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Decision

Matter of: ASRC Research & Technology Solutions, LLC

File: B-406164; B-406164.3

Date: February 14, 2012

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James H. Roberts III, Esq., Van Scoyoc Kelly & Roberts PLLC, for Vantage Partners, LLC, an intervenor.

Alexander T. Bakos, Esq., Jerald J. Kennemuth, Esq., and Callista M. Puchmeyer, Esq., National Aeronautics and Space Administration, for the agency.

Tania Calhoun, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest that contracting agency's evaluation of protester's technical, past performance, and cost proposals was unreasonable and inadequately documented is denied where the record shows that the evaluation was reasonable and sufficiently supported.

DECISION

ASRC Research & Technology Solutions, LLC, (ARTS), of Greenbelt, Maryland, protests the award of a contract to Vantage Partners, LLC (VPL), of Lanham, Maryland, under request for proposals (RFP) No. NNC11ZD0009R, issued by the National Aeronautics and Space Administration (NASA) to obtain engineering, research and technology development, operations, and project management support for NASA's Glenn Research Center (GRC) in Ohio.¹ ARTS challenges various aspects of the evaluation of proposals and source selection decision.

¹ VPL is an approved Small Business Administration (SBA) mentor-protégé joint venture whereby Vantage Systems, Inc., an 8(a) firm, is the protégé of a large business mentor, Stinger Ghaffarian Technology, Inc. (SGT), under SBA's mentor-protégé program. This program is designed to encourage approved mentors to

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We deny the protest.

BACKGROUND

This procurement is a follow-on to a contract held by ARTS' sister company to obtain the types of services that have been provided to GRC for many years. Contracting Officer's (CO) Statement at 1. The solicitation, issued May 18, 2011 as an 8(a) set-aside, contemplated award of a contract consisting of a cost-plus-fixed-fee base work effort and a separate indefinite-delivery/indefinite-quantity (IDIQ) cost-plus-award-fee work effort. RFP § L.2. The total period of performance will not exceed five years. RFP § F.2 as revised; CO's Statement at 2. The services are to be performed at the contractor's local facility and at two GRC locations. RFP § F.3.

The RFP set forth three evaluation factors--mission suitability, cost/price, and relevant experience and past performance. RFP § M.1.B. The mission suitability factor was approximately equal to the relevant experience and past performance factor, which was approximately equal to cost. The technical factors, when combined, were significantly more important than cost. RFP § M.4. Award was to be made to the responsible offeror whose proposal met the solicitation's requirements and provided the best value to the government. RFP § M.1.A.4.

The mission suitability factor included three subfactors: overall understanding of the requirements, management plan, and work management. Each subfactor included various areas for evaluation, some of which are discussed below. RFP § M.1.B.1. The mission suitability factor was to be point-scored and its subfactors were to be both point-scored and adjectivally rated as excellent, very good, good, and so on. RFP § M.1.C.1. The relevant experience and past performance factor was to be evaluated using level of confidence ratings, including very high level of confidence, high level of confidence, moderate level of confidence, and so on. RFP § M.3.

A cost realism analysis was to be conducted to ensure that a fair and reasonable price was paid by the government and to assess the reasonableness and realism of the proposed costs.² RFP § M.2. The status of offeror systems and audits of such

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provide various forms of assistance (i.e., technical and contract management assistance, financial aid in the form of equity investments and/or loans, and subcontract support) to eligible protégé participants in order to enhance the capabilities of the protégés and to improve their ability to successfully compete for federal contracts. See 13 C.F.R. § 124.520.

² When the RFP was issued, NASA's regulations required a level of confidence rating for probable cost assessments. CO's Statement at 14.

systems were to be considered part of the cost evaluation. Id. Cost proposals were required to include narrative information and templates with various types of cost elements and staffing levels. RFP § L.11. The solicitation included information on the incumbent’s staffing levels and labor rates.

The agency received four proposals by the July 8 closing date, including those from ARTS and VPL. After an initial evaluation, the agency established a competitive range limited to ARTS and VPL. Discussions were conducted, and NASA requested and evaluated interim final proposals, as well as final proposals. The final evaluation results were as follows:

	ARTS	VPL
Understanding the Requirements (Maximum 300 Points)	Very Good 255 points	Good 210 points
Management Plan (Maximum 400 Points)	Good 268 points	Good 280 points
Work Management (Maximum 300 Points)	Good 165 points	Good 189 points
Total Points	688 points	679 points
Past Performance	High Confidence	High Confidence
Final Proposed Cost	\$240,040,977	\$230,366,505
Final Probable Cost	\$240,071,190 Medium Confidence	\$230,162,472 High Confidence

AR, Exh. 25, Final Presentation to SSA, at 13, 37.

