



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

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Matter of: Lear Siegler Services, Inc.

File: B-280834; B-280834.2

Date: November 25, 1998

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DIGEST

1. Protester's contention that inconsistencies in the ratings definitions found in the source selection plan resulted in an unreasonable evaluation is denied where the record shows that the evaluators performed a reasonable assessment of proposals in accordance with the solicitation's evaluation plan.
2. Allegation that agency held inadequate discussions because it did not advise the protester that its price was considered high is denied where the record shows that the protester's initial price was, in fact, within the middle range of prices, and even as revised, was not so much higher than the prices of other offerors to require advising the protester of this fact.
3. Protest that agency's evaluation of past performance failed to consider the relevance of an offeror's experience is denied where the record shows that the agency evaluators considered the awardee's lack of relevant experience and reflected it in the assigned rating. Although the record is less clear about whether the agency considered the relevance of the protester's experience (protester was the incumbent for these services for the previous 10 years), the agency reasonably rated the protester's experience as satisfactory, given the protester's problems in performing these services during the predecessor contract.
4. Contention that agency performed a flawed price analysis by failing to consider whether the awardee planned to provide the fringe benefits required under the

applicable collective bargaining agreements and wage determinations, thus permitting the awardee a competitive advantage, is denied where the record does not indicate that the awardee will not comply with the required compensation levels, and where the agency's price analysis was otherwise reasonable.

5. Protester's contention that agency failed to perform an appropriate price/technical tradeoff between its proposal and the proposal of the awardee is denied where the record shows that the protester was not prejudiced by any failure in this regard because the protester was not next in line for award. Instead, a tradeoff was made between the awardee's lower-rated, lower-priced proposal, and another offeror's proposal that was rated higher, but priced lower, than the protester's proposal.

DECISION

Lear Siegler Services, Inc. (LSI) protests the award of a contract to Sikorsky Support Services, Inc., by the Department of the Navy pursuant to request for proposals (RFP) No. N00019-97-R-0030, issued for maintenance of fixed- and rotary-wing aircraft at Naval Air Stations in Meridian, Mississippi; Pensacola, Florida; and Corpus Christi, Texas. LSI argues that the Navy's method of evaluating proposals was irrational; that the agency failed to hold meaningful discussions; that the agency's assessment of past performance and its price analysis were unreasonable; and that the selection decision was flawed for the reasons above, and improper on its face.

We deny the protest.

BACKGROUND

The RFP, issued December 24, 1997, sought maintenance services for approximately 139 T-2C and TA-4J aircraft (together with approximately 5 HH-1N and UH-3H helicopters) used by the Chief of Naval Air Training to train undergraduate student pilots in intermediate and advanced "Strike" fighter skills. Hearing Transcript (Tr.) at 83-84. The RFP anticipated award of a fixed-price requirements contract for a 1-year base period, followed by four 1-year options, to the offeror whose proposal represented the best value to government.

As amended, the RFP identified three evaluation factors, in descending order of importance: technical, management, and price. Under the technical and management evaluation factors were the following subfactors (technical subfactors listed in descending order of importance; management subfactors equal in weight):

Technical

- Maintenance and logistics support approach
- Engineering support and services
- Quality assurance program
- Safety and environmental

Management

- Management approach
- Experience/past performance/systemic improvement

RFP, amend. 0005, § M-2, para. 1. Under the price evaluation factor, the RFP advised offerors that the agency would perform a price analysis, including calculating an evaluated price using a weighted average method, as well as a best estimated quantity (BEQ) price. Id. at para. 2. The RFP further advised that the agency would assess risk under each evaluation factor and subfactor. Id. at para. 1.

The Navy received four initial proposals, including those submitted by LSI and Sikorsky. To evaluate the technical and management portions of the proposals, the Navy convened a technical evaluation team (TET); to review price proposals, the Navy convened a price evaluation team (PET). At the conclusion of the TET and PET reviews, the teams presented their findings to a competitive award panel (CAP). The TET findings, in particular, consisted of a list of evaluated strengths and weaknesses under each factor and subfactor, for each of the four proposals. The PET review identified each offeror's evaluated price and BEQ price, along with any comments regarding the price proposal and any subjects for discussion or clarification with the offeror.

