441 G St. N.W. Washington, DC 20548 Comptroller General of the United States

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# **Decision**

Matter of: ENSCO, Inc.

**File:** B-414844.4; B-414844.5; B-414844.6

**Date:** July 5, 2018

John E. Jensen, Esq., Meghan D. Doherty, Esq., Alexander B. Ginsberg, Esq., Travis L. Mullaney, Esq., Pillsbury Winthrop Shaw Pittman LLP, for the protester; Richard L. Moorhouse, Esq., Mark Wishner, Esq., Ryan Bradel, Esq., Greenberg Traurig, LLP, for CENTRA Technology, Inc., the intervenor. Debra B. Haworth, Esq., Defense Threat Reduction Agency, for the agency. Robert T. Wu, Esq., and Peter H. Tran, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

## **DIGEST**

Protest that the agency conducted an unreasonable cost realism evaluation is sustained where the record shows that the agency's evaluation methodology resulted in disparate and heightened scrutiny of the protester's cost proposal, and the agency recognized a benefit in the awardee's technical proposal without evaluating the realism of the rates for the work to be performed as required by the solicitation.

### **DECISION**

ENSCO, Inc., of Springfield, Virginia, protest the award of a contract to CENTRA Technology, Inc., of Burlington, Massachusetts, by the Defense Threat Reduction Agency (DTRA), under request for proposals (RFP) No. HDTRA1-17-R-0014 for the provision of support services. ENSCO challenges the agency's cost evaluation and best-value tradeoff decision.

We sustain the protest.

### **BACKGROUND**

The RFP, issued on January 5, 2017, sought proposals to provide services to the agency's Nuclear Enterprise Support Directorate in support of the agency's balanced survivability assessments (BSA) teams, which assess mission survivability of critical U.S. and allied "national/theater mission systems, networks, architectures, infrastructures and assets." Agency Report (AR), Tab 2, RFP, Statement of Work

(SOW), at 1. The RFP contemplated the award of a single, cost-plus-fixed-fee contract with one base year and four option years. RFP at 1-9. The scope of work included three core assessment components: (1) technical capabilities and expertise of required specialists; (2) home team support; and (3) surge capability. <u>Id.</u> Specific requirements under the contract were to include performance of BSAs in three-team rotations, perform technical support projects, conduct design review, and participate in annual updates to the standard operating procedures. <u>Id.</u> at 3-6.

Award was to be made on a best-value tradeoff basis, considering the following factors, in descending order of importance: mission capability, past performance, and cost. RFP at 75-76. The mission capability factor included two subfactors, listed in descending order of importance: management approach and technical approach. <u>Id.</u> at 76. When combined, mission capability and past performance were to be significantly more important than cost, however, cost was to be "carefully considered in the selection decision." Id.

Cost was not to be rated or scored, but each offeror's cost proposal was to be evaluated for realism, reasonableness, and completeness. Id. at 75. Realism was to assess whether proposed cost elements are realistic for the work to be performed, reflect a clear understanding of the requirements; and are consistent with the unique methods of performance and materials described in the offeror's technical approach. Id. Reasonableness was to be evaluated using one or more of the cost/price analysis techniques defined in Federal Acquisition Regulation (FAR) section 15.404. According to the RFP, "[i]n evaluating reasonableness, the Government will determine if the Offeror's proposed costs and fee, in nature and amount, do not exceed those which would be incurred by a prudent company in the conduct of competitive business." Id. The solicitation notified offerors that the agency will determine the most probable cost (MPC) by adjusting the offeror's proposed cost and fee, when appropriate, to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis. Id. The MPC was to be used to determine best value to the government, and was to represent the agency's "best estimate of the cost of any contract that is most likely to result from the Offeror's proposal." Id.

