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Decision

Matter of: STG, Inc.

File: B-298543; B-298543.3

Date: October 30, 2006

Claude P. Goddard, Jr., Esq., Daniel J. Donohue, Esq., J. Michael Littlejohn, Esq., and Steven J. Koprince, Esq., Akerman Senterfitt Wickwire Gavin, for the protester. Paul E. Pompeo, Esq., Joseph P. Hornyak, Esq., and Stuart W. Turner, Esq., Holland & Knight LLP, for Beta Analytics, Incorporated, an intervenor. Mary E. Clarke, Esq., Defense Advanced Research Projects Agency, for the agency. Edward Goldstein, Esq., and Christine S. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest alleging “bait and switch” where awardee requested permission from the agency to substitute nine personnel after award is denied where the record does not establish that the awardee knowingly or negligently misrepresented its intent to furnish the nine individuals for whom substitution was sought.
 2. Protest challenging proposal evaluation and source selection is denied where record shows evaluation and award decision were reasonable and consistent with solicitation’s evaluation terms and applicable procurement rules.
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DECISION

STG, Inc. protests the award of a contract to Beta Analytics, Incorporated (BAI) under solicitation No. HR0011-06-R-0001, issued by the Defense Advanced Research Projects Agency (DARPA) for support services for the Security and Intelligence Directorate, under the Office of Management Operations at DARPA. STG challenges the agency’s evaluation of its proposal and the agency’s source selection decision, and alleges that BAI engaged in a “bait and switch” by substituting less qualified personnel after award as compared to the more highly qualified personnel identified in its proposal.¹

¹ STG expressly withdrew its allegation that DARPA failed to properly consider organizational conflicts of interest involving BAI. Protester’s Comments at 2.

We deny the protest.

DARPA's mission is to serve as the central research and development organization of the Department of Defense with primary responsibility to maintain U.S. technological superiority over potential adversaries. As a consequence, DARPA is responsible for a number of secret and top secret programs. Agency Report (AR) at 2. DARPA's Security and Intelligence Directorate (SID) supports this mission by "planning, executing, and directing the information, personnel, industrial, information assurance, and physical security programs at DARPA and at specified contractor sites." RFP at 8.

On February 13, 2006, DARPA issued the RFP, which provided for the award of a cost-plus-award-fee contract with 1 base year and four 1-year options for services in support of the mission of SID. Specifically, DARPA sought a contractor to provide a "high quality professional security staff" to partner with SID in accomplishing its mission. RFP at 8. To accomplish this goal, the RFP's statement of work identified and described a total of 37 tasks required of the contractor in the areas of "security operations," "program security," and "security program planning and execution." RFP 9-21. Offerors were advised of the estimated level of effort needed to perform the tasks required under the statement of work and support SID in performing its mission for each contract period (base and options). In this regard, DARPA provided a list of required labor categories, the estimated hours for each labor category, and the estimated full time equivalents (FTE) for each labor category. In sum, DARPA estimated a need for 69 FTEs for the base and each option year. RFP at 75.

Under the RFP, award was to be made on a "best value" basis with proposals evaluated under the following factors: (1) technical approach, (2) personnel, (3) past performance, and (4) cost/price. Regarding the non-cost factors, the RFP provided that the technical approach and personnel factors were of equal importance and both were more important than the past performance factor. The best value determination was to be made using a trade-off process where the non-cost factors, when combined, were significantly more important than cost/price. The importance of cost/price, however, would increase as non-cost factors were determined to be closer in merit. RFP at 77, 81.

Under the personnel factor, the RFP required offerors to demonstrate that the personnel they proposed to staff the contract met minimum qualification requirements for education and experience. For example, the RFP provided for a "program manager" position, which was considered a key personnel position, and indicated that the individual proposed for this position was required to have a bachelor's degree as well as 10 years of "qualifying, related experience," 5 years of which "shall be in the direction and management of Government funded programs in industry or within government entities, with 20 or more individuals under their

cognizance.” RFP at 31. For the purpose of evaluating proposals under the personnel factor, the RFP indicated that, where the quality of personnel was considered equal, an offeror proposing currently employed personnel would be deemed equal to an offeror proposing personnel under letters of intent or commitment.