After presentations by the TET and PET, the CAP recommended to the source selection authority (SSA) that all four proposals be included in the competitive range for award, and that the Navy hold discussions with the offerors. The SSA concurred, and after discussions, offerors were asked to submit written responses, and any revised prices by June 18, 1998. After review of these submissions, offerors were asked to submit final revised proposals (FRP) by July 1. Although the call for FRPs permitted changes, offerors were advised that any changes required documentation.

Upon receipt of FRPs, the TET and PET revised their evaluations, and, on July 7, presented the results of their final review to the CAP. The minutes of this CAP meeting were memorialized in a memorandum dated July 8, which contains a summary of the overall technical and management ratings and risk assessments, as

well as the proposed evaluated and BEQ prices. The final overall ratings and prices, as set forth in the CAP memorandum¹, are shown below:

	Technical rating/risk	Mgmt. rating/risk	Overall rating/risk	Evaluated Price (millions)	BEQ Price (millions)
Offeror A	S/M	HS/L	S+/M	\$172.0	\$177.4
LSI	S+/L	S/L	S/L	\$181.1	\$173.3
Offeror B	S+/L	S+/M	S+/L	\$169.7	\$165.1
Sikorsky	S/M	S/L	S/M	\$149.6	\$147.7

CAP Memorandum, July 8, 1998, at 2-4. In reviewing these results, the CAP "decided there was no competitive advantage for awarding to either [LSI] or [Offeror A] since both were considerably higher in price than either [Offeror B] or Sikorsky." Id. at 3.

The CAP memorandum also considered whether to raise the overall risk rating for Sikorsky from medium to high, but concluded that the medium risk factor need not be changed, and that the risk of awarding to Sikorsky versus Offeror B was offset by the \$17.4 million in savings achieved from awarding to Sikorsky.² Id. In addition, the CAP memorandum stated:

Although Sikorsky's proposed price is low and they provide no risk mitigation plan to cover the potential loss of qualified personnel, the CAP believed that these concerns could be rectified with close Government monitoring and by adding a CDRL [Contract Data Requirements List] for a Government-approved training program at the time of award.

Id. at 4.

¹The CAP report adopts the summary assessments used by the TET to report its findings. The TET used adjectival ratings of outstanding (O), highly satisfactory (HS), satisfactory (S), marginal (M), or unsatisfactory (U). These adjectival ratings were supplemented by a plus (+) or minus (-) sign as appropriate. Risk was assessed as either high (H), medium (M), or low (L).

²The price savings used for the cost/technical tradeoff in the CAP memorandum, and by the Navy throughout this procurement, is based upon a comparison of the BEQ prices.

One week later, on July 14, 1998, the SSA concurred in the recommendations found in the CAP memorandum by marking an "X" on a cover sheet appended to the memorandum. Although the SSA testified that some of the members of the CAP discussed the evaluation results with him, there is no separate memorandum of that discussion, and the minutes of the CAP meeting were used as the source selection document. See Tr. at 41-42. The Navy awarded the contract to Sikorsky on August 10, notified LSI of the award the next day, and provided a debriefing to LSI on August 14. On August 19, LSI filed this protest.

In response to LSI's protest, our Office requested a report from the Navy by not later than September 18. On September 9, the CAP reconvened to prepare a new selection decision, which was again reflected in a memorandum, and again adopted by the SSA. The SSA's concurrence and the second CAP memorandum are dated September 16. During the course of the hearing held by our Office, the SSA explained that the CAP was reconvened in response to the protest and was tasked to perform a tradeoff between the proposals submitted by LSI and Sikorsky, because the earlier CAP memorandum had not focused on a tradeoff with LSI, but with another offeror--i.e., offeror B in the table above. Tr. at 39-40. In this document, the CAP lists each of the identified strengths of the LSI proposal, and concludes that none of these strengths are sufficient to justify selection of LSI's higher-priced, higher-rated proposal over the lower-priced, lower-rated proposal submitted by Sikorsky.

ANALYSIS

As stated above, LSI's protest raises three distinct types of challenges to the Navy's conduct of this procurement: (1) process challenges, including the evaluation method and the adequacy of discussions; (2) substantive challenges, including the evaluation assessments in the areas of past performance and price realism; and (3) a challenge to the source selection decision. Based on our review of the record, and a hearing convened in this protest, we disagree with LSI's challenges to the method of the evaluation, the adequacy of discussions, and the substantive evaluation assessments, as discussed in greater detail below. On the other hand, while we agree that the source selection statement was flawed, we conclude that LSI was not prejudiced by the agency's actions in this area.

