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# Decision

**Matter of:** Mission1st Group, Inc.

**File:** B-414738.9

**Date:** February 12, 2019

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## DIGEST

Protest challenging agency's conclusion that the most probable cost of the protester's proposal to perform a cost-reimbursement contract could not be determined is denied where the proposal identified two different methods for the calculation of certain costs.

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## DECISION

Mission1st Group, Inc., a small business of Arlington, Virginia, protests its non-selection for award pursuant to request for proposals (RFP) No. W15P7T-15-R-0008, issued by the Department of the Army, U.S. Army Materiel Command, for knowledge based services to support the Army and other federal government agencies. The protester alleges that the agency failed to conduct an evaluation of Mission1st's cost proposal, as required by the Federal Acquisition Regulation (FAR), and the terms of the solicitation. Mission1st also asserts that the Army should have requested clarification of the errors that were identified in the protester's revised cost proposal.

We deny the protest.

## BACKGROUND

On March 25, 2015, the Army issued the RFP for the acquisition of command, control, communications, computer, intelligence, surveillance, and reconnaissance knowledge-based support services for the Army and other parts of the Department of Defense. Agency Report (AR), Tab 15, RFP at 1, 14. The RFP anticipated

multiple-award indefinite-delivery, indefinite-quantity contracts with a five-year base period and one five-year option. Id. at 30.

The RFP contemplated the award of contracts on a best-value tradeoff basis, taking into consideration the following factors: corporate experience; past performance; and total evaluated cost. Id. at 129-132. Corporate experience was to be evaluated on an acceptable or unacceptable basis. Id. Only offerors with acceptable corporate experience ratings would be considered for award, which was to be based on a tradeoff involving the remaining two factors, with past performance being more important than total evaluated cost. Id.

The RFP provided that contracts could be awarded in two separate phases. Id. at 130. During phase 1, only proposals that met certain minimum RFP criteria were eligible for award.<sup>1</sup> Id. During phase 2, the government reserved the right to conduct discussions pursuant to FAR part 15 with those offerors that were not awarded contracts under phase 1.<sup>2</sup> Id. Only those offerors that submitted proposals in response to phase 1 of the solicitation were eligible for an award during phase 2, and any revisions to proposals would only be accepted as a result of the Army's decision to open discussions with an offeror after phase 1. Id. There was no predetermined limit to the number of awards that could be made during phase 2. Id. at 129.

On May 6, 2015, Mission1st submitted a timely proposal in response to the RFP. Combined Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 11. On May 15, 2017, the Army made awards to offerors under phase 1. Mission1st was not a recipient of one of the 56 contracts awarded by the Army after the conclusion of phase 1. RFP at 7, 129; COS/MOL at 11. The Army entered into discussions with Mission1st, issuing evaluation notices (EN) on May 16, 2017, to allow the company to revise its proposal and be considered for award under phase 2. COS/MOL at 11; AR, Tab 14, Mission1st Discussion Letter, at 1. As relevant here, the agency's EN notified Mission1st that its initial proposal, among other things, failed to comply with the RFP's cost proposal submission instructions. AR, Tab 14, Mission1st Discussion Letter, at 4.

On October 18, 2018, the Army awarded 198 contracts under phase 2 of the solicitation. COS/MOL at 17; AR, Tab 42, Source Selection Decision Document (SSDD), at 85. Mission1st was not among those offerors that received an award. COS/MOL at 17. On

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<sup>1</sup> The minimum criteria established by the RFP were as follows: an acceptable corporate experience rating; a past performance confidence rating of satisfactory, substantial, or unknown (neutral); a proposed fee of 7 percent or less (12 percent or less for experimental, developmental, or research work) for cost-plus-fixed-fee task orders and contract line item numbers; and proposed costs for sample labor categories that were determined by the agency to be fair, reasonable, and realistic. RFP at 130.

<sup>2</sup> The solicitation notified offerors that the government reserved the right not to conduct phase 2 evaluations if sufficient awards were made during phase 1. RFP at 130.