The SEB presented its findings to the source selection authority (SSA). The findings consisted of slides that summarized the evaluation findings and provided the underlying details of those findings, including identified strengths and weaknesses. Id. at 14-44. The SSA stated that, based on this information and two meetings, he concurred with the results. In the technical areas, he discussed the comparative findings in some detail and found the proposals to be relatively equal. Exh. 26, Source Selection Statement (SSS) at 6-7. Regarding cost, he found the \$9.9 million difference, with a high level of confidence in the VPL cost proposal, to be a meaningful advantage for VPL that was not outweighed by any meaningful mission suitability or past performance advantage for ARTS. As a result, he selected VPL for award. Id. at 8. ARTS filed this protest after its debriefing.

DISCUSSION

ARTS challenges numerous aspects of NASA’s evaluation of the offerors’ proposals. Our decision does not specifically address all of ARTS’ arguments, but we have fully considered each of them and conclude that they do not provide a basis to sustain the protest.

As an initial matter, throughout its protest, ARTS criticizes NASA's failure to adequately document its evaluation findings. Consequently, many of ARTS' arguments come down to its contention that the CO's specific post-protest explanations, which were not contemporaneously documented, should be given little credence. In reviewing an agency's evaluation, we do not limit our consideration to contemporaneously-documented evidence, but instead consider all the information provided, including the parties' arguments and explanations. The Eloret Corp., B-402696, B-402696.2, July 16, 2010, 2010 CPD ¶ 182 at 12. While we generally give little or no weight to reevaluations and judgments prepared in the heat of the adversarial process, Boeing Sikorsky Aircraft Support, B-277263.2, B-277263.3, Sept. 29, 1997, 97-2 CPD ¶ 91 at 15, post-protest explanations that provide a detailed rationale for contemporaneous conclusions, and simply fill in previously unrecorded details, will generally be considered in our review of the rationality of selection decisions so long as those explanations are credible and consistent with the contemporaneous record. NWT, Inc.; PharmChem Labs, Inc., B-280988, B-280988.2, Dec. 17, 1998, 98-2 CPD ¶ 158 at 16.

Here, the contemporaneous record reflects an extensive evaluation record documenting the agency's specific evaluation conclusions regarding the merits of each offerors' proposal. While the record does not necessarily contain the underlying analysis which led to each of the specific evaluation findings, we find that the CO's explanations provide detailed rationales for those contemporaneous conclusions that are consistent with the underlying record. Notwithstanding ARTS' suggestions to the contrary, this is not a case where the agency has sought to advance newly formulated evaluation judgments, or one where there is no record of the agency's evaluation findings. Rather, the agency's responses merely flesh out the basis for the agency's documented evaluation conclusions, and rebut the specific arguments raised by ARTS in challenging those documented conclusions. We address the agency's evaluation and protest allegations in more detail below.

Mission Suitability

In reviewing an agency's evaluation, we will not reevaluate technical proposals; instead, we will examine the evaluation to ensure that it was reasonable and consistent with the solicitation's stated evaluation criteria and applicable procurement statutes and regulations. The Eloret Corp., *supra* at 5; Urban-Meridian Joint Venture, B-287168, B-287168.2, May 7, 2001, 2001 CPD ¶ 91 at 2. An offeror's mere disagreement with the agency's evaluation is not sufficient to render the evaluation unreasonable. Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7.

One area for evaluation under the management plan subfactor was "[o]ff-site [f]acility, [p]roximity, and [c]onnectivity." RFP § M.1.C.2. In describing their proposed off-site facilities, offerors were directed to refer to a SOW attachment

describing communications-related products and services to be provided at those locations. Proposals were required to include, as relevant here,

The location, capacity, and capabilities of the off-site facility, including the local area network (LAN) cable plant and the physical environment to support all [information technology] equipment; the approach to update and manage the facility to current standards, best practices, and requirements and the flexibility to adapt to future NASA standards and requirements; and a plan for on-going support, modification, and management.

Id.

ARTS argues that NASA unreasonably evaluated VPL's proposal because the firm failed to comply with what ARTS asserts was the requirement to propose a single building as its off-site facility that could accommodate increased staff levels. ARTS proposed to occupy [DELETED], whereas, VPL proposed to occupy [DELETED]. AR, Exh. 14, VPL IFPR, at iFPR-6; Exh. 15, ARTS IFPR, at 10. ARTS contends the requirement to discuss "the flexibility to adapt to future NASA standards and requirements," read together with a contract surge clause, meant offerors were required to propose a single building that could house up to 20 percent more staff over the contract term.³ ARTS is mistaken.

