Jan. 5, 2007, 2007 CPD ¶ 81 at 14 (protest sustained where SSA failed to take into account the cost adjustments recommended by the agency's own cost evaluation and instead considered only the offerors' proposal costs in the source selection decision). Here, despite the protester's assertions, the cost analyst did not recommend any adjustments to SSAI's proposed costs, and instead found them to be realistic. Thus, there was no reason for the SSA to use anything other than the proposed costs in his award determination.

Finally, the protester challenges the source selection decision, asserting that it was based upon an improper evaluation. ADNET also contends that the agency's selection decision was unreasonable because the SSA failed to adequately explain why he selected SSAI's higher-priced proposal for award.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results, and their judgments are governed only by the tests of rationality and consistency with the stated evaluation criteria. Client Network Servs., Inc., B-297994, Apr. 28, 2006, 2006 CPD ¶ 79 at 9; Atteloir, Inc., B-290601, B-290602, Aug. 12, 2002, 2002 CPD ¶ 160 at 5. Where, as here, a solicitation provides for a tradeoff between cost/price and non-cost factors, the agency retains discretion to make award to a firm with a higher technical rating, despite the higher price, so long as the tradeoff decision is properly justified and otherwise consistent with the stated evaluation and source selection scheme. FAR §§ 15.101-1(c), 15.308; See, e.g., TtEC-Tesoro, JV, B-405313, B-405313.3, Oct. 7, 2011, 2012 CPD ¶ 2 at 10. In reviewing an agency's source selection decision, we examine the supporting record to determine if it was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement statutes and regulations. See Honeywell Tech. Sols., Inc., B-406036, Jan. 3, 2012, 2012 CPD ¶ 43 at 5.

As discussed above, we find no merit to ADNET's objections to NASA's mission suitability, past performance, or cost evaluations. Thus, there is no basis to question the agency's reliance upon those evaluation judgments, and the protester's disagreement does not establish that the agency acted unreasonably.

With respect to the protester's challenges to the selection decision itself, we likewise find the agency's award decision unobjectionable. The record shows that the SSA reviewed the relative importance of the solicitation's evaluation criteria, recognized the relative advantages and disadvantages of the proposals, and identified numerous technical advantages offered by SSAI. AR, Tab 37, Source Selection Statement, at 1776-78. The record also reflects, despite the protester's arguments to the contrary, that the SSA fully documented and justified the cost/technical tradeoff selection of SSAI's higher-priced offer.

For example, the SSA noted that both ADNET and SSAI received a very good rating for mission suitability, and then the SSA looked behind the adjectival ratings. He concluded that SSAI offered a "comprehensive approach [that] will significantly enhance recruiting, hiring, and retention of incumbent and non-incumbent personnel for key labor categories." Id. at 1776. The SSA also reasonably concluded that the weaknesses assessed to ADNET's proposal demonstrated an increased risk to contract performance. Id. at 1777. In addition, the SSA highlighted that SSAI provided the strongest past performance, as compared to the other offerors, including ADNET. Id. Thus, the SSA concluded that the "relatively small difference in price between ADNET and SSAI is justified by the better technical and past

performance evaluations of SSAI.” Id. On this record, we find that the agency’s source selection decision was reasonable, consistent with the solicitation’s evaluation criteria, and adequately documented.

The protest is denied.

Susan A. Poling  
General Counsel