Past performance, the least important non-cost factor, included the following four equally weighted subfactors: (1) timeliness, (2) quality, (3) cost control, and (4) customer satisfaction. RFP at 80. The RFP directed offerors to submit past performance information concerning their performance of recent (within the past 5 years) and relevant contracts and subcontracts. For each contract identified, offerors were to include, among other things, total award value, contact information for the government technical point of contact and/or the contracting officer’s representative for the contract, a brief description of the types of tasks involved under the contract as well as details on the tasks under the contract that were relevant to the tasks of the RFP. RFP at 71. As provided in the RFP, past performance information was deemed relevant if the information related to the offeror’s performance of “similar tasks found in this RFP’s Statement of Work and was performed for [the Department of Defense], one of the services, or the intelligence community.” RFP at 71.

The solicitation further informed offerors that DARPA could obtain and consider past performance information from other sources such as the Defense Contract Management Agency, Contractor Performance Assessment Reporting System (CPARS), the Department of Defense’s Past Performance Information Retrieval System, and “other past performance information provided by a Government employee (including those persons referenced in the Offeror’s Past Performance proposal), etc.) to supplement or validate the information in the Past Performance proposal.” RFP at 72.

Regarding the evaluation of cost/price, the RFP, as amended, provided that DARPA would evaluate proposed cost/price for reasonableness and realism and indicated that a cost realism evaluation would be performed to determine each offeror’s most probable cost to the government and to assess the offeror’s understanding of the requirements of the RFP. The evaluated cost was to be the higher of either (a) the sum of the offeror’s proposed total estimated cost and fee or (b) the government’s determination of the offeror’s most probable total cost and fee.

Five offerors, including STG and BAI, submitted timely proposals by the solicitation’s March 16, 2006 closing date. To evaluate proposals, DARPA convened a technical evaluation panel (TEP), a past performance evaluation panel (PPEP) and a cost/price evaluation panel (CPEP). With regard to the non-cost factors, the evaluators ranked each proposal under the various factors and sub-factors utilizing the following color/adjectival ratings, blue/exceptional, green/acceptable, yellow/marginal, red/unacceptable, and grey/neutral (past performance only). Based

on initial proposals, the agency rated STG and BAI as “green” overall for “technical approach,” with each receiving “green” ratings for all of the “technical approach” subfactors.

Under the past performance factor, STG received an overall rating of “green” or acceptable, with ratings of “green” under each subfactor, while BAI received an overall rating of “blue” or exceptional, with “blue” ratings under 3 of the 4 subfactors and a “green” rating for the remaining subfactor. As it relates to the protest, STG identified four contracts as “most relevant” to the RFP’s statement of work and provided details on four other “relevant successes” as well. STG Proposal, Vol. II, at 4. The contracts identified as “most relevant” were as follows: (1) SC-19 and SC-31 “Presidential Helicopters Program Operations Security” (initial task order and follow-on contract), total value approximately \$3.8 million, STG was a subcontractor;² (2) Contract GS-35F-4951H, “Program Protection Plan” and “Security Classification Guide,” total value of \$320,000, STG performed as a prime contractor (3) Contract GS-35F-4951H, “Classified Document Accountability System (CDAS),” work totaling \$44,000 performed by [deleted] as a subcontractor; and (4) Contract GST0404BF0081, work totaling \$940,000 performed by [deleted] as a subcontractor.