Six proposals were received by the agency, including those from ENSCO and CENTRA. AR, Tab 27, Source Selection Decision Document (SSDD), at 2. After establishing a competitive range consisting of all offerors, the agency engaged in discussions and received final proposal revisions (FPR). <u>Id.</u> The source selection authority (SSA) conducted a best-value tradeoff analysis and determined that CENTRA's proposal represented the best value to the government. <u>Id.</u> at 7. After award, ENSCO and another unsuccessful offeror protested the award to our Office. On October 2, 2017, we sustained the protests, in part, and denied them in part. <u>See ENSCO, Inc.; PAE National Security Solutions LLC</u>, B-414844 <u>et al.</u>, Oct. 2, 2017, 2017 CPD ¶ 357.

On October 20, the agency informed offerors that it would be taking corrective action. AR, Tab 39, Amended Contracting Officer's Statement (COS), at 11. In response to the decision, the agency entered into limited discussions with CENTRA and another offeror,

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and received proposals with revisions limited to the areas of discussions. <u>Id.</u> All other offerors, including ENSCO, were notified that they could extend their proposals' validity date. The agency then conducted a limited reevaluation of the four offerors that opted to remain in the competition, with the relevant results as follows:

	ENSCO	CENTRA
Management Approach	Blue/Outstanding	Purple/Good
Technical Approach	Green/Acceptable	Green/Acceptable
Past Performance	Substantial Confidence	Satisfactory Confidence
Proposed Cost	\$79,057,750	\$61,771,261
Most Probable Cost	\$79,905,368	\$61,853,816

AR, Tab 51, Source Selection Decision Document (SSDD), at 3.

While noting the technical advantages of ENSCO's proposal, the SSA found there was "not enough value in the advantages of the ENSCO proposal to justify \$18,051,552, or [a] 29.18% increase in cost to perform the work." <a href="Id.">Id.</a> at 4. The SSA's assessment concluded that "CENTRA will be able to successfully perform the effort at a favorable Most Probable Cost, and therefore, offers the best value to the Government." <a href="Id.">Id.</a> On March 5, the agency again decided to award the contract to CENTRA. <a href="Id.">Id.</a> at 17-20. After a debriefing, this protest followed.

#### DISCUSSION

ENSCO, as the incumbent contractor, primarily challenges the agency's cost realism evaluation arguing that the agency engaged in disparate treatment by mechanically adjusting the firm's proposed cost in a manner that significantly impacted only ENSCO. Protest at 29. In this regard, the protester asserts that the agency perfunctorily increased direct labor rates of offerors to match rates verified by the Defense Contract Audit Agency (DCAA), but did not adjust any rates that were not verified by DCAA. Protest at 25. ENSCO argues that this evaluation was unreasonable and disparate because it ignored the firm's justification for a proposed rate reduction and unequally impacted ENSCO, because, as the incumbent, the evaluation resulted in cost adjustments to most of its workforce, but not to other offerors who offered non-incumbent personnel. Id. at 26.

ENSCO also argues that, in only adjusting costs where there were corresponding DCAA-verified rates, the agency failed to conduct a meaningful analysis of CENTRA's proposed direct labor rates, since most of its rates were not verified by DCAA. <u>Id.</u>; Supp. Protest at 9-11. Finally, ENSCO contends that the agency's failure to evaluate nearly all of CENTRA's low proposed labor rates was arbitrary and unreasonable in light of CENTRA's proposal to recruit significantly from incumbent staff. Supp. Protest at 9.

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<sup>&</sup>lt;sup>1</sup> ENSCO also alleges that the cost realism evaluation was flawed because the agency included the "unrealistically low" costs of another offeror in its cost reasonableness (continued...)

The agency responds that its decision to use ENSCO's current contract rates in its MPC analysis was "based on a reasonable assessment that the actual costs represented the more likely rates that the Agency would pay." Memorandum of Law (MOL) at 3. The agency argues that the cost realism analysis reflects a detailed consideration of each offeror's proposed costs. Id. at 10. The agency asserts that the cost evaluation team "considered each offerors' staffing against the work requirement, compared offerors' proposed costs to the Government's IGCE [independent government cost estimate], and compared proposed direct and indirect rates to the rates on file at DCAA." Id. As a result, the agency concludes that it reasonably considered and declined to accept certain of ENSCO's lower proposed costs, resulting in a modest increase in the firm's MPC of less than \$900,000. The agency explains that the cost differential "remained excessive largely due to factors unrelated to the cost evaluation: ENSCO's own proposed indirect rates and high fee." Id. We disagree.