The RFP does not require the off-site facility to be a single building. A "facility" can be a complex of buildings--NASA's White Sands Test Facility, for example, is comprised of various buildings.⁴ Further, we agree with NASA that ARTS' interpretation is fundamentally misplaced. The phrase, "the flexibility to adapt to future NASA standards and requirements," when read in the context of the paragraph as a whole, is clearly focused on the communications "standards and requirements" described in the attachment. The phrase means that, in addition to meeting current communications standards and requirements, offerors were required to describe their "flexibility to adapt to future" such standards and requirements. To be reasonable, an interpretation of solicitation language must be consistent when read as a whole and in a reasonable manner. AHNTECH, Inc., B-291998, Apr. 29, 2003, 2003 CPD ¶ 90 at 2. ARTS' reading, which forces together two unrelated provisions, is not reasonable. The RFP required NASA to evaluate the proposed off-site facilities, and not contingencies for growth that might

³ The contract surge clause states that the CO might unilaterally increase the total contract value of the base work by 20 percent if additional in-scope work was required. RFP § H.15

⁴ White Sands Test Facility Visitor's Guide, www.nasa.gov/centers/wstf/pdf/216491main_wstfVisGuide031008.pdf, at 15.

or might not occur. ARTS has given us no basis to find unreasonable the evaluation of VPL's off-site facility.⁵

Another area for evaluation concerned an offeror's recruitment, retention, staffing, and compensation plans. Both proposals were evaluated as having provided detailed discussions that exceeded the requirements and both were assessed strengths. The SEB favorably noted the firms' proposed incumbent capture rates--95% for VPL and 98% for ARTS--as well as other aspects of their plans and their proposed overall compensation. AR, Exh. 24, Final Consensus Evaluations of VPL and ARTS, at 2 and 2, respectively.

According to ARTS, the fact that it did not have to capture incumbent employees--its proposed subcontractor is the incumbent subcontractor, and the employees of the incumbent prime contractor, ARTS' sister company, will be transferred to ARTS without changes in compensation or benefits--should have been considered a discriminator in favor of its proposal.

The CO states that the SEB considered GRC's historically high capture rate for prior GRC contracts for similar services. This knowledge, combined with the fact that both offerors proposed salaries consistent with the incumbent salary information and their comparable fringe benefit packages, as well as the fact that VPL proposed to pay retention bonuses, led the SEB to conclude that VPL could achieve a capture rate consistent with the high historic rate. CO's Statement at 16-17, 26. In response to ARTS' argument that the fringe benefit plans are not comparable, the CO explains that the SEB found they were similar in the variety and extent of benefits, citing a table NASA prepared to compare the plans. He indicates that the SEB found the VPL plan to be more attractive for some features, while the ARTS plan was more attractive for others, but that the plans were directly comparable. Id. ARTS' arguments about the comparability of the capture rates and compensation plans reflect, at bottom, its disagreement with the agency's conclusion. Such disagreement does not provide a basis to question the agency's evaluation of the relative merits of the offerors' proposals.⁶

⁵ ARTS also alleges that there may have been impermissible post-award discussions concerning VPL's off-site facility. NASA states it has not engaged in any such improper discussions, and has no record of VPL altering its proposal after final proposal submission. We have no basis to find any impropriety on this record.

⁶ ARTS argues NASA failed to consider the effect of VPL's proposal to "move out" senior staff by replacing them with younger, less costly staff. ARTS Comments at 30. VPL's proposal is not to "move out" senior staff, but to use new talent to backfill vacancies resulting from attrition and to staff new work activities. AR, Exh. 4, VPL Initial Proposal at 38.

Pursuant to the RFP, the selected contractor is required to provide an automated work control system (WCS) for managing and tracking all government-issued work under the contract's base and IDIQ requirements. RFP SOW § C.3.2. Thus, under the work management subfactor, offerors were to describe their WCS and provide a demonstration version showing that the WCS would meet specified requirements, and that it would be made operational within the phase-in period. RFP §§ L.10, M.1.C.2.

Both offerors' initial proposals were assessed weaknesses because their WCS did not adequately meet all of the solicitation's requirements. AR, Exh. 7, Initial Consensus Findings for VPL and ARTS, at 1 and 3, respectively. The SEB found that VPL's system did not meet some requirements but provided a rationale and schedule for meeting them; NASA could not validate additional requirements. The agency concluded that, while it appeared VPL's system would be operational at contract award, it would require certain modifications prior to full performance. Id.

The SEB also found that ARTS' system did not meet some requirements but provided a rationale and schedule for meeting them; NASA could not validate additional requirements, including two it deemed essential. The SEB also found that ARTS' WCS did not support the contract structure, and that other aspects of the firm's approach were unacceptable. The agency concluded that, due to the significant number and scope of changes required of ARTS' proposed WCS to meet the RFP requirements, there was increased risk that the system would not be ready at phase-in or full performance. Id.

