



Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** Loral Aerospace Corporation

**File:** B-258817

**Date:** February 21, 1995

R. Timothy Hanlon, Esq., and Devon E. Hewitt, Esq., Shaw, Pittman, Potts & Trowbridge, for the protester.  
John S. Pachter, Esq., Jonathan D. Shaffer, Esq., and Christina M. Pirrello, Esq., Smith, Pachter, McWhorter & D'Ambrosio, for PRC, Inc., an interested party.  
Anita M. LeBlanc, Esq., and Mark Christopher, Esq., Department of the Navy, for the agency.  
David A. Ashen, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

### DIGEST

Protest against award to technically superior offeror is denied where solicitation provided that technical evaluation factor would be "moderately more important than" cost, superiority of the awardee's proposal was based on its offer of a staffing approach consistent with historical staffing and affording a greater likelihood of assuring satisfactory performance, and lower evaluated cost of protester's proposal was based on proposing fewer, less qualified staff positions to accomplish more work than required under the prior contract.

### DECISION

Loral Aerospace Corporation protests the Department of the Navy's award of a contract to PRC, Inc. under request for proposals (RFP) No. N00123-94-R-0021, for operation and maintenance of the East Coast Tactical Aircrew Combat Training System (TACTS) Ranges. Loral challenges the evaluation of technical proposals and the cost/technical tradeoff.

We deny the protest.

### BACKGROUND

The solicitation contemplated award of a 5-year--a base year plus 4 option years--cost-plus-award-fee contract for operation and maintenance support and mission planning and

coordination support for the East Coast TACTS Ranges.<sup>1</sup> The solicitation provided for award to be made to the responsible offeror whose compliant proposal was determined to be most advantageous under the two listed evaluation factors--technical and cost. The technical factor was comprised of three subfactors: (1) understanding of technical requirements, which had an undisclosed weight of 50 percent and was described in the solicitation as "considerably more important than" either, (2) personnel qualifications (25 percent), or (3) management requirements and corporate experience (25 percent). Overall, the technical factor was described as "moderately more important than" cost.

The Navy received proposals from Loral, the incumbent, and PRC; both were included in the competitive range. During the ensuing written and oral discussions, the Navy directed numerous questions to Loral concerning the adequacy and qualifications of its proposed staff (among other topics). For example, the Navy generally advised Loral that while its manning charts "identify employees as having responsibilities for multiple systems and/or functions (cross-training)," the proposal did not clearly explain how the tasks would be performed; according to the agency, Loral needed to furnish "additional information on how cross-training of personnel will be used" and address the question "[h]ow can support be provided throughout the day at all locations?" In this regard, in addition to questions concerning Loral's overall staffing approach, the agency questioned Loral's approach to staffing specific locations. For example, with respect to Cherry Point, the agency asked Loral "[h]ow will the [operation and maintenance] of the

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<sup>1</sup>The TACTS ranges and associated operation and maintenance support facilities include the: Cherry Point TACTS and Mid-Atlantic Electronic Warfare Range (MAEWR) at Marine Corps Air Station Cherry Point, North Carolina; Oceana TACTS at Naval Air Station Oceana, Virginia; Remote Display and Debriefing Subsystem at Langley, Virginia; Beaufort TACTS at Marine Corps Air Station Beaufort, South Carolina; Remote Display and Debriefing Subsystem at Cecil Field, Florida; Georgia Air National Guard at Savannah, Georgia; Florida Air National Guard at Jacksonville, Florida; and Aircrew Combat Training Range at Astor, Florida. The TACTS ranges provide integrated aircrew training in air-to-air and air-to-ground combat maneuvering and weapons delivery in real time. The system can track and process data from 36 aircraft generally operating within instrumented areas. Tracking Instrumentation Subsystem remote interrogators located around the periphery of the ranges obtain data from the aircraft and transmit it to a centrally located facility for live mission monitoring and subsequent replay for debriefs.

multiple systems/equipment at the TACTS . . . be covered with the proposed technicians." At the conclusion of discussions, the Navy requested best and final offers (BAFO).