We sustain the protest because the agency's evaluation and adjustment of direct labor rates for only those employees where DCAA-verified rates were available, with no other analysis of the individual direct labor rates, was arbitrary and unreasonable. In this regard, we conclude the agency's limited analysis of the proposed labor rates was inadequate to assess the realism of the offerors' cost proposals. We also sustain the protest because the agency assessed greater confidence to CENTRA's proposal for its approach of recruiting incumbent employees [DELETED] without analyzing the impact of CENTRA's significantly lower direct rates on its ability to recruit the incumbent personnel.

(...continued)

analysis. Supp. Protest at 3. This allegation, without more, does not state a valid basis of protest. 4 C.F.R. § 21.1(i). First, as the protester recognizes, the agency averaged the proposed costs of all offerors' for purposes of the cost reasonableness analysis, not the cost realism analysis, as the protester alleges. Id.; see AR, Tab 49, Cost Evaluation, at 3-4. Moreover, the protester has not provided any support to show this offeror's costs were unrealistically low, or how those costs materially impacted the cost realism evaluation. Thus, the basis underlying this protest allegation is not factually supported by the record. As a result, this insufficiently supported allegation will not be considered further. See DataSource, Inc., B-412468.9, Apr. 14, 2017, 2017 CPD ¶ 122 (dismissing protest as insufficiently supported and speculative). ENSCO also argued that the solicitation did not reflect the agency's actual requirements, because, according to the protester, the agency intended to perform certain work not contemplated by the solicitation under the resulting contract. Protest at 29-35. The agency later confirmed that the scope of work of which the protester complains was to be performed under a separate contract, and not the one awarded to CENTRA. Agency Memorandum dated May 4, 2018. Hence, these contentions have little application to this procurement and are likewise dismissed. 4 C.F.R. §§ 21.1(c)(4), 21.1(i).

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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); Bart & Assocs., Inc., B-407996.5 et al., Jan. 5, 2015, 2015 CPD ¶ 61 at 12. Consequently, a cost realism analysis must be performed by the agency to determine the extent to which an offeror's proposed costs represent what the contract should cost, assuming reasonable economy and efficiency. Litton Sys., Inc., Amecom Division, B-275807.2, Apr. 16, 1997, 97-1 CPD ¶ 170 at 5. While an agency's cost realism analysis need not achieve scientific certainty, the methodology employed must be adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency at the time of its evaluation. Tantus Techs., Inc., B-411608, B-411608.3, Sept. 14, 2015, 2015 CPD ¶ 299 at 10. Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. Jacobs COGEMA, LLC, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

The record shows that the agency evaluated cost proposals for reasonableness, realism, and completeness before making adjustments to certain costs as part of its MPC analysis. With respect to cost reasonableness, the agency conducted a standard deviation analysis, first based on the average total cost of the four submitted proposals, and then additionally included the IGCE as part of the analysis.<sup>2</sup> AR, Tab 49, Cost Evaluation, at 3-5. While the agency noted that ENSCO's proposed cost varied significantly from both means (with and without the IGCE), it found the firm's proposed cost to be reasonable. <u>Id.</u> at 5. 12. The agency also found all proposals to be complete. Id. at 12.