For contract GS-35F-4951H, “Program Protection Plan” and “Security Classification Guide,” under which STG performed as a prime contractor, the PPEP sought and obtained a contractor past performance questionnaire (CPPQ) evaluating STG’s performance from the contracting officer’s technical representative under the contract, the individual STG had identified as the point of contact for the contract. He evaluated STG as “green” or acceptable for timeliness, quality, cost control, and customer satisfaction. In addition, he indicated that the contract was only relevant to 3 of the 37 tasks set forth in the statement of work.³

With regard to the other contracts listed, under which either STG or [deleted] had performed as subcontractors, DARPA was unable to “verify” or “validate” through a government source STG’s or [deleted] performance under those contracts. Specifically, the PPEP noted that they were unable to obtain CPARS information regarding the firms’ performance for any of the contracts. AR, Tab 12, PPEP Consensus Evaluation Report for STG, at 4. For contracts SC-19 and SC-31, while

² STG notes that the PPEP mistakenly referred to SC-19 and SC-31 as one contract, and explains that they were in fact two separate contracts. While the record in several instances refers to these contracts together, it further reflects that the agency understood that SC-19 and SC-31 were in fact separate, involving an initial task order and a follow-on contract.

³ The CPPQ provided a description of the 37 tasks required under the subject RFP and also described the subfactors for evaluation and defined the adjectival ratings to be used for their evaluation. AR, Tabs 12 and 13, CPPQ Form.

the PPEP was able to contact the prime contractor and confirm that STG was a subcontractor, it did not contact the government point of contact identified by STG. With regard to contract GS-35F-4951H, “Classified Document Accountability System (CDAS),” the record reflects that the PPEP called the government point of contact, but the call was not returned. Because the contract was for a very short duration and low dollar value (4-month performance period for \$44,000) and was almost 5 years old, the agency did not make any further effort to contact the government point of contact to verify STG’s performance. With regard to contract GST0404BF008, the PPEP sent the government point of contact listed in STG’s proposal a CPPQ form and requested an evaluation of [deleted] performance under the contract. In responding to the request for information, the point of contact did not complete the questionnaire. Instead, he indicated that the work was not relevant to the work under the RFP. Agency Response to GAO Questions, Attach. 3.

In evaluating STG’s past performance, the record further reflects that the PPEP considered four additional contracts where STG had performed as a prime contractor. The PPEP concluded that the four contracts were relevant in task experience, although not relevant to the level of effort required under the solicitation. AR, Tab 19, PPEP Presentation to SSEB at 5. Specifically, despite concluding that STG had failed to provide required information, the PPEP considered two contracts identified by STG as “relevant successes”—two separate task orders under a single umbrella contract, one for the U.S. Army Research Laboratory and a second for the Army Test and Evaluation Command (ATEC). AR, Tab 12, PPEP Consensus Evaluation of STG, at 4. With respect to these task orders, the PPEP obtained completed CPPQs from government officials and a CPARS report for the ATEC contract. In addition, the PPEP considered STG’s performance on two other contracts not identified in its proposal, also obtaining CPPQs completed by government officials, as well as CPARS reports. The CPPQs and CPARS reports provided assessments of STG’s performance under these four contracts with respect to timeliness, quality, cost control, and customer satisfaction.

Overall, the PPEP found that STG’s past performance demonstrated “a general compliance to contract requirements and a desire to provide consistent customer satisfaction,” STG’s “submission of applicable past performance work taken together . . . addresses the tasks required in the RFP,” however, STG’s proposal “lacked adequate detail and was not complete.” AR, Tab 12, PPEP Consensus Evaluation of STG, at 5. In addition, the PPEP indicated that STG cited only one contract that involved work it performed as a prime contractor, which “significantly limited the availability of government past performance evaluations.” *Id.* Further, in the PPEP’s view, the tasks under this contract suggested an effort that did not equate to the “size and scope of the work articulated in the RFP,” and “[f]or some of the experience cited, the performance more closely amounts to analytical and assessment efforts in developing and assessing plans, guides, programs, etc.” AR, Tab 12, PPEP Consensus Evaluation Report for STG, at 4.