The Challenge to the Evaluation Method

LSI argues that the ratings definitions used by the evaluators to rate proposals under all of the factors and subfactors, as well as the method of preparing consensus summaries of the evaluation results, improperly culminated in all of the proposals receiving the same satisfactory rating under almost every factor and subfactor. With respect to the issue of ratings definitions, LSI explains that the definitions in the source selection plan require reliance on information about the offeror's past performance that was generally not available to the technical

evaluators. While LSI is correct about the problem with the ratings definitions, we do not agree that this problem resulted in an unreasonable evaluation of proposals.

The Navy's source selection plan contained the following standard for a rating of outstanding:

Proposal significantly meets or exceeds the requirements of the solicitation and contains at least one exceptional enhancing feature which benefits the Government. Offeror demonstrates past performance that consistently exceeds expectations. Any weakness is minor.

Source Selection Plan, Jan. 13, 1998, at 8 (emphasis added). Similarly, each of the other definitions required a conclusion about the offeror's past performance: the rating of "satisfactory" required a conclusion that past performance "generally meets expectations." Id. at 8-9. LSI contends that since the technical evaluators generally did not review the past performance portion of the proposal, they lacked information upon which to base the conclusions requested by the ratings definition.

Preliminarily, we note that to the extent LSI argues that the Navy failed to follow the source selection plan, its argument ignores the distinction between an evaluation scheme included in the RFP, and a source selection plan provided to evaluators as a guideline. As between these two documents, it is the RFP--and the evaluation scheme set forth therein--that forms the compact between the agency and the offerors about how proposals will be evaluated. Loral Aeronutronic, B-259857.2, B-259858.2, July 5, 1995, 95-2 CPD ¶ 213 at 9. Source selection plans are internal agency instructions and do not give rights to outside parties. Id. at 9-10.

Even though our Office will not sustain a protest based on deviations from the source selection plan, we were concerned about how this anomaly in the ratings plan affected the evaluation. During the hearing in this protest, one of the technical evaluators testified about the evaluation process and confirmed that he did not review the past performance volume, or any other unrelated proposal volume, unless specifically referenced there by the portion of the technical proposal he was reviewing. Tr. at 255, 260-61. Nonetheless, he explained that while he recognized the "three-legged" nature of the ratings definitions--i.e., each rating sought an assessment of requirements, enhancing features, and past performance--he was able to evaluate proposals using the selection plan's definitions, and did not feel unable to award ratings of outstanding or highly satisfactory because of a lack of information. Tr. at 252-54, 270-71. In addition, he noted that despite the ratings definition, there were still ratings of highly satisfactory or outstanding awarded to portions of some proposals. Tr. at 271. The evaluator explained he was comfortable making the assessment called for by the ratings definition because

there was other past performance information mentioned within each portion of the proposal. Tr. at 255.

While the testimony here confirms LSI's contention that the technical evaluators generally did not review the past performance volumes in the proposals, the record establishes that the evaluators nonetheless made assessments across the range of definitions (including awarding ratings of highly satisfactory and outstanding (Tr. at 271)), despite the apparent problem with the ratings definitions. In addition, LSI has not shown--nor has it argued--that any of its ratings under the technical evaluation criteria were unreasonable. Thus, we conclude that this problem with the ratings definition did not translate to an unreasonable evaluation of the proposals vis-à-vis the evaluation criteria.

Secondly, LSI argues that in preparing summary materials for higher-level review, the evaluators leveled the differences between proposals by awarding ratings of satisfactory regardless of the numbers of strengths and weaknesses identified. LSI contends that it was unreasonable for its proposal to receive an overall rating of satisfactory/low risk, while Sikorsky's proposal received a rating of satisfactory/moderate risk, given the fact that the evaluators identified 18 strengths and only 2 weaknesses in LSI's proposal, while identifying 8 strengths and 10 weaknesses in Sikorsky's proposal. In addition, LSI points out that 4 of Sikorsky's 8 strengths were related to helicopter maintenance, while only 5 of the 144 aircraft covered by this procurement are helicopters. Tr. at 83-84.

