Decision

Matter of: CACI Enterprise Solutions, Inc.

File: B-412648; B-412648.2

Date: April 25, 2016

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Young H. Cho, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest that agency’s evaluation and selection decision failed to consider performance risk associated with staffing reductions in the awardee’s proposal is denied where the agency reasonably concluded that the awardee proposed sufficient staffing to perform the contract requirements, and the source selection authority fully considered the performance risk associated with the awardee’s staffing approach but found the risk to have been mitigated.

DECISION

CACI Enterprise Solutions, Inc. (CACI) of Chantilly, Virginia, protests the award of a contract to Science Applications International Corporation, Inc. (SAIC) of McLean, Virginia under request for proposals (RFP) No. NNX15530075R, issued by the National Aeronautics and Space Administration (NASA) for maintenance, operation, new development, and management of NASA’s enterprise and center-specific applications. CACI challenges the agency’s evaluation of the proposals and its source selection decision.

We deny the protest.
BACKGROUND

The RFP, issued on March 5, 2015, under Federal Acquisition Regulation (FAR) part 15, sought all services necessary to operate the NASA Enterprise Applications Competency Center (NEACC).\(^1\) RFP at 0194, 0271.\(^2\) The RFP contemplated the award of a single cost-plus-performance-fee contract with a base period of two years, 1 two-year option, 1 one-year option, and 3 one-year award term option periods. \(^{Id.}\) at 0196-0198, 0217-0218. Award was to be made on a best-value basis, considering the following factors: mission suitability, cost, and past performance. \(^{Id.}\) at 1046-1047. The non-price factors were “essentially equal in importance” and, when combined, were stated to be significantly more important than cost. \(^{Id.}\) at 1047.

The mission suitability factor contained three subfactors: management approach, technical approach, and small business utilization. \(^{Id.}\) at 1048. Under the management approach subfactor, an offeror’s demonstrated overall understanding of the requirements, as well as the extent to which the proposed approach reflected the capabilities necessary to achieve optimal performance of the performance work statement (PWS) requirements, would be evaluated. \(^{Id.}\) Relevant here was the staffing approach, which the solicitation stated would be evaluated for the “[e]xtent to which the [o]fferor’s proposed staffing/skill sets for each service are realistic and reasonable for the services for which they are proposed.” \(^{Id.}\) at 1049. Under the technical approach subfactor, the agency would evaluate an offeror’s overall technical approach and capability, as related to all requirements defined in the PWS, including the offeror’s approach to improving service levels and efficiencies. \(^{Id.}\) at 1052.

Under the cost factor, cost proposals were evaluated for adequacy, reasonableness, and realism in order to determine the probable cost of performance. \(^{Id.}\) at 1055. As relevant here, the solicitation advised that a cost-realism analysis would be performed to determine whether the estimated cost elements were realistic for the work to be performed, reflected a clear

\(^1\) The NEACC provides services to operate, maintain, and enhance key business and mission-supporting platforms, applications, and infrastructure used across the agency. RFP at 0271. The PWS also included center-specific application delivery services for the Marshall Space Flight Center (MSFC) and the option to incorporate center-specific requirements for ten other space centers and associated center facilities. \(^{Id.}\)

\(^2\) The RFP was amended seven times. All citations to the RFP are to the final version, as amended on April 23, 2015. NASA used a Bates numbering system in preparing the agency report. This decision uses the Bates numbers assigned by the agency for its citations.
understanding of the PWS and all other RFP requirements, and were consistent with the unique methods of performance as described in the offeror’s mission suitability proposal. Id. The solicitation further advised that cost reductions proposed over the life of the contract through continuous improvement initiatives resulting in reductions of labor costs and/or other cost efficiencies/savings without degradation to service or customer satisfaction would be evaluated. Id. at 1055-1056. Offerors were also advised that while the cost proposal was not scored numerically, its review was relevant in assessing an offeror’s understanding of the contract and resource requirements, and that it would be evaluated in that regard. See id. at 1056. Offerors were warned that an “[o]verall lack of cost realism,” or “[u]nrealistic costs or elements of costs . . . may adversely impact the . . . [m]ission [s]uitability ratings and numerical scores.” See id. at 1048, 1056.