Both firms provided additional information in response to discussion questions. In the final evaluation, NASA stated that VPL addressed or met the RFP requirements. AR, Exh. 24, Final Consensus Evaluation of VPL at 4. NASA found ARTS' revised WCS still did not meet all of the requirements and expressed concern that, due to the number and scope of changes required, there was increased risk that the ARTS system would not be ready at phase-in or at full contract performance. AR, Exh. 24, Final Consensus Evaluation of ARTS at 4. The weakness remained.

ARTS argues that the weakness is irrational because the RFP did not require offerors to have met all system requirements prior to award. NASA's clearly stated concern, consistent with the solicitation, was that ARTS' WCS would not be ready at phase-in or at full contract performance, not prior to award. Id. ARTS' argument that it was treated unequally because both firms would need to make modifications in order to meet certain requirements during phase-in overlooks the fact that the proposals differed. VPL's proposal satisfied the SEB that the firm's WCS would meet the requirements on schedule, and, based on the number and scope of modifications to be made to its WCS, ARTS' proposal did not.

ARTS argues that, based on the RFP's definitions, its proposal should have been rated "excellent" under the understanding the requirements subfactor instead of

“very good.” ARTS asserts that, at the debriefing, NASA stated its “very good” rating was improperly based on a “gut” feeling. ARTS Comments at 31-32.

A procuring agency’s technical evaluators have considerable latitude in assigning ratings which reflect their subjective judgments of a proposal’s relative merits. See, e.g., I.S. Grupe, Inc., B-278839, Mar. 20, 1998, 98-1 CPD ¶ 86 at 5. The relevant question in reviewing this subjective judgment is whether it was reasonable and consistent with the solicitation. There is no evidence in this record that the SEB considered ARTS’ proposal “a comprehensive and thorough proposal of exceptional merit” consistent with an “excellent” rating. More important, adjectival ratings are but guides to intelligent decision-making. Regardless of the adjectival rating, the SSA was given a detailed briefing describing the findings behind the ratings for both offerors and considered these details in making his decision. We have no basis to conclude that ARTS deserved higher than the “very good” rating it received under this subfactor.

Past Performance

An agency’s evaluation of past performance, including its consideration of the relevance, scope, and significance of an offeror’s performance history, is a matter of discretion which we will not disturb unless the agency’s assessments are unreasonable, inconsistent with the solicitation criteria, or undocumented. Family Entertainment Servs., Inc., d/b/a IMC, B-291997.4, June 10, 2004, 2004 CPD ¶ 128 at 5. A protester’s mere disagreement with such judgment does not provide a basis to sustain a protest. Birdwell Bros. Painting & Refinishing, B-285035, July 5, 2000, 2000 CPD ¶ 129 at 5.

Offerors were required to submit a list of recent contracts, subcontracts, or projects relevant in size and scope to this effort, for the prime offeror and any major subcontractor. A major subcontractor was defined as one performing 15 percent of the contract effort per year in terms of direct work years. RFP § L.12. NASA planned to evaluate the offeror’s experience to determine whether it was relevant to the SOW and overall requirements, giving consideration to such things as overall performance, contract size, and type of services provided. RFP § M.3. NASA also planned to evaluate, among other things, the offeror’s overall contract management. Id. The RFP also stated that NASA reserved the right to evaluate past performance information for other subcontractors not listed as major subcontractors and from other entities that will substantially contribute to the proposed contract, or that have the potential to significantly impact performance of the proposed contract. Id.

For the listed contracts considered most relevant, offerors were required to provide past performance questionnaires to their references to complete and forward to NASA. RFP § L.12. In addition, “for evaluation purposes,” the government reserved the right to collect and review “any” additional past performance information from government databases, as well as other sources. Id. The

solicitation further advised that NASA would evaluate the information provided in the past performance volume, client questionnaires, the government's past performance databases, and other sources available to the government for both prime and subcontractors. RFP § M.3.

The SEB conducted the past performance evaluation in three parts. First, the SEB reviewed the information in the proposals to determine the relevance of the listed contracts. Second, the SEB reviewed past performance questionnaires (PPQ) to assess the offeror's performance on those contracts. Finally, the SEB reviewed past performance information it obtained from a web-based government reporting system, the Past Performance Information and Retrieval System (PPIRS). Each part could be assigned strengths or weaknesses, and the findings for all parts would be considered in making the overall level of confidence assessment. AR, Exh. 32, Past Performance Methodology at 5-6; CO's Statement at 18.

ARTS' proposal was assessed a high level of confidence rating, with significant strengths for both the relevancy of its past performance and PPQ information, and a strength for the PPIRS information. AR, Exh. 25, Final Presentation to SSA, at 31. Regarding the PPIRS information, the SEB found that the ARTS team was consistently rated very good to excellent by most clients over a number of years, and over a variety of relevant contracts. The PPIRS search revealed one contract not included in ARTS' proposal that the agency considered relevant and was considered in its evaluation. This contract had satisfactory to very good ratings. Id. at 33.