The agency also conducted a cost realism analysis, comparing cost elements of each proposal. <u>Id.</u> In comparing cost elements of each proposal, the evaluators noted that ENSCO proposed "extraordinarily high indirect costs (150% higher than the next lowest offeror)... and ENSCO proposed the highest fixed fee (82% higher than the next lowest offeror)." <u>Id.</u> at 7. The record shows that the SSA recognized this finding in the tradeoff decision where he states he was "briefed by the Cost Evaluation Team on the basis for the high costs and informed that much of the excessive cost was the result of very high indirect rates that were verified by the Defense Contract Audit Agency and the high proposed fee." AR, Tab 51, SSDD, at 4. He then concluded that "the likelihood that these costs would be lower during contract performance was unlikely." <u>Id.</u>

As part of the cost analysis, the agency conducted a "labor rate review," which included evaluation of the total direct labor, subcontractor labor and consultant labor costs proposed by each offeror and a labor rate verification for the various positions required

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<sup>&</sup>lt;sup>2</sup> The IGCE of \$76,258,251 was created using data from the General Services Administration's (GSA) "contract awarded labor category tool" and "data associated with the final period of performance for the current DTRA contract." AR, Tab 3, IGCE, at 1.

by the solicitation<sup>3</sup> where the agency obtained rate verification from the DCAA.<sup>4</sup> RFP at 54-55; AR, Tab 49, Cost Evaluation, at 7-9. The record reflects that the agency adjusted offeror rates where it was able to obtain DCAA verification of those rates, but did not otherwise adjust any other direct labor rates or associated indirect costs. AR, Tab 49, Cost Evaluation, at 8-12. This resulted in an upward MPC adjustment to CENTRA's cost proposal of \$82,555 and an upward adjustment of \$847,618 to ENSCO's cost proposal. Id. The record also reflects that while ENSCO proposed a three-percent reduction in labor rates "as a cost savings measure," the agency declined to accept the reduction because "there was inadequate support to accept it." Id. at 9. In making this finding, the agency notes, "[a]ctual employee salary data per its Contractor Salary Analysis submittal (dated February 29, 2016) were inconsistent with the proposed reduction and therefore the Contracting Officer decided to use the current rates as more reflective of the actual costs the Agency would pay." Id.

The record does not show that the agency made any other adjustments to direct labor rates or associated indirect rates for offerors where rate verification was not obtained from DCAA. See generally id. The record also does not provide any evidence that the agency evaluated individual direct labor rates by any other means, such as comparison to rates proposed by the various offerors, or to the IGCE, which was apparently only utilized in the agency's cost reasonableness analysis.<sup>5</sup> Id. at 4-5

In documenting his tradeoff analysis, the SSA found the following:

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<sup>&</sup>lt;sup>3</sup> Section L of the RFP specified 39 total full-time equivalent (FTE) positions for the BSA Team Support and BSA Home Team Support scopes of work. RFP at 54-55. For example, the RFP required offerors to propose three technical integrators, three technical editors and three surveillance operators, both with total labor hours requirements of 5,760 hours. Id. at 54.

<sup>&</sup>lt;sup>4</sup> For instance, the cost evaluation shows that DCAA rate verification was obtained for two positions proposed by CENTRA, specifically, one technical integrator and one technical editor. The record shows that the agency upwardly adjusted CENTRA's MPC for direct labor rates by \$60,894 and indirect costs by \$21,661 to reflect the DCAA-verified rates, in place of the proposed rates for these two positions. AR, Tab 49, Cost Evaluation, at 8, 11. The record shows that the agency obtained verification from DCAA for 13 positions proposed by ENSCO, resulting in an upward adjustment of the firm's MPC by \$552,057 for direct labor costs and \$295,561 for indirect costs. <u>Id.</u> at 8-9, 12.

<sup>&</sup>lt;sup>5</sup> In this regard, the record appears to only show the total IGCE amount being used as part of the agency's standard deviation analysis for cost reasonableness. <u>Id.</u> While the IGCE does contain individual rate information for each of the positions required by the solicitation, there is no evidence in the record that these individual rates were used to evaluate any of the rates proposed by offerors. <u>See generally</u> AR, Tab 3, IGCE; Tab 49, Cost Evaluation.