Under the personnel factor STG and BAI were both initially rated as “yellow” or marginal, principally due to the fact that many of their proposed personnel did not meet qualification requirements set forth in the RFP. DARPA determined that [deleted] of STG’s 69 personnel did not meet the RFP’s qualification requirements and that [deleted] of BAI’s 69 personnel were not qualified. Because none of the offerors met the RFP’s qualification requirements for all 69 FTEs, and recognizing that, based on its knowledge of the labor market, “it is unlikely that any offeror can propose personnel for all 69 FTEs meeting the minimum requirements specified,” DARPA amended the solicitation to specify that offerors submitting “a preponderance of resumes meeting the FTE’s position requirements” would be evaluated as “minimally compliant” under the personnel factor. RFP amend. 4.

After issuance of the amendment, DARPA held discussions with the offerors, including STG and BAI, during which DARPA specifically informed STG and BAI of the proposed personnel who were deemed unqualified and the basis for that determination. In response, STG and BAI both submitted revised proposals with revised personnel. Based on its evaluation of the revised personnel, DARPA rated both STG and BAI as “green” or acceptable under the personnel factor. In rating STG and BAI as acceptable, the TEP found that [deleted] of STG’s 69 revised proposed personnel met the solicitation’s stated qualification requirements and that [deleted] of the 69 individuals proposed by BAI met the qualification requirements.

The evaluation teams submitted their evaluation results to the source selection evaluation board (SSEB), which reviewed the reports and agreed with all of the ratings. Based on its assessment of the proposals, the SSEB concluded that BAI’s proposal, with an evaluated cost of \$65.8 million, was the best value. In its consideration of STG, which had a lower evaluated cost of \$61 million, the SSEB noted that STG proposed only [deleted] individuals who met the RFP’s qualification requirements while BAI proposed [deleted] and that “[m]ost of STG’s experience related to this effort was performing small analytical and information technology efforts.” AR, Tab 28, SSEB Report, at 9. It was the SSEB’s opinion that “BAI’s additional strengths in its technical proposal, higher rating in past performance, and lower overall proposal risk” outweighed BAI’s additional cost. Id.

The source selection authority (SSA) agreed with the SSEB’s recommendation for award to BAI, explaining that STG’s performance record was “the least relevant . . . in terms of the context of the work performed (more policy and information assurance than program security) and the role played by [STG] (more frequently as a sub-contractor than as a prime contractor).” AR, Tab 29, Source Selection Decision at 5. The SSA more specifically indicated that STG’s cited past performance information demonstrated experience as a prime contractor on one contract valued at \$320,000 and two task orders valued at \$2.1 million each, while the contract to be awarded under the RFP had an approximate value of \$12 million per year. In addition, the SSA noted, among other things, that STG had proposed only [deleted] personnel who met the RFP’s qualification standards.

Upon learning of the agency's decision to make award to BAI, and after receipt of a debriefing, STG filed the subject protest with our Office. In its protest, STG alleges that BAI engaged in an improper "bait and switch" by substituting less qualified personnel after award as compared to the more highly qualified personnel identified in its proposal, the agency failed to properly evaluate its proposal, and that the best value decision was unreasonable.

"BAIT AND SWITCH"

STG argues that BAI engaged in an impermissible "bait and switch" by substituting nine personnel identified in its proposal with less qualified personnel. To establish an impermissible "bait and switch," a protester must show that a firm either knowingly or negligently represented that it would rely on specific personnel that it did not expect to furnish during contract performance, and that the misrepresentation was relied on by the agency and had a material effect on the evaluation results. Computers Universal, Inc., B-292794, Nov. 18, 2003, 2003 CPD ¶ 201 at 3. Where an offeror provides firm letters of commitment and the names are submitted in good faith with the consent of the respective individuals, the fact that the offeror, after award, provides substitute personnel does not make the award improper. RONCO Consulting Corp., B-280113, Aug. 11, 1998, 98-2 CPD ¶ 41 at 6.