In its protest, ARTS argued that NASA improperly considered this contract because it was not relevant. In response, the CO provided a detailed explanation for the agency's view that it was relevant. CO's Statement at 18-19. ARTS has not shown that the agency's explanation is inconsistent with the record or unreasonable.

The agency also assigned VPL's proposal a high confidence rating, with a strength for the relevancy of its past performance and significant strengths for both the PPQ and PPIRS information. AR, Exh. 25, Final Presentation to SSA, at 31. Regarding relevancy, NASA found that the team had five highly relevant contracts, three performed by SGT and two performed by a VPL subcontractor, and concluded that this relevant experience was a strong indicator of successful performance. The SEB acknowledged there was no past performance experience of SGT and Vantage working together as a joint venture.⁷ Id. at 34. The CO explains that the SEB found several Vantage contracts similar in certain ways to this procurement and somewhat relevant, but did not consider them directly relevant because of their smaller size. CO's Statement at 22; CO's Supplemental Statement at 12-13.

⁷ Vantage was a subcontractor on two of SGT's relevant contracts. AR, Exh. 4, VPL Initial Past Performance Proposal, at III-5, III-8.

Regarding the PPQ's, NASA considered six questionnaires for SGT, four for a subcontractor, and one for Vantage on one of the smaller contracts. The SEB found the team was rated excellent to very good in client responses, a strong indicator of successful performance that merited a significant strength. AR, Exh. 25, Final Presentation to SSA, at 34. NASA also considered 13 PPIRS reports on the VPL team, two of which concerned the smaller Vantage contracts, and concluded the team was consistently rated excellent by most clients over a number of years and a variety of relevant contracts. The SEB found this information to be a strong indicator of successful performance and assessed the proposal a significant strength. Id. at 35.

ARTS argues that NASA improperly considered irrelevant information--the smaller Vantage contracts--in assessing significant strengths for the PPIRS and PPQ parts. We disagree.

The RFP stated the agency would evaluate an offeror's experience to determine whether it was relevant to the SOW and overall requirements of the procurement. RFP § M.3. NASA is correct that the RFP stated NASA might review "any" past performance information "for evaluation purposes," but ARTS is correct that the adjectival ratings were phrased in terms of "relevant" past performance. RFP § L.12. When read as a whole, we think the solicitation permitted NASA to review any additional past performance for the purposes of its evaluation, but that its evaluation results were to be based on "relevant" past performance. However, we cannot conclude that ARTS was prejudiced by NASA's actions. NASA did not consider the Vantage contracts in the relevancy part of the evaluation. For the remaining parts, as noted above, the information concerning these contracts comprised but a small piece of the overall past performance record considered for the VPL team, all of which was uniformly positive. ARTS has not shown that the evaluation results would have differed if NASA had not considered the information at all.

ARTS also argues that NASA improperly considered the past performance of one of VPL's proposed subcontractors because the firm was not a "major subcontractor" as defined by the solicitation--one performing 15 percent of the contract effort per year in terms of direct work years. RFP § L.12. ARTS calculates that the firm would perform only 13.7 percent of that contract effort. ARTS Comments at 20. ARTS contends that NASA was permitted to evaluate other subcontractors so long as they "will substantially contribute to the proposed contract, or have the potential to significantly impact performance of the proposed contract," RFP § M.3., but NASA did not make such a determination. ARTS Comments at 22.

The CO states that even if ARTS' calculation is correct, the SEB properly considered the subcontractor's past performance because the firm had the potential to significantly impact performance of the contract. He provided a detailed rationale

for NASA's position, citing the nature and extent of work to be performed by the subcontractor. CO's Supp. Statement at 10-11. ARTS asserts that the explanation is not contemporaneous, but has not shown that it is inconsistent with the record or unreasonable. ARTS does not refute the agency's account of the potential impact of the subcontractor on contract performance, and we cannot agree with ARTS that its past performance should not have been considered.

ARTS objects to the weight NASA may have given to the subcontractor's past performance, arguing that it was apparently equal to that of the joint venture partners. We have found that the significance of, and the weight to be assigned to, a prime contractor's versus a subcontractor's past performance is principally a matter of contracting agency discretion. BayFirst Solutions, LLC, B-405072, Aug. 11, 2011, 2011 CPD ¶ 158 at 6; Loral Sys. Co., B-270755, Apr. 17, 1996, 96-1 CPD ¶ 241 at 5. There is no indication in the record that NASA gave equal weight to the subcontractor's past performance. Moreover, given the nature and extent of the contribution to be made by the subcontractor, and ARTS' calculation of the percentage of work it would perform, we cannot agree that the firm's contribution is not meaningful or that NASA's consideration of that contribution was unreasonable.

