



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

REDACTED DECISION

A protected decision was issued on the date below and was subject to a GAO Protective Order. This version has been redacted or approved by the parties involved for public release.

Matter of: TRW, Inc.

File: B-260788.2

Date: August 2, 1995

Kenneth B. Weckstein, Esq., and Michael K. Love, Esq., Epstein Becker & Green, P.C., for the protester.

Kathleen C. Little, Esq., Michael R. Charness, Esq., and David R. Johnson, Esq., McDermott, Will & Emery, and Nancy L. Boughton, Esq., for Science Applications International Corporation, and Richard J. Conway, Esq., William M. Rosen, Esq., and Robert J. Moss, Esq., Dickstein, Shapiro & Morin, L.L.P., for BDM Federal, Inc., interested parties.

Gregory Petkoff, Esq., and Jerri G. Brewer, Esq., Department of the Air Force, for the agency.

Mary G. Curcio, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Cost/technical tradeoff decision resulting in awards to higher technically rated, higher-cost offerors was unreasonable where protester's and awardees' proposals were similarly technically rated except in one evaluation area; it is not clear from the evaluation record why the identified strengths of protester's proposal in this one area were rated below awardees'; and source selection official does not explain (either contemporaneously or in protest record) why the advantages of the awardees' proposals were superior to those of the protester's proposal, or why they warranted foregoing protester's \$4 million (approximately 15 percent) lower cost.

DECISION

TRW Inc. protests the decision of the Department of the Air Force to award contracts for support services for the Air Force Operational Test and Evaluation Center (AFOTEC)¹ to Science Applications International Corporation (SAIC) and BDM Federal, Inc., under request for proposals (RFP) No. F29601-93-R-0036. TRW

¹AFOTEC is responsible for conducting independent and objective evaluations of the operational effectiveness and suitability of various systems used by the Air Force.

asserts that the agency improperly evaluated its proposal and failed to perform a proper best value analysis.

We sustain the protest.

BACKGROUND

The solicitation, issued on December 30, 1993, contemplated the award of a cost-plus-award-fee contract for a base year with four 1-year option periods. The solicitation provided that proposals would be evaluated under four areas (factors): technical, management, organizational conflict of interest (OCI), and cost. The areas were listed in descending order of importance except the technical and management areas were equal in importance. The solicitation also listed items (subfactors) that would be evaluated under each area, each of which would be assigned an adjectival rating,² a proposal risk rating, and a performance risk rating; the item ratings would then be used to arrive at overall ratings for the areas. Awards were to be made to the two offerors whose proposals were most advantageous to the government, based on an integrated assessment of all evaluation areas.

Six offerors responded to the solicitation. Following evaluation by the source selection evaluation team (SSET), all proposals were included in the competitive range. Subsequently, oral discussions were held and two best and final offers (BAFO) were requested, submitted and evaluated. The BAFOs of the awardees and the protester were rated as follows:

TECHNICAL	TRW	BDM	SAIC
Statement of Work	Acceptable	Acceptable	Acceptable
Sample JCOMSS Subtask	Acceptable	Exceptional	Exceptional
Personal Qualifications	Acceptable	Acceptable	Acceptable
Performance Risk	Acceptable	Acceptable	Acceptable
Proposal Risk	Low	Low	Low
MANAGEMENT			
Program Management	Exceptional	Exceptional	Exceptional
Sample Program Management	Acceptable	Acceptable	Acceptable
Subtask			

²The adjectival ratings were blue/exceptional, green/acceptable, yellow/marginal, and red/unacceptable.

Transition Plan	Acceptable	Acceptable	Acceptable
Performance Risk	Low	Low	Low
Proposal Risk	Low	Low	Low
ORGANIZATIONAL CONFLICT OF INTEREST	Acceptable	Acceptable	Acceptable
Availability			
Avoidance/Mitigation Plan			
Performance Risk	Low	Low	Low
Proposal Risk	Low	Low/Moderate	Low
PROPOSED COST	\$22,972,452	\$26,999,421	\$26,972,201

The SSET presented the evaluation results to the source selection authority (SSA), who determined that the proposals submitted by BDM and SAIC represented the best value to the government.³ Awards were made to those firms and this protest followed.

TRW argues that the award was not based on a proper integrated assessment of all evaluation areas. Specifically, TRW asserts that in reaching the award decision, the SSA improperly failed to consider that BDM received a worse proposal risk rating than TRW in the OCI area⁴ and did not consider that TRW's proposed cost was \$4 million lower than SAIC's or BDM's. TRW also disputes the SSET's evaluation of its proposal under the Joint Communication Satellite System (JCOMSS) subtask (one of the items evaluated under the technical evaluation area) as less desirable than the awardees' proposals (acceptable instead of exceptional); this is the only item where TRW's proposal was rated lower than the awardees'.