An agency's method for evaluating the relative merits of competing proposals is a matter within the agency's discretion, since the agency is responsible for defining its needs, and the best method for accommodating them. Advanced Tech. and Research Corp., B-257451.2, Dec. 9, 1994, 94-2 CPD ¶ 230 at 3. Where an evaluation is challenged we will examine the record to determine whether the agency's judgment was reasonable and consistent with stated evaluation criteria and applicable statutes and regulations. ESCO, Inc., B-225565, Apr. 29, 1987, 87-1 CPD ¶ 450 at 7. Our chief concern is not the numbers of strengths or weaknesses, point scores, or specific ratings, but whether the evaluation communicates the principal strengths and weaknesses to the SSA and whether the record supports the evaluators' conclusions. Innovative Logistics Techniques, Inc., B-275786.2, Apr. 2, 1997, 97-1 CPD ¶ 144 at 9.

Here, the Navy agrees, and the record confirms, that the agency's evaluators identified more strengths and fewer weaknesses for LSI than Sikorsky. The Navy explains, however, that LSI's proposal's strengths, either alone or collectively, did not raise the proposal to the level of highly satisfactory or outstanding in the eyes of its evaluators. Thus, the Navy argues that its evaluation was reasonable, and that there was no methodology of leveling, as LSI urges.

Our review of the record shows nothing unreasonable in the Navy's approach to assigning overall adjectival ratings to each proposal based on the proposal's assessed strengths and weaknesses. See id. Nor do we see anything unreasonable about the adjectival ratings assigned to LSI's proposal. In this regard, we find persuasive the testimony of the evaluator who explained that the large number of satisfactory ratings was, in fact, the consensus view of the evaluators about the merits of the proposals reviewed. Tr. at 271. As stated above, we note that LSI does not claim that its individual ratings were unreasonable, only that the relative strengths and weaknesses of its proposal were lost in the process. Accordingly, we deny LSI's challenge to the underlying process of assigning ratings.

Adequacy of Discussions

LSI also argues that discussions were inadequate because the Navy did not advise the company that its price was significantly higher than Sikorsky's, or that its price proposal contained two identified weaknesses.

Our Office reviews the adequacy of agency discussions to ensure that agencies point out weaknesses that, unless corrected, would prevent an offeror from having a reasonable chance for award. Department of the Navy--Recon., B-250158.4, May 28, 1993, 93-1 CPD ¶ 422 at 3. For the reasons set forth below, we conclude that, under the circumstances here, the Navy was not required to advise LSI that its price was higher than Sikorsky's, or about the two weaknesses identified in LSI's price proposal.

The record shows that at the conclusion of initial evaluations, one offeror's price was significantly above, and one's significantly below, the spread of prices. (A table summarizing the pricing³ at the time of initial, revised, and final revised proposals is set forth below.)

³The Selection Decision in this procurement was ultimately based on the BEQ prices submitted by each offeror, rather than the evaluated prices shown in three of the four columns of this table. This table shows evaluated prices because the record contains no calculation of a revised BEQ price for the offerors. Thus, for consistency of comparison, this discussion is based on the evaluated prices.

PROPOSAL PRICES
(in millions of dollars)

	Initial Evaluated Price	Revised Evaluated Price	Final Evaluated Price	Final BEQ Price
Offeror A	\$200.8	\$178.2	\$172.0	\$177.4
LSI	\$170.0	\$184.4	\$181.1	\$173.3
Offeror B	\$163.3	\$169.7	\$169.7	\$165.1
Sikorsky	\$137.9	\$150.3	\$149.6	\$147.7

PET Briefing for CAP, July 7, 1998, at second and nineteenth unnumbered pages. As a result, the Navy opted to advise Sikorsky that its initial price was considered low, and Offeror A that its initial price was considered high. CAP Minutes, May 18, 1998, at 5-6.

Offerors were asked to respond to the discussion questions and revise their proposals as needed, by June 18. In this revised submission, LSI's evaluated price increased significantly and, at \$184.4 million, was the highest-priced revised proposal. One week later, without further discussion questions for any offeror, the Navy advised that discussions were concluded and called for FRPs by July 1. In addition, the Navy counseled that further changes to proposals were not expected, and that any changes must be documented.