As a final matter, ARTS argues that NASA improperly failed to consider the lack of past performance for Vantage concerning contract management. ARTS contends that NASA could not rely on SGT's past performance for this information because Vantage is the joint venture's managing partner.

VPL is an SBA 8(a) mentor-protégé joint venture where Vantage, an 8(a) firm, is the protégé of SGT, a large business mentor to Vantage under the SBA's mentor-protégé program. When an agency is evaluating the experience and past performance of a mentor-protégé joint venture, absent an express prohibition in the RFP not present here, we have found no basis to preclude an agency from considering the experience and past performance of both partners in such an arrangement. JACO & MCC Joint Venture, LLP, B-29334.2, May 18, 2004, 2004 CPD ¶ 122 at 7; see also Enola-Caddell JV, B-292387.2, B-292387.4, Sept. 12, 2003, 2003 CPD ¶ 168 at 7-8 n.7 (citing SBA's view that it appeared contrary to the intent of SBA's 8(a) mentor-protégé program for a procuring agency to downgrade a proposal based on the lack of experience/past performance of a protégé; in order to be a protégé, an entity must lack experience).

We do not find NASA's consideration of the contract management experience of the mentor, SGT, improper. One type of assistance provided by mentors to eligible protégés under the mentor-protégé program is technical and/or management assistance. 13 C.F.R. § 124.520(a). SGT's contract management experience is unquestioned, and the joint venture agreement cites the mentor-protégé agreement as stating that SGT agreed to provide Vantage with management and technical and other assistance. AR, Exh. 4, Joint Venture Agreement at 2. VPL's proposal also notes ways in which SGT will provide support to the joint venture in contract

management areas. The CO states that the strength for the relevance part, as opposed to a significant strength, reflects NASA's consideration of the lack of relevant experience of the joint venture itself and of Vantage. CO's Statement at 23. ARTS has not shown the agency's evaluation in this regard was unreasonable or otherwise improper.

Cost Realism

ARTS argues that the agency's cost realism analysis of VPL's proposal was inadequate and did little more than correct mathematical errors. ARTS contends that the agency improperly relied on a Defense Contract Audit Agency (DCAA) audit that simply verified VPL's calculations of its indirect rates and did not include any underlying analysis or any bases for comparison, such as with the indirect rates of VPL's joint venture partners. ARTS further argues that NASA failed to conduct any evaluation itself of VPL's indirect rates.⁸ ARTS finally contends that NASA failed to evaluate the status of VPL's systems and audits of such systems. We have considered all of ARTS' arguments and find no basis to question NASA's cost realism evaluation.

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed estimated 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 Federal Inc., B-403570 et al., Nov. 5, 2010, 2011 CPD ¶ 32 at 4; Tidewater Constr. Corp., B-278360, Jan. 20, 1998, 98-1 CPD ¶ 103 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. An agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or to 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. An agency's cost realism analysis need not achieve scientific certainty; rather, the methodology employed must be reasonable and realistic in view of other cost information reasonably available to the agency as of the time of its evaluation. See SGT, Inc.,

⁸ ARTS argues that NASA failed to perform the professional compensation analysis required by FAR § 52.222-46, incorporated into the RFP, because it compared VPL's proposed fringe benefits to those proposed by ARTS, and not to those provided to incumbent personnel. However, ARTS states that it proposed the fringe benefits currently provided under the incumbent contract. ARTS Comments at 8. That being the case, we do not discern how the evaluation would have differed had NASA compared VPL's fringe benefits to those of incumbent personnel.

B-294722.4, July 28, 2005, 2005 CPD ¶ 151 at 7. 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.

Based on our review, the record here contains extensive contemporaneous documentation--numerous spreadsheets, worksheets, discussion questions, and findings--created by the agency's price analyst. It is true that the documents contain little by way of narrative analysis and conclusion concerning the realism of the proposals. However, the record nonetheless evidences that a comprehensive cost realism analysis was performed and contains documents, including the memorandum of cost analysis for the SEB and summaries of that information in the SSA's briefing slides and the source selection determination, that provide rationale for the conclusions. E.g., AR, Exhs. 19-21, Cost Evaluations of VPL, ARTS, ARTS/VPL; Exh. 21, Memorandum of Cost Analysis for GESS-3 SEB; Exh. 25, Final Presentation to SSA at 36-40; Exh. 26, SSS at 7-8. The CO has also provided statements expanding on that rationale during the course of this protest. CO's Statement at 8-17; CO's Supp. Statement at 4-9. As discussed below, considering this information as a whole, we cannot find that NASA's cost realism analysis was inadequate.