CENTRA provided a proposal that provided best value to the Government. CENTRA has provided a proposal that meets the Government's requirements with multiple strengths. CENTRA's past performance gives us Satisfactory Confidence that it can perform the required effort. . . . In addition, CENTRA stated in its proposal an intent [DELETED] to attempt to recruit additional incumbent employees which increases the Government's confidence in successful performance. CENTRA has provided a realistic and reasonable cost proposal that is significantly lower than the only other Offeror (ENSCO) deemed to have provided an acceptable proposal.

AR, Tab 51, SSDD, at 3.

As an initial matter, the use of historical direct labor rates verified by DCAA as part of a cost realism evaluation is generally unobjectionable. See e.g., AM Pierce & Associates Inc., B-413128, B-413128.2, Aug. 22, 2016, 2016 CPD ¶ 270 at 10-11 (using rates currently being paid personnel was reasonable). Here, we are provided no basis to question the agency's use of historical labor rates verified through DCAA in its cost realism analysis, or its decision to adjust offerors' rates to match those currently being performed on other contracts, including the incumbent contract. As such, we do not question the agency's decision to not accept ENSCO's proposed rate reductions and to instead utilize historical rates, particularly given that the government would primarily bear the risk of increased costs under any resulting contract. See Bart & Assocs., supra.

The error, in our view, is the agency's exclusive use of DCAA-verified rates, without any meaningful analysis of the direct labor rates that were not verified by DCAA. Since ENSCO was the incumbent contractor, many of its rates were adjusted to conform to the rates paid under its incumbent contract, which negated the firm's proposed cost reduction. Protest at 25-26. In contrast, only two of CENTRA's proposed rates were adjusted, while the remainder of the firm's proposed direct labor rates were apparently not scrutinized. The record does not reflect any analysis of non-DCAA verified rates, even though the agency had available to it rates proposed by other offerors, including the incumbent, for comparison. The agency also had available an IGCE, which provided the government's own estimates of the cost for each position required under the solicitation. In this regard, a review of the IGCE shows that the government's own estimates of direct labor costs were generally much higher than those proposed by CENTRA, yet the agency conducted no comparison, and made no MPC adjustments, even though the agency will bear the cost of these employees during performance of this cost reimbursement contract.

Consequently, we cannot conclude that the agency's exclusive use of DCAA-verified rates, without further explanation--and generally only for ENSCO--was reasonable. See United Int'l Engineering, Inc. et al., B-245448.3 et al., Jan. 29, 1992, 92-1 CPD ¶ 122 at 12-13 (sustaining protest where cost adjustments were arbitrary and lacking support). We also agree with ENSCO that the impact of the agency's evaluation methodology

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resulted in disparate treatment of these offerors. Therefore, we sustain the protest on this basis.

ENSCO also argues that the agency's failure to evaluate nearly all of CENTRA's low proposed labor rates was arbitrary and unreasonable in light of CENTRA's proposal to recruit from ENSCO's incumbent staff. Supp. Protest at 9. In this regard, the protester points to the SSA's finding that credited CENTRA for proposing to recruit incumbents. Id. at 10 citing AR, Tab 51, SSDD, at 3. ENSCO cites as examples two positions to be filled by the same named individuals in ENSCO's and CENTRA's proposals as evidence of the disparity between rates proposed by each offeror. ENSCO concludes that "with respect to the two individuals named in both proposals, DTRA never evaluated the realism of CENTRA's proposed direct labor rates, despite the fact that the rates ENSCO proposed for these individuals are 30 percent higher than the rates CENTRA proposed. Nor did DTRA evaluate CENTRA's plan to recruit these and other incumbents while paying them substantially lower wages." Id.

The agency responds that ENSCO mischaracterizes CENTRA's proposal. Supp. MOL at 5. In this regard, the agency asserts that it evaluated CENTRA's proposal based on the individuals proposed by the firm, and not based on the assumption that the awardee "was proposing ENSCO's staff in lieu of its own." <a href="Id.">Id.</a> Rather, the agency asserts that the SSA credited CENTRA's "[DELETED] proposal to attempt to recruit incumbent personnel [who] might or might not actually be recruited." <a href="Id.">Id.</a> (emphasis omitted). The agency argues that while this plan was not a strength reported by the evaluators, it nevertheless impressed the SSA and was consistent with the solicitation's evaluation criteria. Id.