While LSI contends it was unreasonable for the Navy not to advise it that its price was considered high--given the Navy's willingness to advise Offeror A and Sikorsky that their prices were considered high and low, respectively--there is nothing about LSI's pricing posture at the time the Navy evaluated initial proposals that triggered a requirement for the Navy to advise the company that its price was considered high. As shown above, LSI's price was more than \$30 million lower than Offeror A's price, and was in line with the price submitted by Offeror B.

In addition, we are not convinced by this record that even if the Navy had held a second round of discussions after receiving responses to its first round--and it did not--that there was a requirement to advise LSI that its revised price was too high. At the time of revised proposals, each offeror other than Offeror A (whose initial price had significantly exceeded the others) increased its price significantly. While LSI's price became highest, the table above shows that LSI's revised price was not dramatically above either Offeror A or Offeror B's price. Under these

circumstances, we will not conclude that the Navy was required to advise LSI that its price was considered high.⁴

The second prong of LSI's complaint about the adequacy of discussions regarding its price involves two weaknesses identified by the Navy in the price proposal. First, LSI argues that it should have been advised that the Navy identified high pricing in the low quantity areas of the proposal as a weakness, causing the evaluated price to be high. PET Briefing to CAP, July 7, 1998, at twelfth unnumbered page.

Our review of the evaluation materials prepared in response to LSI's initial proposal leads us to reject this argument completely. The PET's assessment of LSI's initial proposal notes that "[b]and pricing and [m]anning are balanced compared to [the] BEQ." This assessment is supported by the fact that LSI's initial evaluated and BEQ prices are relatively close, \$169.96 million and \$163.21 million, respectively. Initial PET Briefing, May 18, 1998 at ninth unnumbered page. Thus, this problem was first present in LSI's FRP, and LSI, not the Navy, bears the risk for negative changes made in its final proposal submission. Mine Safety Appliances Co., B-242379.5, Aug. 6, 1992, 92-2 CPD ¶ 76 at 7. In addition, we note that the selection decision in this procurement was based on BEQ prices, not evaluated prices, suggesting that this weakness may have had no impact on the selection decision.

Also, LSI argues that the Navy was required to advise the company that it considered the price proposal weak because the "[p]roportion of flight hour pricing with relation to fixed maintenance is lower than that experienced on past and present maintenance contracts." PET Briefing to CAP, July 7, 1998, at twelfth unnumbered page.

The record here shows that the Navy identified this issue in LSI's initial proposal, but did not label it a weakness and did not raise the matter during discussions. Initial PET Briefing, May 18, 1998 at ninth and tenth unnumbered pages. In the final evaluation, the Navy noted that the ratio remained unchanged and labeled this a weakness, as quoted above. PET Briefing to CAP, July 7, 1998, at eleventh and twelfth unnumbered pages. LSI claims that if it had been directed to this imbalance in its pricing structure, it would have reviewed the Navy's concerns and lowered its price. Protester's Comments, Sept. 28, 1998, at 41.

⁴LSI also argues that during the week between the time it submitted its revised price and the time the Navy advised offerors that discussions were concluded, the Navy should have advised LSI that its price was considered high. We need not reach this issue, since we conclude that the Navy would not have been required to advise LSI about this issue, even if the Navy had conducted further discussions.

In our view, the comments of the evaluators regarding the ratio of flight hour pricing to fixed maintenance costs do not translate to the kind of weakness about which LSI had to be advised during discussions, despite the decision of the pricing team to highlight this issue for the CAP. As stated above, at the conclusion of the initial evaluation, LSI's price was not out of line with the competition, and, in fact, was in the middle of the offered prices. Given the moderate nature of the total price, the fact that the evaluators observed a difference in the proposed versus experienced relationship between these two elements of the price does not mean that LSI should have been advised to consider changing the balance it had struck in building its price proposal. In short, even if we assume that LSI would have lowered its price had it been advised of the Navy's views, we do not find in these facts that the Navy was required to advise LSI of this issue during discussions.⁵

Past Performance

LSI argues that the Navy's past performance review was unreasonable because the agency made no judgment about whether an offeror's past performance was relevant to the effort here, and as a result, assigned the same past performance score to Sikorsky's proposal as it did to LSI's. Since Sikorsky's experience is largely with rotary-wing aircraft--a very small portion of the total aircraft to be maintained under this contract--while LSI has performed these services for the previous 10 years, LSI argues that there is no basis for a finding that the offerors were equal in this area. For the reasons set forth below, we conclude that the evaluation in this area is reasonable.