Based upon its evaluation of BAFOs, the agency found PRC's proposal, which received a technical score of 91.73, to be "fully acceptable" and "significantly superior" to Loral's "marginally acceptable" proposal, which received a score of only 75.88. The agency found that PRC's proposal demonstrated a thorough and comprehensive approach to furnishing the required operation and maintenance of the ranges. PRC's proposal to maximize on-site maintenance was evaluated as providing quicker turnaround time and affording greater training than Loral's offer of depot maintenance at its Las Vegas, Nevada facility. Further, PRC was evaluated as offering an abundance of highly qualified staff, "which provides solid evidence that PRC fully understands the complexities and demands of the range requirements."

In contrast, the agency concluded that Loral's approach posed "a great risk that [training] missions will be seriously degraded or totally lost" as a result of its failure to demonstrate that the ranges would be sufficiently manned with staff possessing the required technical expertise. Specifically, the agency noted that:

"Loral's approach to performing the [operation and maintenance] requirements was to reduce manning [from current levels] and emphasize cross-training and collateral duty assignments. Loral inadequately explained how the cross-training and collateral duties would support the mission. In fact, the manning proposed did not support their promised service capability. The score given to Loral reflected the . . . concern that technical personnel would be unavailable for [operation and maintenance] and that repairs would not be accomplished to the lowest level. . . ."

Although the evaluated cost of Loral's proposal (\$42,150,420) was 13.75 percent lower than PRC's (\$48,872,238), this was largely the result of Loral's proposal of 1,190,425 labor hours, 167,375 hours (12.33 percent) fewer than PRC's proposed 1,357,800 hours and fewer hours than the agency considered necessary. The Navy determined that the lower cost of Loral's proposal was offset by the technical superiority of PRC's and that, as a result, PRC's proposal was the most advantageous under the stated evaluation criteria. Upon learning of the resulting award to PRC, Loral filed this protest with our Office.

Loral primarily challenges the Navy's evaluation of its proposed manning approach. According to the protester, the agency failed to adequately take into consideration both that it was the 5-year successfully performing incumbent contractor, and that it proposed to minimize manning by cross-training employees and assigning them collateral duties. Loral also challenges the Navy's cost/technical tradeoff.

In reviewing an agency's evaluation of competing proposals, we examine the agency's evaluation to ensure that it was reasonable and in accord with the evaluation criteria. See Orion Research, Inc., B-253786, Oct. 21, 1993, 93-2 CPD ¶ 242. Cost/technical tradeoffs may be made in deciding between competing proposals; the propriety of such a tradeoff turns not on the difference in technical scores or ratings ~~per se~~, but on whether the agency's judgment concerning the significance of that difference was reasonable and adequately justified in light of the RFP evaluation scheme. Brunswick Defense, B-255764, Mar. 30, 1994, 94-1 CPD ¶ 225.

The Navy reasonably downgraded Loral's proposal for its proposed staffing approach. As noted by the agency, Loral proposed a reduction from its current staffing, even though in many instances the solicitation requirements had increased. For example, Loral proposed to reduce staffing from 14 to 11 (excluding mission coordinators and guards) at the Cherry Point TACTS and from 30 to 28 at the Cherry Point MAEWR, even though the number of fully mission capable operating hours was increased from 3,140 hours under the current contract to 3,380 under the solicitation with an additional 810 hours of support also included. Likewise, although there was a minor decrease--approximately 3.7 percent--in projected operating hours for the Beaufort TACTS under the solicitation, a new requirement to perform extensive corrosion control on the ocean towers was added by the solicitation; as a result, the agency found that Loral's proposal to reduce staffing from 16 to 13 (excluding guards and a newly required computer programmer position), that is, by 18.8 percent, would leave insufficient personnel to assure timely performance of the solicitation requirements. Although Loral proposed the same number of personnel for Savannah as under the current contract, the agency interpreted the solicitation as imposing an additional requirement--simultaneous maintenance, loading and transport of aircraft instrumentation pods--which the record indicates Loral has not been performing, and the agency evaluated Loral's proposed staffing of six as two short of the number of positions required. Overall, the agency calculated that Loral had proposed 155,597 hours per year for Cherry Point, Beaufort and Savannah, 24,691 fewer hours than under the prior contract (180,288), 33,823 fewer hours than proposed

by PRC (189,420), and approximately 10 fewer positions than considered necessary by the agency to perform the required work.