A review of CENTRA's proposal shows that the firm relies on recruitment of incumbent personnel as part of its technical approach. For instance, CENTRA's [DELETED] plan states that "[DELETED]." AR, Tab 20, CENTRA FPR Volume 2, at 5 (emphasis added). Later, the firm's proposal states as part of its recruitment, "[DELETED]." Id. at 84. This [DELETED] was apparently to consist of two named incumbent personnel cited by ENSCO, and [DELETED] other positions recruited from the incumbent workforce. AR, Tab 20, CENTRA FPR Volume 2, at 6.

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<sup>&</sup>lt;sup>6</sup> In this regard, the protester points to the proposed [DELETED] proposed by both offerors. ENSCO asserts it offered this employee at a direct labor rate of \$[DELETED], while CENTRA offered the same individual at a rate of \$[DELETED]. Protester's Supp. Comments at 9; see also AR, Tab 49, Attach. 2, ENSCO Direct/Indirect Rate Check, at 2; AR, Tab 20, CENTRA FPR Spreadsheet. ENSCO also points to the position of [DELETED]. ENSCO proposed this employee at a direct labor rate of \$[DELETED], while CENTRA proposed the same individual at a rate of \$[DELETED]. Id.

<sup>&</sup>lt;sup>7</sup> The positions identified in CENTRA's proposal for these teams were: [DELETED]. AR, Tab 20, CENTRA FPR Volume 2, at 98.

As discussed above, the RFP specifically required an evaluation of cost realism to assess whether proposed cost elements were realistic for the work to be performed, reflect a clear understanding of the requirements, and were consistent with the unique methods of performance and materials described in the offeror's proposal. RFP at 75. However, the record shows that in evaluating CENTRA's proposal, the agency attributed greater confidence to CENTRA's proposal for its approach to attempt to recruit additional incumbent employees [DELETED] without analyzing the impact of CENTRA's significantly lower direct rates on its ability to recruit incumbent personnel. AR, Tab 51, SSDD, at 3. Without such an analysis, we cannot conclude that the agency's finding was reasonable. See United Int'l Engineering, Inc. et al., supra, at 11 (cost realism evaluation must independently analyze the realism of an offeror's proposed costs based upon its particular approach, personnel and other circumstances).

# Prejudice

ENSCO argues that it was prejudiced by the agency's "irrational cost realism evaluation." Protester's Supp. Comments at 10. In this regard, the protester asserts that the "cost impact of DTRA's irrational cost realism analysis is not merely DTRA's upward MPC adjustment to ENSCO's proposed cost of \$847,618; rather it is nearly the entire \$6.3 million delta between ENSCO's and CENTRA's evaluated direct costs." Id. ENSCO contends that, given its significant technical superiority, as evaluated by DTRA, "there is a substantial chance that a multi-million dollar upward MPC adjustment to CENTRA's proposal would cause DTRA to reach a new best value trade-off decision in ENSCO's favor." Id. The agency responds, essentially, that the reason for ENSCO's "excessive" costs was not because of its direct labor rates, but rather "due to factors unrelated to the cost evaluation;" specifically, "ENSCO's own proposed indirect rates and high fee." MOL at 10.

Competitive prejudice is an essential element of a viable protest; where the protester fails to demonstrate that, but for the agency's actions, it would have had a substantial chance of receiving the award, there is no basis for finding prejudice, and our Office will not sustain the protest. Swets Info. Servs., B-410078, Oct. 20, 2014, 2014 CPD ¶ 311 at 14. However, GAO will resolve doubts regarding prejudice in favor of the protester; a reasonable possibility of prejudice is sufficient to sustain a protest. Alutiiq-Banner Joint Venture, B-412952 et al., July 15, 2016, 2016 CPD ¶ 205 at 11. We conclude that ENSCO has met its burden of showing a reasonable possibility of prejudice.