For example, the record shows that the price analyst reviewed the initial technical and cost proposal narratives to identify cost drivers and to obtain clarification and support for the proposed costs. He also reviewed the various cost elements, comparing them to the solicitation-provided information on incumbent labor categories and rates. AR, Exh. 21, Memorandum of Cost Analysis at 1; Exhs. 19 and 20, VPL and ARTS Technical and Cost Narrative Reviews of Initial Proposals, respectively. He then identified areas for discussion and arrived at probable cost adjustments for both proposals. He made findings for both proposals, including some concerning indirect rates, all of which evidence his analysis of cost elements in both proposals. He also noted that the DCAA information on indirect rates was pending.

In this regard, after initial proposals were submitted, NASA asked DCAA to audit the indirect rates of both offerors and to forward any system audits in the files. AR, Exhs. 22 and 23, DCAA Audit Requests for VPL and ARTS, respectively. DCAA conducted this limited audit of VPL's indirect rates, concluded they were acceptable as a basis for negotiation of a fair and reasonable price, and explained the basis for its analysis and conclusion. AR, Exh. 22, DCAA Audit Report for VPL at 2-6. However, with respect to ARTS, DCAA advised NASA that new DCAA guidance prohibited it from limiting the scope of audits and deemed it necessary to conduct a

full audit of the proposal. This delayed submission of the report for ARTS.⁹ Exh. 23, Aug. 3, 2011 Email from DCAA to Price Analyst.

As a result of this review, discussion items for both offerors identified cost issues. The price analyst analyzed the IFPRs and final proposals to develop final total probable costs, and reviewed the DCAA draft audit report on ARTS. The report considered ARTS' proposal unacceptable for negotiation of a fair and reasonable price due to cost or pricing data inadequacies. Among other things, with regard to ARTS' indirect rates, DCAA found that ARTS had not prepared budgetary forecasts for the entire period of contract performance, which were required to facilitate the preparation of reliable cost estimates. Exh. 23, DCAA Audit Report for ARTS at 1-3.

Nonetheless, no cost adjustments were made based on DCAA's input. Instead, minor adjustments were made to both offerors' proposed costs for reasons not relevant here. VPL's proposal was assessed as "high confidence" with no identified issues. ARTS' proposal was assessed as "medium confidence" based on the DCAA-identified issue concerning the firm's indirect rates. AR, Exh. 21, Cost Memo at 2; Exh. 26, SSS at 7. The SSA found the cost difference was primarily due to the indirect rate structure of the proposals, as the proposed work years and salary structures were very similar. As a consequence, ARTS' focuses its protest issues principally on the indirect rate portion of the evaluation.

ARTS argues that the agency did not adequately evaluate whether VPL's indirect rates were realistic. According to ARTS, DCAA did little more than confirm VPL's math and its report provided no basis for NASA to conclude that the rates were achievable. ARTS further contends that NASA failed to conduct any evaluation itself of VPL's indirect rates.

DCAA's audit report stated that VPL was a new joint venture with no historical experience. As a result, its proposed indirect rates were based on budgetary data

⁹ It is not clear why DCAA applied its new guidelines in the case of ARTS but not VPL; NASA sent virtually identical limited audit requests for both proposals on the same day. ARTS argues that the cost evaluations were unequal because DCAA's full audit of ARTS resulted in upward adjustments and a reduced confidence rating. As discussed below, NASA made no cost adjustments based on DCAA's input. The record shows that the proposal's medium confidence rating was attributable to a DCAA-identified issue with ARTS' indirect rates. AR, Exh. 21, Cost Memorandum, at 2; Exh. 26, SSS, at 7. We can only conclude that DCAA would have identified this issue even if it had limited its audit to ARTS' indirect rates and cannot find that ARTS was prejudiced by NASA's actions. See McDonald-Bradley, B-270126, Feb. 8, 1996, 96-1 CPD ¶ 54 at 3.

for the relevant fiscal years. The costs supporting the budgets were based on estimates using the joint venture partner Vantage's costs as a guide and adjusted for known changes, and the direct costs supporting the budgets were based on the combined total direct costs from this proposal and two other proposals submitted under NASA programs. AR, Exh. 22, DCAA Audit Report for VPL at 5. DCAA stated it obtained these budgetary costs and verified the indirect rate calculations. Since the budgets were not based on historical costs, DCAA evaluated the budgetary costs used to develop the indirect rates. It evaluated the proposed base year indirect costs by performing transaction testing on certain transactions recorded on the books of Vantage to determine the reliability of the actual indirect costs that were used to develop the base year indirect rates. Id. DCAA also evaluated the contractor's planned accounting policies and procedures for an understanding of the planned composition and calculation of the indirect burden rates and other items, and reviewed relevant narrative information. DCAA concluded that VPL's proposed indirect rates were, in fact, slightly low. Id. at 4. DCAA's audit was not a mere mathematical exercise.