The agency received six timely proposals, including those submitted by CACI and SAIC. A source evaluation board (SEB) was established to evaluate the proposals. The agency formed a competitive range that included CACI and SAIC, conducted discussions, and received final proposal revisions (FPRs) from these offerors on September 30, 2015. The FPRs submitted by CACI and SAIC were evaluated as follows:

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<th>CACI</th>
<th>SAIC</th>
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<td>Mission Suitability</td>
<td>962</td>
<td>952</td>
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<td>Management Approach</td>
<td>388</td>
<td>384</td>
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<tr>
<td>Technical Approach</td>
<td>475</td>
<td>470</td>
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<td>Small Business Utilization</td>
<td>99</td>
<td>98</td>
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<td>Past Performance</td>
<td>High Level of Confidence</td>
<td>Very High Level of Confidence</td>
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<td>Proposed Cost</td>
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<td>$385,231,284</td>
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<tr>
<td>Probable Cost</td>
<td>$451,422,629</td>
<td>$447,829,138</td>
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3 For this factor and its subfactors, adjectival ratings were assigned in addition to numerical scores. See AR, Tab 1, Source Evaluation Plan at 0012-0014. Both offerors were assigned excellent ratings for this factor and its subfactors. AR, Tab 14, SEB Final Findings at 3520.

4 As relevant here, SAIC was assigned a significant strength for its past performance on the predecessor contract, which included the same core work as this contract (which represents approximately 75 percent of the annual value of the work for this contract), but did not include the center-specific services for the MSFC or the optional scope to incorporate center-specific requirements. See id. at 3583; AR, Contracting Officer Statement of Facts (COSF) at 1, 2.

5 Both offerors’ probable costs were assigned a high level of confidence rating, which was defined as “The [g]overnment has a very high level of confidence that the probable cost, which is the [g]overnment’s best estimate for the cost of a contract (continued...)
Both offerors proposed, as part of their technical approach, innovations and efficiency-gaining techniques to improve productivity over the life of the contract and to reduce costs. As relevant here, SAIC was assigned a weakness under the management approach subfactor because the “proposed staffing/skill sets for each service which are proposed to be gained” as a result of various efficiencies and associated reductions “were found to be not realistic.” Id. at 3536-3537. This evaluation, which occurred in tandem with the cost realism evaluation, found that SAIC’s proposal did not justify the magnitude of its proposed staffing reductions after implementing its various proposed efficiencies and that those reductions were “unrealistic without more information to substantiate them.” 7 Id. As a result, the SEB determined that the proposed staffing reductions in question introduced some contract performance and cost risk. Id. at 3537. Specifically, the SEB stated that it was concerned that “SAIC’s anticipated staffing reductions at such significant levels without sufficient explanation could potentially result in delivery delays and longer lead times in the event the efficiencies were less effective than proposed, or if the scope of work overwhelmed SAIC’s reduced contractor personnel.” Id. The SEB, (...continued)

resulting from the [o]fferor’s proposal, correlates very closely to the actual costs that the [o]fferor would incur to successfully implement its proposal.” AR, Tab 14, SEB Final Findings at 3518; RFP at 1059; AR, Tab 1, Source Evaluation Plan at 0010.

6 The SEB provided to the source selection authority (SSA) on November 12, 2015, the results of its final findings as a presentation with briefing charts, which constituted the SEB’s final report. See AR, Tab 13, SEB Final Findings Presentation to the SSA; see also AR, Tab 1, Source Evaluation Plan at 0017. After the presentation, the SSA requested that the SEB provide a more thorough explanation of the SEB’s rationale and methodology for its cost realism evaluation, and to explain its evaluation of performance risk associated with any evaluated unrealistic costs, including SAIC’s weakness under the management approach subfactor. See AR, COSF at 56. The SEB’s updated findings were presented to the SSA on November 25, 2015. Id. at 57; AR, Tab 14, SEB Final Findings.