In a negotiated procurement, where an agency chooses between a higher-cost, higher-rated proposal and a lower-cost, lower-rated proposal, our review is limited to determining whether the cost/technical tradeoff is reasonable and consistent with the solicitation's evaluation criteria. SDA Inc., B-248528.2, Apr. 14, 1993, 93-1 CPD ¶ 320. Where the higher-cost, higher technically rated proposal is selected for

³PRC, another offeror, was rated the highest for the non-cost areas but also submitted the highest proposed costs. The SSA first determined that PRC's proposal was not worth the additional cost.

⁴Although the protester and the agency refer to BDM's higher performance risk rating, the evaluation documents show that BDM in fact received a low/moderate proposal risk rating for the OCI area.

award, the award decision must be supported by a rational explanation of why the technical superiority of the higher-cost proposal warrants the additional cost involved, even though, as in this case, cost may be weighted less heavily than technical and management factors. Redstone Technical Servs.; Dynamic Science, Inc., B-259222 et al., Mar. 17, 1995, 95-1 CPD ¶ 181. This explanation can be given by the SSA in his award decision, see Browning Constr. Co., B-250788, Feb. 11, 1993, 93-1 CPD ¶ 126, or it can be evident from the evaluation documents on which the source selection decision is based. See Sabreliner Corp., B-242023; B-242023.2, Mar. 25, 1991, 91-1 CPD ¶ 326. The record does not establish the rationale for the tradeoff decision here.

The source selection decision document prepared by the SSA does not compare the advantages of the awardees' proposals to those of TRW's proposal or explain why any advantages of the awardees' proposals were worth their \$4 million higher cost. Rather, the document largely merely acknowledges the adjectival ratings assigned the proposals by the SSET. Specifically, with respect to the protester and the two awardees, the document states that:

"a. SAIC's proposal was evaluated in the Technical Area as acceptable in the SOW Item, exceptional in the JCOMSS Item and acceptable under Personnel Qualifications. Their proposal was rated in the Management Area as exceptional in the Program Management Item and acceptable in the Program Management Subtask and Transition Plan Items. SAIC's approach to performing the JCOMSS subtask demonstrated an excellent understanding of the application of the requirements of this subtask to the real world application of the general SOW requirements to actual OT&E. SAIC assembled an excellent team to support all technical areas of this requirement and this Team has very little OCI. Their avoidance/mitigation plan was considered acceptable to mitigate or avoid any OCI situations. SAIC's proposed costs were evaluated as realistic, complete, reasonable and were determined to be the best value to the Government based on an integrated assessment of all the Areas.

"b. BDM Federal, Inc. was rated in the Technical Area as acceptable in the SOW Item, exceptional in the JCOMSS Item and acceptable under Personnel Qualifications. Their proposal was evaluated in the Management Area as exceptional in the Program Management Item, and acceptable in the Program Management Subtask and Transition Plan Items. BDM Federal, Inc.'s approach to performing the JCOMSS subtask demonstrated an excellent understanding of the application of the requirements of this subtask to real world application of general SOW requirements to actual OT&E. BDM Federal, Inc., assembled an excellent Team to support the requirements of the SOW. While BDM

Federal, Inc., and their Team Members had several OCI's, BDM demonstrated that they have an acceptable avoidance/mitigation plan and procedures to avoid or mitigate these OCI's. BDM's proposed costs were evaluated as realistic, complete, reasonable and were determined to be the second best value to the Government based on an integrated assessment of all the Areas.

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"d. TRW's proposal was evaluated as acceptable in the Technical Area for SOW, JCOMSS and Personnel Qualifications Items. Their proposal was rated in the Management Area as exceptional in the Program Management Item and acceptable in the Program Management Subtask and Transition Plan Items. TRW's proposal presented an acceptable understanding of technical requirements and an acceptable approach to the SOW tasks but occasionally failed to provide details to demonstrate a thorough understanding of how and why evaluations are performed. TRW assembled an excellent Team to provide support for this requirement and was evaluated as acceptable in the Program Management Subtask and Transition Plan Items. TRW has several OCI's in the functional area for space but demonstrated an acceptable Avoidance/Mitigation Plan to avoid these conflicts by flowing the work down to their Team Members. TRW's proposed costs were not evaluated as the best value for the Government based on the overall integrated assessment."

The SSA's discussion of TRW's lower cost is limited to the following:

"TRW's proposal was the lowest proposed price at \$22,972,452 but the integrated assessment of all factors did not deem their proposal as the best value for the Government. SAIC's proposed costs at \$26,972,201 and BDM's proposed costs at \$26,999,421 were considered the two best values to the Government based on the integrated assessment of all factors."