ARTS asserts that, in the absence of historical data, DCAA should have compared VPL's indirect rates with those of the joint venture partners to see if the rates were achievable, citing our decision in ITT Fed. Servs. Int'l Corp., B-289863.4 et al., Dec. 16, 2002, 2002 CPD ¶ 216. This decision does not require the comparison of proposed rates with historical information. It merely states that, where cost evaluators have no information with which to evaluate the realism of a proposed rate, an agency can reasonably rely on historic rates. Id. at 7-8. Here, DCAA had the budgetary data forming the basis for VPL's proposed rates for its evaluation. ARTS has not shown that DCAA was required to conduct further comparisons or that NASA's reliance on its findings was unreasonable. See Sygnetics, Inc., B-404535.5, Aug. 25, 2011, 2011 CPD ¶ 164 at 5 (an agency may rely on reasonable DCAA findings).

ARTS next argues that NASA improperly failed to evaluate the status of VPL's systems and audits of such systems. According to ARTS, VPL's proposal contained inadequate information concerning such systems.

The solicitation stated, if awarded the contract, the offeror was expected to "have or obtain" the proper accounting/estimating systems for cost-reimbursement type contracts. RFP § L.11. The status of offeror systems and audits of such systems "would be considered" part of the cost evaluation.¹⁰ RFP § M.2. The record shows NASA "considered" the status of VPL's proposed accounting system.

¹⁰ Whether an offeror's accounting system is adequate to receive a cost-reimbursement contract goes to responsibility. PMO Partnership Joint Venture, B-401973.3, B-401973.5, Jan. 14, 2010, 2010 CPD ¶ 29 at 4. Here, (continued...)

The pricing analyst asked DCAA to provide any system audits on file for both offerors. The DCAA audit report for VPL noted that the offeror was a new joint venture; there appears to be no dispute that VPL did not have its own accounting system. NASA considered the information in DCAA's audit report. The CO explains that the SEB considered information in VPL's proposal concerning the status of its systems. The proposal states that VPL's financial systems will be based upon approved DCAA accounting systems provided by the joint venture partners and included information on the status of their approval, as well as the amount VPL had so far invested in its system. AR, Exh. 4, VPL Initial Proposal at I-34; see also Exh. 14, VPL Cost IFPR at II-7, 8. The CO also states that both joint venture partners are veteran NASA contractors with no identified accounting system concerns. Since both already have DCAA approved/adequate accounting systems in place, the CO states he concluded VPL could have an operating accounting system during phase-in and prior to full contract performance, as required. CO's Statement at 12-13. The solicitation only required the agency to "consider" the status of the systems and, notwithstanding ARTS' argument to the contrary, the agency was not required to do more.

Source Selection Decision

ARTS argues that NASA improperly converted this best value procurement to a low cost, technically acceptable procurement. ARTS contends the SSA's superficial analysis did not constitute a qualitative assessment of the technical proposals and that the award was made solely on the basis of cost. ARTS Comments at 34.

Source selection decisions must be documented, and include the rationale and any business judgments and tradeoffs made or relied upon by the SSA. FAR § 15.308. However, there is no need for extensive documentation of every consideration factored into a tradeoff decision. Id.; Terex Gov't Programs, B-404946.3, Sept. 7, 2011, 2011 CPD ¶ 176 at 3. Rather, the documentation need only be sufficient to establish that the agency was aware of the relative merits and costs of the competing proposals and that the source selection was reasonably based. Id. The SSA received an extensive preaward briefing describing the respective strengths and weaknesses of both offerors. AR, Exh. 26, Final Presentation to SSA. In comparing the proposals, his award determination summarized these strengths and weaknesses. In considering the features of the technical proposals, the SSA stated that he found them to be relatively equal. From the discussion in the SSS, it is clear the SSA made a qualitative assessment of the technical proposals as part of his

(...continued)

however, since the RFP provided for consideration of the status of offeror systems as part of the cost evaluation, we consider it in that context.

award determination. There is no basis to conclude that this determination was inconsistent with the solicitation's best value methodology.¹¹

The protest is denied.

Lynn H. Gibson
General Counsel

¹¹ ARTS argued that NASA failed to make an affirmative determination of VPL's responsibility because there is no documentation for such determination in the record. This allegation is without merit. Contracting officers are not required to explain the basis for an affirmative responsibility determination. The GEO Group, Inc., B-405012, July 26, 2011, 2011 CPD ¶ 153 at 6. A written explanation is only required when a contracting officer makes a determination of nonresponsibility. FAR § 9.105-2(a)(1). Moreover, the CO has provided the basis for its affirmative responsibility determination and ARTS allegation, which seeks to discount the CO's determination, fail to establish a valid basis for protest. See 4 C.F.R. § 21.5 (GAO will only consider protests challenging an affirmative responsibility determination where the protest identifies evidence raising "serious concerns" that, in reaching the determination, the CO unreasonably failed to consider available relevant information or otherwise violated statute or regulation).