7 For example, SAIC proposed staffing reductions based on proposed productivity leveling based on its experience on a previous contract. See AR, Tab 10, SAIC FPR at 1921-1922. However, SAIC did not provide an adequate description of those efficiencies, how they correlated to the efficiencies proposed for this contract, and how those efficiencies would be achieved in the context of this contract. See AR, Tab 14, SEB Final Findings at 3536. See also id. at 3569, 3576. In other instances, SAIC did not provide sufficient explanation to justify the application and benefits of certain innovations as proposed by SAIC, and inconsistently described its proposed staffing reductions. Id. at 3536-3537, 3569, 3576.
nonetheless, found that the potential impact of this performance risk did not “[rise] to the level of appreciably increasing SAIC’s risk of unsuccessful contract performance” and that “SAIC’s overall [n]management [a]pproach demonstrated a comprehensive understanding of contract requirements and . . . provided capabilities necessary to meet the contractual requirements.” Id.

Under the cost factor, the SEB identified a cost risk in SAIC’s proposed staffing approach. Id. at 3576. As a result, the SEB made an upward cost adjustment,8 based on its conclusion that “the staffing is not realistic and may adversely impact the [c]ontractor’s ability to provide the services within the contract terms and conditions.”9 Id. Nonetheless, the SEB determined that overall, SAIC demonstrated a comprehensive understanding of the contract requirements. Id.

The SEB’s evaluation findings were presented to the SSA, who performed a comparative assessment and identified advantages and discriminators between the two proposals for each factor considering the SEB’s findings in relation to the solicitation’s evaluation criteria and exercising her independent judgment. See AR, Tab 15, Source Selection Decision Document (SSDD) at 3647-3654. As relevant here, under the mission suitability factor, the SSA found that CACI’s proposal, which had slightly higher point scores, was slightly more advantageous than SAIC’s. Id. at 3648-3651. The SSA, however, found SAIC’s more aggressive approach to reduce staffing, and its innovations and efficiency-gaining approaches were discriminators when compared to those of CACI’s which resulted in more gradual gains in efficiency, notwithstanding potential performance risks associated with the SAIC’s weakness under the management approach subfactor. See id. In this regard, the SSA stated that she understood and concurred with the SEB’s assignment of the weakness to SAIC’s proposal, and the corresponding cost adjustment made under the cost factor, which reflected the SEB’s principal concern that SAIC might not have adequately justified the magnitude of its proposed staff reductions for certain areas. Id. at 3649. She also indicated that “the SEB explained [to the SSA that] SAIC’s one weakness is not significant and does not indicate any misunderstanding on SAIC’s part to perform the . . . scope of work. Nor does this weakness indicate that SAIC lacks the knowledge and ability to apply

8 A substantial portion of SAIC’s proposed reductions were adjusted back to the staffing levels SAIC initially proposed, which had the effect of negating much of the cost savings that SAIC had proposed. See id. at 3569-3571; see also AR, Tab 12, SAIC FPR Evaluation at 3337-3340; AR, Tab 15, Source Selection Decision Document (SSDD) at 3654.

9 The magnitude of staffing reductions proposed by SAIC resulted in staffing levels that were below the current staffing profile on the predecessor contract, which did not include the additional scope for the MSFC center applications that was included in the current contract. Id. at 3576.
its innovative techniques . . . in order to achieve efficiencies;” and that the SEB’s probable cost adjustment represented the SEB’s “attempt to assign cost risk to SAIC’s [m]anagement [a]pproach” and “quantify this potential risk.” Id.