There is no other explanation in the record of the reasons for the SSA's conclusion that TRW's proposal, with its lower cost, was not the best value to the government. While the quoted narratives contain some differences, it is not apparent that those differences are material, or why the SSA believed them to be so. Specifically, the SSA states that TRW's proposal ". . . occasionally failed to provide details to demonstrate a thorough understanding of how and why evaluations are performed. . . ." This assessment apparently is based on a statement from the SSET's briefing. However, nothing in the source selection decision document, or elsewhere in the record, indicates what type of detail was missing from the

proposal; that the "occasionally" omitted details--whatever they were--were considered significant (by either the SSET or the SSA) in assessing TRW's relative capabilities; or, if considered significant, why they were significant. Neither is it clear why the SSA noted this less desirable aspect of TRW's proposal, while ignoring the fact that BDM's proposal risk rating was somewhat higher than TRW's (low/moderate versus low). In sum, the source selection decision document does not establish that the substance of the technical differences in the proposals was ever considered by the SSA before he determined that TRW's low-cost proposal was not the best value to the government.

The reasons for the award decision also are not obvious from the evaluation record. As indicated, the sample JCOMSS subtask was the only item under which TRW's proposal received a lower rating than the awardees'; TRW was rated acceptable while the awardees were rated exceptional. The Air Force states that SAIC's and BDM's proposals were better than TRW's under this item because the SSET found only one strength of outstanding merit and four strengths of significant merit in TRW's proposal, as opposed to four strengths of outstanding merit and one strength of significant merit for SAIC, and five strengths of outstanding merit and one strength of merit above minimum standards for BDM.⁵ The agency does not explain, however, and the record does not show, the basis for designating certain strengths outstanding and others significant; it is clear only that both ratings indicate that all three proposals exceeded minimum standards set by the solicitation.

For example, the agency listed as a strength of outstanding merit SAIC's understanding of the JCOMSS subtask requirements, and as a significant strength TRW's understanding of the subtask requirements. The evaluation narrative for SAIC in this regard states that:

"The breadth and depth of SAIC's understanding was demonstrated by their breakdown of effectiveness and suitability issues, their ability to partition the effectiveness/suitability issues by JCOMSS' system segment, and their linkage of these segments to specific proposed tests to illustrate the high OT&E (Operational Test & Evaluation) utility of the test."

⁵The SSET did note one weakness in TRW's proposal under this item--TRW did not clearly link the screening criteria in its assessment methodology to the critical operational issues and measures of effectiveness/performance that should be used to develop the criteria. However, the SSET itself stated that this weakness was minor and did not require clarification.

The narrative for TRW's proposal states that:

"Based on their corporate experience of developing and testing communications satellite systems, TRW translated the OT&E concepts and goals into very specific executable tasks and precise deliverables. TRW's understanding of space systems OT&E will benefit AFOTEC in the test planning process for real acquisition programs."

The SSET also considered TRW's use of automated tools in their approach to the JCOMSS methodology a significant strength, stating that:

"The use of automated tools to populate and maintain the database and produce summary descriptions helps AFOTEC insure the database is complete, and adds flexibility to the process of updating the data base or reorganizing the data as new information is required."

For BDM, the SSET considered BDM's approach for developing a methodology to establish a utility for the developmental test events to be an advantage of outstanding merit, stating that:

"[t]his technique will benefit AFOTEC by clearly prioritizing the test events for the Test Support Group."

On their face, these perceived strengths appear sufficiently similar that it is not possible to determine why they received different ratings, *i.e.*, why one strength was deemed of greater value to the agency than another. To the extent that certain strengths may in fact have warranted higher ratings than others, neither the evaluation record nor the protest record shows why.

We conclude that the award decision is supported by neither the source selection decision document nor the evaluation documents. In the only area where TRW was rated lower than SAIC and BDM, all three offerors' proposals were found to have strengths with no significant weaknesses. Nothing in the record explains why the perceived technical advantages in SAIC's and BDM's proposals were deemed superior to the technical advantages in TRW's proposal. Absent such an explanation, it simply is not possible to conclude that the SSA reasonably decided that SAIC's and BDM's proposals were worth a cost premium of \$4 million. We sustain the protest on this basis.

By letter of today to the Secretary of the Air Force, we are recommending that the agency perform and document a proper cost/technical tradeoff. If, based on this analysis, BDM's and/or SAIC's proposal is found no longer to represent the best value to the government, the agency should terminate the contract(s) for the convenience of the government and award new contracts as appropriate. We also

find that TRW is entitled to the costs of filing and pursuing this protest, including reasonable attorneys' fees. 4 C.F.R. § 21.6(d)(1) (1995). TRW should submit its certified claim for such costs, detailing the time expended and costs incurred, directly to the agency within 60 days after receipt of this decision. 4 C.F.R. § 21.6(f)(1).

The protest is sustained.

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