The record reflects that approximately 8 days after contract award, BAI requested permission from DARPA to substitute 9 of the 69 personnel whom BAI had proposed in its revised proposal with individuals who were originally proposed by BAI and found to lack the RFP's qualification requirements. BAI had provided supporting letters of commitment/intent signed by each of the nine individuals for whom substitution was proposed. In its letter to DARPA requesting approval of the substitution⁴--all personnel changes required DARPA's pre-approval--BAI explained its reasons for the substitutions, indicating that six of the nine personnel had decided to accept other employment or decided to remain with their current employer; in this regard, BAI noted that the contract announcement was delayed well beyond the original April 10 award date. Two of the nine requested substitutions were the result of movement of personnel within BAI; the record reflects that one of these substitutions was directed by DARPA. The final personnel substitution resulted from BAI's determination that it was more cost-effective to replace the proposed individual, who lived in California and thus required relocation expenses, with an incumbent employee who received a lower salary and did not require relocation. In its request to substitute personnel BAI further highlighted the need to retain incumbent employees due to the compressed transition period implemented by the

⁴ The RFP expressly stated that "replacements for all personnel shall be approved by the COR [Contracting Officer's Representative] and Contracting Officer prior to their assumption of duties on the contract." RFP amend. 4 ¶ C.9.1(b).

agency.⁵ Given these facts, there is no basis to conclude that BAI knowingly or negligently misrepresented its intent to furnish the nine individuals sought for substitution.⁶

EVALUATION OF STG'S PROPOSAL

STG challenges the agency's evaluation of its proposal under the personnel, past performance, and cost factors.

Personnel

As a general matter, under our Bid Protest Regulations, protests based on other than solicitation improprieties must be filed within 10 days of when the protester knew or should have known its bases of protest. 4 C.F.R. § 21.2(a)(2). Moreover, where a protester initially files a timely protest, and later supplements it with independent grounds of protest, the later-raised allegations must independently satisfy the timeliness requirements, since our Regulations do not contemplate the unwarranted piecemeal presentation or development of protest issues. FR Countermeasures Inc., B-295375, Feb. 10, 2005, 2005 CPD ¶ 52 at 9.

Here, while STG generally alleged in its protest that DARPA had improperly found some of its personnel to be unqualified, in its September 15, 2006 comments on the agency report STG specifically challenged, for the first time, DARPA's conclusion that **[deleted]** of its proposed personnel did not meet the RFP's qualification

⁵ The RFP contemplated a 1-month "transition period" during which the incumbent and awardee would be under contract and performing contract duties. However, upon award, BAI was instructed to begin full performance of all contractual duties within 5 business days.

⁶ In arguing that BAI engaged in a "bait and switch," the protester maintains that DARPA improperly allowed BAI to substitute the nine individuals identified in its proposal with less qualified personnel. STG does not argue, and there is no indication in the record, that, at the time DARPA evaluated BAI's proposed personnel, DARPA's evaluation was inconsistent with the stated evaluation criteria, or that DARPA waived the RFP's personnel requirements with respect to BAI. Rather, STG bases its protest on DARPA's and BAI's actions during BAI's performance of the SID contract, specifically, DARPA's approval of BAI's request to substitute certain personnel identified in its proposal, with less qualified individuals. The propriety of this approval, however, presents a matter of contract administration which our Office will not review. 4 C.F.R. § 21.5(a) (2006); RONCO Consulting Corp., *supra*, at 6.

requirements.⁷ The record, however, demonstrates that STG knew or should have known of DARPA's concerns with respect to these particular [deleted] personnel as a result of the debriefing it received from DARPA on July 26, 2006, in which DARPA provided to STG the names of the personnel in its proposal who were determined to be unqualified and the basis for that determination. See AR, Tab 32, STG Debriefing, Slide 16. Because STG first challenged DARPA's evaluation of these [deleted] individuals in its September 18 comments on the agency report, more than 10 days after it learned of its bases for protest, STG's challenges to the evaluation of its personnel are untimely.