The SSA also noted numerous strengths identified under both the management approach and technical approach subfactors that would help SAIC mitigate performance risk associated with staffing reductions. See id. at 3649-3651. For example, under the management approach subfactor, the SSA discussed the following three strengths, explaining why she thought they would mitigate performance risk associated with staffing reductions: SAIC was found to have the ability to measure performance variation, cost and schedule baselines, and to provide oversight, tools, analysis, communication and information on contract progress—all of which was expected to assist SAIC in addressing any potential shortfalls that might occur well before performance is impacted. Id. at 3649. Similarly, SAIC’s strategy for controlling costs throughout the life of the contract was perceived as enabling SAIC to forecast possible additional personnel costs associated with its efficiencies and to do so early enough in contract performance to make alternative arrangements and to avoid gaps in services. Id. at 3649-3650. Finally, SAIC’s approach to ensuring that skills and competencies are retained throughout the life of the contract was expected to help SAIC mitigate any performance risk associated with staffing reductions. Id. at 3650.

As a result, the SSA determined that the weakness “[could] be monitored and adequately managed during contract performance, and in all likelihood will not have a negative impact on contract performance.” Id. Similarly, the SSA found strengths under the technical approach subfactor that bolstered the SSA’s opinion that any potential staffing risk associated with the management approach weakness could be adequately mitigated during contract performance. Id. at 3651. These included SAIC’s “well thought-out’ innovations,” such as its tracking and monitoring processes, its demonstrated knowledge and approach to software lifecycle management, and its demonstrated knowledge and capability to provide business continuity and availability during unexpected surge times requiring additional performance. Id.

Similarly, in finding SAIC’s past performance superior to CACI’s, the SSA identified SAIC’s exemplary past performance on the predecessor contract to be a discriminator that gave her “measurably more confiden[ce] in SAIC’s ability,”10

10 Specifically, the SSA found that SAIC possessed a “wealth of experience in this area,” successfully performed “the most relevant possible work . . . that comprises a majority of the scope of the . . . requirement,” and noted, in particular, SAIC’s wealth of experience with maintenance and development services that were of the scale, nature, and complexity as NASA requires; and SAIC’s demonstrated ability in
noting, in particular, SAIC’s ability to “identify and address any shortfalls in performance (including those due to any implemented or proposed staffing reductions) and to effectively remedy any issues that may arise in a timely manner.” Id. at 3652.

The SSA’s best-value tradeoff acknowledged that CACI’s mission suitability proposal was superior to, and without the same performance risk potential of, SAIC, which the SSA viewed as proposing staffing reductions that were aggressive. Id. at 3655. Further, the SSA observed that SAIC’s proposal “did not include enough detail to demonstrate, in the SEB’s judgment, the success of this approach in terms of reducing personnel costs in these complex environments.” Id. While the SSA acknowledged this risk associated with SAIC’s proposed innovations, she nonetheless viewed SAIC’s approach to be “just the kind of forward-leaning solution the [a]gency needs at this time.” Id. The SSA, further, explained that her concern with respect to any performance risk associated with SAIC’s reduced staffing was allayed because of “SAIC’s demonstrated command of planning, executing, and controlling contract activities, including its strategy to control costs and to avoid loss of critical skills and single failure points in the contract performance . . . . [and] exceptional past performance executing these activities on numerous occasions and on a scale and complexity akin to . . . [this] effort in complex environments with proven success reinforces my confidence in its ability to perform.” Id.

In selecting SAIC, the SSA stated that

I choose not to pay a known higher cost for CACI’s slightly higher-rated [m]ission [s]uitability proposal that is more gradual in its implementation of efficiencies and less aggressive in its reduction of labor costs, especially since CACI has not previously fulfilled these particular NASA requirements. Rather, given SAIC’s exemplary [p]ast [p]erformance in this area, I am willing to accept some amount of performance risk associated with its [m]anagement [a]pproach because in my judgment, doing so will provide SAIC an opportunity to potentially maximize additional savings for NASA, to the extent such savings are possible.11 Therefore, I select SAIC as the best value for NASA for award of the . . . contract.