As stated above, the experience/past performance/systemic improvement evaluation subfactor was one of two equally-weighted subfactors under the management factor in the RFP. The RFP requested offerors to provide information directly applicable to the tasks here, including information on previous similar programs in the same plant, division or cost center where the offeror intends to provide these services. RFP, amend. 0005, § L-13(b)3.2.2. In addition, offerors were specifically advised that the relevancy of their recent experience would be evaluated. RFP, amend. 0005, § M.2, para. 2. At the conclusion of the Navy's review of FRPs, both LSI and Sikorsky received ratings of satisfactory/low risk under this subfactor.

As with any evaluation factor, when a protester challenges an evaluation of its past performance and experience, we will examine the record to determine whether the agency's judgment was reasonable and consistent with the stated evaluation criteria

⁵We also cannot fail to observe that among the offerors here, LSI--the incumbent for the previous 10 years--was uniquely positioned to make an informed judgment about the appropriate ratio between flight time and maintenance costs for these services, and was less in need of coaching during discussions about costs experienced in the past than any other offeror at the table.

and with applicable statutes and regulations. IGIT, Inc., B-275299.2, June 23, 1997, 97-2 CPD ¶ 7 at 5; ESCO, Inc., B-225565, Apr. 29, 1987, 87-1 CPD ¶ 450 at 7. In addition, as LSI contends, a proposal reflecting more relevant successful past experience should generally be rated higher than a proposal reflecting clearly less relevant past performance. Israel Aircraft Indus., Ltd; MATA Helicopters Div., B-274389 *et al.*, Dec. 6, 1996, 97-1 CPD ¶ 41 at 9; Ogden Support Servs., Inc., B-270012.4, Oct. 3, 1996, 96-2 CPD ¶ 137 at 3.

Here, there can be little doubt that LSI's experience in performing the same effort for the previous 10 years is more relevant than the past performance offered for review by Sikorsky. There is no dispute in the record that each of the three Sikorsky contracts evaluated by the Navy involves maintenance of helicopters or helicopter components, while the maintenance effort here is comprised of 139 fixed-wing aircraft and only 5 helicopters.

On the other hand, LSI's contention that the Navy failed to consider the relevance of its and Sikorsky's past performance and experience is not supported by the record. While LSI is correct that no mention of the relevance of an offeror's experience is made in the summary evaluation documents, our review of the individual evaluation sheets shows otherwise. With respect to Sikorsky, the evaluation sheets show at least three instances--and possibly four⁶--where evaluators assessing the experience/past performance subfactor specifically note that Sikorsky's experience is largely with helicopters and not with fixed-wing aircraft. Having clearly considered that Sikorsky's experience is different from the effort covered by this procurement, the evaluators then rated Sikorsky's experience as satisfactory under this subfactor.⁷ This is a judgment well within the discretion of

⁶Because the individual evaluator's scoresheets are not particularly well-organized, we cannot rule out the possibility--based on a similarity in the handwriting--that one of the four worksheets identified in our review may, in fact, be a summary sheet prepared by one of the same evaluators who prepared the other three scoresheets. These scoresheets are found in the Agency Report, Tab 17, at the twenty-eighth, thirty-first, thirty-seventh, and sixty-fourth unnumbered pages.

⁷With respect to Sikorsky's rating, we disagree with the protester's assertion that the situation here is like the situation we reviewed in Ogden Support Servs., Inc., *supra*. In that case, as here, the RFP sought evidence of similar experience for evaluation under the past performance factor. However, our Office sustained Ogden's protest when the evaluators awarded a rating of excellent in the area of past performance to both Ogden and the awardee despite the awardee's significantly dissimilar experience. *Id.* at 3. Here, the Navy's rating of satisfactory for Sikorsky appears to reflect a consideration of the fact that Sikorsky's past performance, while quite good, involves experience somewhat different (helicopters versus fixed-wing aircraft) from the solicited effort.

the evaluators, and one that our Office will not second-guess. See generally U.S. Tech. Corp., B-278584, Feb. 17, 1998, 98-1 CPD ¶ 78 at 7-8.