Moreover, where a protester, as in this case, raises a broad ground of protest in its initial submission but fails to provide details within its knowledge until later, so that a further response from the agency would be needed to adequately review the matter, these later, more specific arguments and issues cannot be considered unless they independently satisfy the timeliness requirements under our Bid Protest Regulations. Biospherics, Inc., B-285065, July 13, 2000, 2000 CPD ¶ 118 at 12-13. In this regard, we have found supplemental protest grounds untimely which present "examples" of flaws in the agency's evaluation generally alleged in the initial protest since such staggered presentation of "examples," each of which involves different factual circumstances and requires a separate explanation from the agency, constitutes precisely the piecemeal presentation of issues that our timeliness rules do not permit. QualMed, Inc., B-257184.2, Jan. 27, 1995, 95-1 CPD ¶ 94 at 12-13.

Past Performance

In challenging DARPA's evaluation of its past performance, STG principally argues that DARPA failed to consider those contracts where it, or its team member [deleted], performed as a subcontractor--specifically, contracts: (1) SC-19 and SC-31, (2) GS-35F-4951H, "Classified Document Accountability System (CDAS)," and (3) GST0404BF0081. As noted above, DARPA did not consider these contracts in its evaluation of S because DARPA could not "verify" STG's or [deleted] performance under these contracts with a government employee. By failing to consider these contracts, STG argues, DARPA effectively required government employee verification, and thereby established an unstated evaluation criterion. In addition, STG contends that the agency did not make a reasonable effort to obtain verification

⁷ In its initial protest, STG did specifically challenge DARPA's evaluation of the qualifications of one of its proposed personnel, however, the evaluation of this individual was not discussed by STG in its comments despite the fact that the agency, in its report, specifically addressed the evaluation of this individual. We therefore deem STG to have abandoned its challenge regarding DARPA's evaluation of this individual. Citrus College: KEI Pearson, Inc., B-293543, et al., Apr. 9, 2004, 2004 CPD ¶ 104 at 8 n.4.

of STG's or Dynology's performance by a government employee, and that the resulting failure to consider these contracts was unreasonable.

Where a solicitation requires the evaluation of offerors' past performance, we will only examine the agency's evaluation to ensure that it was both reasonable and consistent with the solicitation's evaluation criteria, since determining the relative merits of offerors' past performance information is primarily a matter within the contracting agency's discretion. See Metro Mach. Corp., B-295744, B-295744.2, Apr. 21, 2005, 2005 CPD ¶ 112 at 21; Hanley Indus., Inc., B-295318, Feb. 2, 2005, 2005 CPD ¶ 20 at 4.

We conclude that DARPA did not employ an unstated evaluation criterion by discounting STG's past performance information if it could not be confirmed through government sources. As noted above, the RFP stated that an offeror's past performance would be deemed relevant only if it related to similar tasks performed under government contracts. Consistent with this definition of relevance, the RFP instructed offerors to identify the government point of contact for each contract the offeror identified. Further, the RFP expressly advised that DARPA could seek out past performance information from other government sources. Given this framework, it clearly was consistent with the RFP for the agency to limit its review to information obtained from government sources.

To the extent the protester also objects to the extent of the agency's efforts to obtain information from government sources, we think the record shows that the agency's actions, described in detail above, were reasonable. Moreover, contrary to STG's assertions, the agency did not altogether disregard the contracts where STG or Dynology performed as subcontractors. Rather, the record reflects that these contracts were considered as a part of the overall assessment of STG's lack of relevant experience, the primary weakness attributed by the agency in its evaluation of STG's past performance.

Specifically, with respect to contracts SC-19 and SC-31, one of the evaluators commented that these efforts were relevant to only 7 of the 37 tasks identified in the RFP's statement of work, and another explained that STG's overall rating of "acceptable" was based on the description of the contracts contained in STG's proposal, specifically noting that STG's described experience related to the Presidential Helicopter Program, the program involved in contracts SC-19 and SC-31. AR, Tab 12, PPEP Evaluator Rollup for STG, at 6. The two **[deleted]** subcontracts were similarly considered to be of limited relevance--one was for a \$44,000 task order and the other, which had a dollar value of \$960,000, was assessed as not relevant by the government point of contact which STG had identified, as well as by one of the evaluators. The contract to be awarded here has a substantially higher dollar value, approximately \$12 million per year, and, in concluding that STG's proposal reflected "the least relevant" past performance, the SSA noted the disparity in dollar value between the current contract and STG's other prime contracts.