11 In her comparative assessment, the SSA acknowledged that as a result of the SEB’s cost adjustment to SAIC’s proposal, the difference between the probable costs of the two proposals was very slight. Id. at 3653. However, the SSA noted that there was “a possibility for additional cost savings to the extent SAIC is
On January 6, 2016, CACI was notified of the agency’s decision to award the contract to SAIC. CACI was debriefed on January 13, 2016, and this protest followed.

DISCUSSION

CACI primarily argues that the agency’s evaluation and selection decision failed to consider the performance risk associated with SAIC’s staffing approach under the management approach subfactor. Although we do not specifically address all of CACI’s arguments, we have fully considered them all and find that they afford no basis on which to sustain the protest.

SEB’s Evaluation of Performance Risk

CACI contends that in assigning a weakness under the management approach subfactor for SAIC’s proposed staffing for certain services, the SEB “[found] that SAIC unrealistically proposed staffing below what was required in the identified areas, [thus] the SEB . . . evaluate[d] SAIC as not including the staffing needed to perform those contract requirements.” See Supp. Protest at 6-11; Supp. Comments at 5 (bold and italics in original). CACI argues, further, that the SEB failed to take into account the performance risk associated with this weakness, which in the protester’s view is SAIC’s potential inability to perform the contract requirements using the proposed staffing levels, because the SEB allegedly improperly presumed that SAIC had the ability to add personnel to perform the requirements during contract performance. Supp. Protest at 11-12; Supp. Comments at 9-10.

In response, the agency states that the SEB did not conclude that SAIC demonstrated a fundamental lack of understanding of how to staff the contract or that it was a certainty that SAIC could not perform the contract with the staffing levels proposed. AR, Supp. Memorandum of Law (MOL) at 9, 11. The agency responded, further, that the SEB, when gauging SAIC’s performance risk, did not “rest upon the assumption that SAIC would increase staffing to perform” the contract.” Id. at 11. Rather, the agency explained that the SEB thoroughly (...continued)
successful in applying its innovative techniques” noting that while the SEB found that SAIC did not provide enough detail in its proposal to substantiate the impact of its innovations, the SEB did not find SAIC’s innovations fundamentally infeasible to apply. See id. at 3653-3654. The SSA, further, acknowledged that notwithstanding her confidence in “SAIC’s ability to achieve such savings by way of its proposed approach,” she could not “place undue weight upon any additional cost savings that are speculative.” Id. at 3654.
considered and addressed both performance and cost risk for SAIC’s proposed staffing in assigning the weakness for SAIC’s proposed staffing under the management approach subfactor of the mission suitability factor, in conjunction with its cost realism analysis. Id. at 6; AR, Contracting Office Statement of Facts (COSF) at 16-17, 27-30, 38-41.

The evaluation of an offeror’s technical proposal is a matter within the agency’s broad discretion and our Office will not substitute our judgment for that of the agency; rather, we will examine the record to determine whether the agency’s judgments were reasonable and consistent with the stated evaluation criteria and applicable procurement statutes and regulations. Aerostar Perma-Fix TRU Servs., LLC, B-411733, B-411733.4, Oct. 8, 2015, 2015 CPD ¶ 338 at 7. A protester’s disagreement with the agency’s judgment does not establish that the evaluation was unreasonable. Jacobs Tech., Inc., B-411784, B-411784.2, Oct. 21, 2015, 2015 CPD ¶ 342 at 6.

In assigning the weakness, the SEB found that SAIC did not fully justify the magnitude of its proposed staffing reductions to be achieved after implementing its proposed efficiencies; however, contrary to the protester’s assertions, the SEB did not find that SAIC “unrealistically proposed staffing below what was required in the identified areas” or did not include “the staffing needed to perform those contract requirements.”12 Compare Supp. Comments at 5 with AR, Tab 14, SEB Final Findings at 35-36-3537. Moreover, we find nothing in the record to support CACI’s assertion that the SEB ignored the performance risk associated with SAIC’s staffing approach based on a presumption that SAIC had the ability to add personnel to perform the requirements during contract performance.