With respect to LSI's rating of satisfactory, the Navy's assessment also withstands scrutiny. Although there is no doubt that LSI's experience is more relevant than Sikorsky's, its performance of these services over the previous 10 years cannot be termed successful, without qualification. As explained by the Navy in its initial and supplemental agency reports, and as reflected extensively throughout the evaluation materials, LSI's previous maintenance of the T-2C aircraft was considered so problematic that in 1997 the entire fleet was grounded, and the Navy threatened not to exercise the final option year of the contract. Agency Report, Sept. 18, 1998, at 14; Supplemental Agency Report, Oct. 12, 1998, at 7. The record also shows that this issue was raised with LSI during discussions, and while its response was considered adequate to address the concerns, the Navy concluded that a rating of satisfactory/low risk was the highest rating warranted under the circumstances. Id. At no point during the course of this protest, despite the filing of comments, supplemental comments, and a post-hearing brief, did LSI challenge the facts about its past performance offered by the Navy as justification for LSI's satisfactory rating.

In summary, while we see no place in the record that makes a finding about the greater relevance of LSI's experience vis-à-vis the other offerors, we see nothing unreasonable about an evaluation assessment of LSI's past performance that turns on the problems LSI experienced in performing this very contract. Simply put, it is hard to imagine information more relevant than LSI's problems performing these same services for the same Navy installation. IGIT, Inc., supra, at 6.

Price Analysis

LSI argues that the Navy failed to perform an adequate price realism analysis to permit the agency to fully understand the risks associated with Sikorsky's significantly lower price. We disagree.

As LSI correctly argues, the RFP requested that offerors confirm in their proposals that their prices are in accordance with the applicable wage determination or collective bargaining agreement. RFP, amend. 0005, § L-13(b)4.0. In addition, offerors were advised that the agency would perform a price realism evaluation that would include a review of personnel compensation rates. RFP, amend. 0005, § M-2, para. 2.C. In LSI's view, this analysis should have addressed not only whether the direct labor rates were in accordance with the applicable wage determination or collective bargaining agreement, but whether the fringe rates applied to the direct rates would provide the requisite total compensation package.

As a general rule, price realism is not considered in the evaluation of proposals for the award of a fixed-price contract, because these contracts place the risk of loss

upon the contractor. The Arora Group, Inc., B-277674, Nov. 10, 1997, 98-1 CPD ¶ 64 at 4. However, agencies may elect to provide for the use of a price realism analysis in a solicitation for the award of a fixed-price contract for the purpose of measuring an offeror's understanding of the solicitation's requirements or to assess the risk inherent in an offeror's proposal. PHP Healthcare Corp., B-251933, May 13, 1993, 93-1 CPD ¶ 381 at 5. In addition, while our Office generally will not consider questions of an offeror's compliance with wage determinations or collective bargaining agreements, we will review an allegation that an agency's use or evaluation of such determinations or agreements has prevented the protester from competing on an equal basis with the awardee. Education Serv. District of Washington County, B-198726, B-198792, Nov. 19, 1980, 80-2 CPD ¶ 379 at 2.

As stated earlier, the record here shows a large difference in the final BEQ prices proposed by LSI and Sikorsky--i.e., \$173.3 million and \$147.7 million, respectively. The CAP focused on Sikorsky's low price during the cost/technical tradeoff stating:

the low burden rates and .5% profit proposed by Sikorsky are unusually low and considered a risk since the first step a contractor usually takes when in a loss situation is to remove employees. It was further discussed that although the offeror had the right to reduce his profit margin to make himself more competitive in this fixed price environment, this could increase the performance risk.

CAP Report, July 8, 1998, at 3. LSI argues that the considerations reflected in the CAP report show that the Navy considered Sikorsky's low price to be caused by low burden rates and profit, and failed to understand that Sikorsky was not, in LSI's view, offering the mandated wage rates.

As a preliminary matter, our review of the pleadings in this area do not lead us to conclude that LSI has established the factual predicate of its argument--i.e., that the Sikorsky proposal denies its employees wages mandated by the solicitation and by law, and that the Navy acted unreasonably by not addressing the issue in its evaluation. Sikorsky takes no exception to the RFP's compensation requirements, and represents in its proposal that it has used the collective bargaining agreements and wage determinations provided by the agency. Sikorsky Proposal, Vol. 4 at 46. Thus, we conclude that Sikorsky is legally bound to pay the wages and fringe benefits required here, and has obtained no unfair advantage since it will be required to absorb any costs for which it has failed to account. JVAN, Inc., B-202357, Aug. 28, 1981, 81-2 CPD ¶ 184 at 4-5.