Loral was also found to have proposed a less qualified mix of staff positions. For example, while the number of senior technician III positions proposed by Loral for the Cherry Point and Beaufort TACTS decreased from the approximately 13 positions under the current contract to 7 (excluding a newly required computer programmer position), the number of technician II positions only decreased from 4 to 3. (In contrast, PRC proposed 10 technician III and 12 technician II positions.) In addition, a number of Loral's proposed staff did not meet the "[d]esired qualifications" as set forth in the solicitation. For example, while the solicitation requested that the proposed radar engineer possess a "BS Engineering degree or higher from an accredited college or university," Loral's proposed radar engineer possessed a degree in the less-demanding area of engineering technology from a non-accredited college.<sup>2</sup> Likewise, while the solicitation requested that the proposed digital engineer possess a "BS Engineering degree or higher from an accredited college or university," Loral's proposed digital engineer only possessed a degree in electronics management, not engineering.

We think the Navy could reasonably view as a significant weakness Loral's proposal to accomplish more work with fewer, less qualified staff. While Loral proposed to minimize manning by cross-training employees and assigning them collateral duties, this did not alleviate the agency's more fundamental concern that using fewer employees could affect such matters as ability to respond to simultaneous calls and response time. In this regard, the ranges include significant amounts of widely dispersed equipment which must be maintained. As noted by the agency, while Loral proposed to have each individual perform multiple functions during mission schedules, a technician who is troubleshooting/repairing equipment will be unable to perform another function at the same time. Furthermore, according to the agency, range equipment malfunctions not

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<sup>2</sup>Notwithstanding the solicitation's request for both a "BS Engineering degree or higher from an accredited college or university" and relevant specialized experience, the agency considered the possibility of substituting the proposed radar engineer's experience and engineering technology degree for the desired engineering degree, as it did for Loral's proposed communications engineer. However, it found Loral's proposed radar engineer to be unacceptable on the grounds that his experience was insufficiently recent and direct and his degree was from an unaccredited college.

only could significantly and adversely affect training, but also could lead to significant cost to the government. The agency reports that the cost of an individual aircraft training sortie, excluding manpower costs, is approximately \$6,600, while the cost of a training mission generally ranges between \$13,000 and \$237,000, and can range from \$1.5 to \$2 million when it involves transportation of Air National Guard fighter groups to a training center and the payment of per diem for pilots and ground crews. In any case, even if we agreed that Loral's overall staffing approach should have been rated adequate, the Navy reasonably could find that PRC's proposal of more, higher graded staff positions, a staffing approach more in line with the historical staffing requirements, was more likely to assure the effective, timely operation of the ranges without any adverse effect on training. In other words, the agency reasonably concluded that PRC's technical proposal was superior to Loral's.<sup>3</sup>

There is also no basis for questioning the Navy's overall cost/technical tradeoff. The solicitation provided that the technical evaluation factor would be "moderately more important than" cost. PRC's proposal was reasonably found to be significantly superior to Loral's under the more important technical factor based on its greater likelihood of assuring satisfactory performance. Although the evaluated cost of Loral's proposal was 13.75 percent lower than PRC's, Loral's lower cost was based on its proposal of 12.33 percent fewer labor hours than PRC and fewer hours than the agency reasonably considered necessary. Further, as noted above, any direct cost savings associated with Loral's proposal could easily prove illusory if its reduced staffing approach resulted in the impairment or cancellation

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<sup>3</sup>Although Loral argues that it was improper to consider its staffing approach in the agency's evaluation under both the understanding of technical requirements subfactor and the management requirements/corporate experience subfactor, staffing was a legitimate consideration under each of those subfactors. An offeror's proposed staffing was relevant and reasonably related to the degree of the offeror's understanding of the statement of work. See Teledyne Brown Eng'g, B-258078; B-258078.2, Dec. 6, 1994, 94-2 CPD ¶ 223. As for the management requirements/corporate experience subfactor, the solicitation provided for consideration of an offeror's personnel manning schedule, which likewise is reasonably related to proposed staffing. (In addition, proposed staffing clearly was relevant to the personnel qualifications subfactor.)

of costly training missions. In these circumstances, the cost/technical tradeoff was unobjectionable.

The protest is denied.

*Ronald Berger*  
for Robert P. Murphy  
General Counsel