Instead, as described above, the weakness reflects the SEB’s documented consideration of performance risks associated with SAIC’s proposed staffing reduction (“The [SEB] remained concerned that SAIC’s anticipated staffing reductions at such significant levels without sufficient explanation could potentially result in delivery delays and longer lead times in the event the efficiencies were less effective than proposed, or if the scope of work overwhelmed SAIC’s reduced contractor personnel.”). Id. at 3537. The SEB, nonetheless, explained that it did not believe that “the potential impact” of this risk “rose to the level of appreciably increasing SAIC’s risk of unsuccessful contract performance,” i.e., that it did not warrant a significant weakness, because “notwithstanding this issue, SAIC’s overall [m]anagement [a]pproach demonstrated a comprehensive understanding of contract requirements and that SAIC’s [m]anagement [a]pproach provided capabilities necessary to meet the contractual requirements.” Id. On this record, we find no support for CACI’s contention that the SEB’s explanation is “a somewhat

12 In fact, the solicitation did not prescribe, nor did the SEB determine, any minimum staffing level requirements.
disguised assertion that SAIC would be able to obtain additional personnel.” See Supp. Comments at 9-10. We deny this basis for protest.

Selection Decision

CACI also principally argues that the SSA ignored or failed to properly analyze the performance risk associated with SAIC’s proposal. In this regard, CACI contends that the agency’s best-value tradeoff was flawed because the agency improperly relied on SAIC’s past performance as the incumbent to negate the performance risk associated with SAIC’s proposal. See Protest at 15-16, 19-20; Comments at 23-25; Supp. Comment at 11-14.


In a best-value procurement, it is the function of the source selection official to perform a cost/technical tradeoff, that is, to determine whether one proposal’s technical superiority is worth the higher cost. ERC, Inc., B-407297, B-407297.2, Nov. 19, 2012, 2012 CPD ¶ 321 at 6. Ratings, whether numerical, color, or adjectival, are merely guides to assist agencies in evaluating proposals; the qualitative information underlying those ratings is the type of information that source selection officials should consider, in addition to ratings, to enable them to determine whether and to what extent meaningful differences exist between proposals. Pemco Aeroplex, Inc., B-310372, Dec. 27, 2007, 2008 CPD ¶ 2 at 6. Proposals with the same adjectival ratings are not necessarily of equal quality, and a proposal with a higher point-score is not necessarily superior to a proposal with a lower point-score and an agency may properly consider specific advantages that make one proposal of higher quality than another. ERC, Inc., supra; Pemco Aeroplex, Inc., supra, at 6-7. It is well-settled that a single evaluation factor—even a lower-weighted factor—may properly be relied upon as a key discriminator for the purposes of a source selection decision. Smiths Detection, Inc.; Am. Sci. and Eng’g, Inc., B-402168.4 et al., Feb. 9, 2011, 2011 CPD ¶ 39 at 16.

Contrary to CACI’s assertions, the record shows that the SSA fully considered the performance risk associated with SAIC’s staffing approach in her comparative assessment and best-value tradeoff, and that the SSA found the risk was mitigated, in part due to SAIC’s past performance on the predecessor contract. Further, we disagree with the protester’s assertion that the SSA’s consideration of SAIC’s past performance on the incumbent contract in this regard was improper. Here, the solicitation provided that the mission suitability, past performance, and cost factors were essentially equal in importance, and that the non-price factors, when
combined, were significantly more important than cost. While the SSA found that CACI’s proposal offered a slight advantage under the mission suitability factor, the SSA, declined “to pay a known higher cost for CACI’s slightly higher-rated mission suitability proposal that is more gradual in its implementation of efficiencies and less aggressive in its reduction of labor costs,” in favor of SAIC’s slightly lower-priced proposal that offered an approach that was aggressive and carried performance risk but was still found to be value-added, with superior past performance due to SAIC’s performance on the predecessor contract. See AR, Tab 15, SSDD at 3655-3656. On this record, we find nothing objectionable in the SSA’s selection of SAIC.

The protest is denied.

Susan A. Poling
General Counsel