Further, the SSA specifically relied on STG's subcontracts to conclude that its past performance reflected a lack of relevant prime contractor experience. Based on this record we have no basis to conclude that the agency's consideration of STG's past performance was inconsistent with the RFP or otherwise improper.

Cost

STG argues that DARPA's cost realism analysis was improper. STG contends that DARPA applied incorrect escalation rates for its option year pricing for the "Program Security Representative (PSR) labor category." Protester's Comments at 18. According to STG, in calculating its cost of performance, it utilized an escalation rate of approximately [deleted] percent across all labor categories for the purpose of calculating its option year pricing. STG notes that the CPEP, in calculating STG's "risk adjusted cost model," generally applied STG's rate, except with respect to the PSR labor category, to which it applied higher rates of [deleted] percent in option year 1; [deleted] percent in option year 2; [deleted] percent in option year 3; and [deleted] percent in option year 4. STG maintains that absent this error, its evaluated price would have been reduced by more than \$1 million.

In analyzing this issue, we note that STG does not provide any discussion of the method it used to calculate the elements of its own cost, or the method utilized by DARPA to calculate STG's risk adjusted model. Rather, STG reaches its conclusion that DARPA applied the incorrect escalation rate by calculating, with respect to DARPA's risk adjusted cost for STG, the percentage change in the amount of the cost for the PSR positions for each year of the contract (base plus 4 option years). Based on this simple percent difference, STG concludes that DARPA's cost analysis was inconsistent with an escalation rate of approximately [deleted] percent, which STG used in proposing its cost, and which DARPA indicated it had applied. Utilizing STG's own method of analysis, however, it appears that, with respect to the PSR positions, STG in fact used an escalation rate substantially higher rather than the [deleted] percent it claims to have used in calculating its cost. For example, as reflected in STG's proposal, option year one reflects an escalation rate of [deleted] percent and option year two reflects an escalation rate of [deleted] percent. See AR, Tab 27, CPEP Report, Table 6, at 13. Given STG's lack of explanation on this issue and the fact that the analysis upon which it relies in attributing error to the agency is inconsistent with fundamental aspects of its own proposal, we have no basis to conclude that the agency's cost evaluation was flawed in the manner described by STG.⁸

⁸ In a footnote to its comments, STG describes another alleged cost evaluation error, which STG argues improperly increased its evaluated cost in the amount of \$172,467. Assuming STG is correct in this regard, given the relatively low dollar amount resulting from the alleged error, we conclude that there is no reasonable possibility that this difference would have had any effect on the award decision in this case.

BEST VALUE DECISION

As a final matter STG asserts that the agency's best value decision was flawed due to the alleged evaluation improprieties discussed above. According to STG, the decision was unreasonable because its proposal was lower in price and "essentially equal" to BAI's proposal, and the SSA failed to properly consider the strengths of its proposal.

In a best value procurement such as this, a procuring agency properly may select for award a higher-rated technical proposal with a higher cost, where the agency determines that the cost premium is justified considering the technical superiority of the selected proposal. WPI, B-288998.4, B-288998.5, Mar. 22, 2002, 2002 CPD ¶ 70 at 10. DARPA performed a price/technical tradeoff here, as required, and reasonably concluded that BAI's proposal offered the best value to the government. The source selection report shows that the agency considered the ratings of the proposals and, more specifically, concluded that STG's proposal was inferior to BAI's proposal with respect to the past performance and personnel factors since STG has less relevant past performance and proposed fewer qualified personnel. Given that the technical factors had more weight in the award decision, there is no basis for objecting to the selection of BAI's higher-rated, higher-priced proposal.

The protest is denied.

Gary L. Kepplinger
General Counsel