Here, the evaluation scheme emphasized cost as the least important of the three evaluation factors, and provided that mission capability and past performance, when combined, were significantly more important than cost. RFP at 75-76. The record shows that ENSCO's proposal was superior to that of CENTRA's under the two more important evaluation criteria. AR, Tab 51, SSDD, at 3. As discussed previously, CENTRA's proposal relies on the recruitment of incumbent personnel [DELETED], but the agency did not evaluate whether this approach was realistic given the awardee's proposed direct labor costs, or whether those costs are consistent with CENTRA's

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technical approach. For example, had the agency evaluated all of CENTRA's proposed direct labor rates, it could reasonably have increased the firm's MPC to conform to the prevailing contract rates, or its own IGCE, both of which were generally significantly higher than CENTRA's proposed direct labor costs.

Moreover, had the agency evaluated the feasibility of CENTRA's approach to recruit incumbent personnel at its lower proposed rates, the agency might reasonably have found those low rates were not realistic for the work to be performed, or consistent with the specific approaches to recruitment of incumbent personnel detailed in CENTRA's technical approach. Such an evaluation could have resulted in a determination that CENTRA's proposed costs were unrealistic, which could have reasonably resulted in adjustments to CENTRA's MPC. While the record confirms the agency's observation that ENSCO's indirect rates were significantly higher than CENTRA's, and were objectively a significant factor in ENSCO's higher overall cost, we cannot say what the agency would have done had it performed a reasonable cost realism evaluation, given the stated relative importance of each evaluation factor, and ENSCO's superiority under the non-cost factors. AR, Tab 49, Cost Evaluation, at 9-12. In such circumstances, we resolve any doubts regarding prejudice in favor of a protester since a reasonable possibility of prejudice is a sufficient basis for sustaining a protest. See Kellogg, Brown & Root Servs., Inc.--Recon., B-309752.8, Dec. 20, 2007, 2008 CPD ¶ 84 at 5. Accordingly, we conclude that ENSCO has established the requisite competitive prejudice to prevail in a bid protest.9

### RECOMMENDATION

We recommend that DTRA conduct a reasonable cost realism analysis of the CENTRA and ENSCO proposals, and conduct a new best-value tradeoff analysis, in accordance with this decision. In the event a proposal other than CENTRA's is found to represent the best value to the government, CENTRA's contract should be terminated for the convenience of the government and award should be made to the successful offeror in accordance with the terms of the RFP. We also recommend that the agency reimburse

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<sup>&</sup>lt;sup>8</sup> The record shows that, after adjusting ENSCO's proposed costs, the agency determined the firm's most probable indirect costs were \$[DELETED], general and administrative costs were \$[DELETED] and proposed fixed fee was \$[DELETED]. AR, Tab 49, Cost Evaluation, at 7, 12. After adjusting CENTRA's proposed costs, the agency determined that the firm's most probable indirect costs were \$[DELETED], general and administrative costs were \$[DELETED] and proposed fixed fee was \$[DELETED]. <u>Id.</u> at 7, 11.

<sup>&</sup>lt;sup>9</sup> Additionally, while ENSCO challenges the best-value tradeoff decision, since we sustain the protest on different grounds which may impact the agency's tradeoff decision, we do not reach the merits on this issue. See Will Tech., Inc., B-413139.4 et al., June 11, 2018, 2018 CPD ¶ \_\_ at 13, n.16 (declining to resolve protest issues where recommendation includes reevaluation of challenged areas).

ENSCO for its costs of filing and pursuing this protest, including reasonable attorneys' fees. Bid Protest Regulations, 4 C.F.R. § 21.8(d)(1). ENSCO's certified claims for costs, detailing the time expended and costs incurred, must be submitted directly to DTRA within 60 days of receiving this decision. 4 C.F.R § 21.8(f)(1).

The protest is sustained.

Thomas H. Armstrong General Counsel

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