As Sikorsky convincingly shows, the LSI argument appears to be based on an "apples versus oranges" comparison of the fringe rates used by the two offerors. Specifically, Sikorsky provides detailed evidence showing that when its rates are normalized to cover the same costs included in LSI's rates there is almost no difference between the two proposals. Sikorsky's Supplemental Comments, Oct. 5,

1998, at 2. Despite a detailed filing on this issue subsequent to Sikorsky's filing, LSI does not rebut this contention. In addition, Sikorsky, through the use of its expert witness, sets forth a detailed explanation--again unrebutted--of each of the bases for the difference between the two prices, none of which are related to compliance with the applicable wage rates. Sikorsky's Comments, Sept. 28, 1998, at 16-17.

Even assuming LSI is correct in its contentions about the reasons for the price differential between these two offerors--and it does not appear that it is--LSI's arguments have more to do with the detailed kind of analyses seen in a cost realism review, than with a review of prices in a fixed-price environment. The Navy explains that it reviewed the distribution of costs across contract line items to ensure that overall prices were materially balanced when compared to the BEQ; compared the offered prices to the prices of similar maintenance contracts; compared the prices to the prices of other offerors in the competition; and compared the wage rates with those mandated. In addition, the Navy made a finding of proposal risk associated with Sikorsky's low price, which is, in fact, one of the purposes of a price realism review.⁸ PHP Healthcare Corp., *supra*.

Under all of the circumstances here, and given that the nature and extent of an agency's price realism analysis is a matter within its discretion, we conclude that the Navy performed a reasonable review of price realism in this procurement. The Centech Group, Inc., B-278715, B-278715.2, Mar. 5, 1998, 98-1 CPD ¶ 108 at 6-7.

Source Selection Decision

LSI argues that the source selection decision, as set forth in the CAP Memorandum of July 8, failed to perform a proper price/technical tradeoff between its proposal, and the proposal of Sikorsky. LSI also argues that the Navy's second price/technical tradeoff prepared in response to the protest should be given little weight.

As explained above, the Navy's first source selection decision contains almost no mention of LSI, whose proposal is higher-rated and higher-priced than the awardee's proposal. Instead, after including LSI in one table showing its factor-level ratings and risk, and another table showing its evaluated price, the CAP "decided there was no competitive advantage for awarding to either [LSI] or [Offeror A] since both were considerably higher in price than either [Offeror B] or Sikorsky." CAP Memorandum, July 8, 1998 at 3. In addition, as shown in the table at page 4 of this decision, LSI's overall technical rating was lower than Offeror B's--LSI received a

⁸LSI also misstates the CAP's concerns. The CAP consideration, quoted above, does not state that the Navy considers Sikorsky's low burden and profit rates to be the only reason for its low price. Rather, it acknowledges that the rates are low and makes a finding of risk associated with them.

rating of S/L, while Offeror B received a rating of S+/L. Thus, the remainder of the selection decision does not address the relative merits of Offeror B and Sikorsky, but instead focuses on whether Sikorsky will be able to perform the services here for its significantly lower price.

Given that we have reviewed each of LSI's challenges to its evaluation and have concluded that the overall evaluation was reasonable, and given that there was a higher-rated, lower-priced proposal between the awardee and LSI, the Navy was not required to perform a price/technical tradeoff between LSI and Sikorsky.⁹ Accordingly, we do not reach LSI's challenges to the supplemental price/technical tradeoff decision.

The protest is denied.

Comptroller General
of the United States

⁹Similarly, we deny LSI's contention that the source selection decision wrongly added a requirement for the government to monitor Sikorsky's training program, on the basis that LSI was not prejudiced by this further element of the price/technical tradeoff between Offeror B and Sikorsky. Our Office will not sustain a protest unless the protester demonstrates a reasonable possibility of prejudice, McDonald-Bradley, B-270126, Feb. 8, 1996, 96-1 CPD ¶ 54 at 3; see Statistica, Inc. v. Christopher, 102 F.3d 1577, 1581 (Fed. Cir. 1996). In any event, this issue appears to be one appropriately reserved for the agency's administration of the contract. See Vitro Corp., B-247734.3, Sept. 24, 1992, 92-2 CPD ¶ 202 at 9.