October 24, Mission1st received a written debriefing from the Army explaining why the company did not receive a contract. AR, Tab 43, Mission1st Written Debriefing, at 1-25. After Mission1st's debriefing, the agency provided it with an opportunity to submit questions, which the Army answered on October 31. AR, Tab 44, Response to Mission1st's Debriefing Questions, at 1-6. Mission1st filed this protest with our Office on November 5.

## DISCUSSION

In challenging its non-selection for award, Mission1st alleges the agency improperly failed to evaluate the most probable cost of its proposal as required by the FAR and terms of the RFP. Protest at 8-11; Comments at 3-8. The protester also contends that the agency's decision not to request clarifications was unreasonable in light of the errors that were identified in Mission1st's cost proposal. Protest at 13-14; Comments at 11-12. Although we do not address every argument raised, we have reviewed all of the protester's assertions and find that none provides a basis to sustain the protest.<sup>3</sup>

### Cost Evaluation

During phase 2 of the procurement, the agency evaluated the protester's revised offer and concluded that there was no way to conduct a cost realism analysis or determine the most probable cost of Mission1st's proposal because of inconsistencies in the information that was submitted AR, Tab 41, Mission1st Phase 2 Cost Evaluation, at 3. Based on this determination, the agency decided that Mission1st's proposal was not

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<sup>3</sup> For instance, Mission1st also argues that the agency improperly rejected its proposal for failing to include a disclosure statement the RFP did not require for small businesses. Protest at 12-13; Comments at 10. We dismiss this allegation as factually and legally insufficient. Contrary to the protester's assertions, the contemporaneous record confirms that Mission1st did not receive award of a contract because the agency was unable to perform a cost realism analysis on the proposal due to discrepancies in how the protester proposed to calculate its overhead costs --not because Mission1st failed to submit a disclosure statement. AR, Tab 41, Mission1st Discussion Letter, at 3, 7; Tab 43, Mission1st Written Debriefing, at 22. Accordingly, this allegation fails to state a valid basis of protest. 4 C.F.R. §§ 21.1(c)(4), (f); Pacific Photocopy & Research Servs., B-278698, B-278698.3, Mar. 4, 1998, 98-1 CPD ¶ 69 at 4. Moreover, even if we found merit to the protester's assertion, which we do not, the agency's decision not to award a contract to Mission1st would still be grounded on a valid separate independent basis--the error that Mission1st included with its revised cost proposal, as more fully discussed in the body of this decision. See Technatomy Corp., B-411583, Sept. 4, 2015, 2015 CPD ¶ 282 at 7 (determining that prejudice is an essential element of every viable protest, and where none is shown or otherwise evident, our Office will not sustain a protest, even where a protester may have shown that an agency's actions were arguably improper).

eligible for award. AR, Tab 41, Mission1st Phase 2 Cost Evaluation, at 4, 7; Tab 42, SSDD, at 8-9.

Although Mission1st concedes that its cost proposal contained an error, the protester nevertheless argues that the agency should have performed a cost realism analysis pursuant to section 15.404 of the FAR and the terms of the RFP. Protest at 7-11; Comments at 3-8. The protester contends that its proposal contained all of the information necessary for the agency to perform a cost realism analysis and that any questions with regard to its overall proposed cost could have been resolved by simply making a most probable cost adjustment. Id.

In response to the protester's allegations, the agency explains that Mission1st was not awarded a contract because its proposal was not sufficiently clear with regard to how certain costs should be calculated. COS/MOL at 17-22. In this regard, the agency contends that the protester's revised cost proposal contained a material conflict, which made it impossible for the agency to determine the protester's intent. Id. The agency asserts that it was unable to make a most probable cost adjustment to Mission1st's revised cost proposal because the conflicting information prevented the Army from performing a cost realism analysis. Id. at 21-22.

When an agency evaluates proposals for the award of a cost-reimbursement contract, an offeror's proposed estimated cost of contract performance is not considered controlling since, regardless of the costs proposed by the offeror, the government is bound to pay the contractor its actual and allowable costs. Alion Sci. & Tech. Corp., B-410666, Jan. 22, 2015, 2015 CPD ¶ 91 at 7. Consequently, an agency must perform a cost realism analysis to determine the extent to which an offeror's proposed costs represent what the contract costs are likely to be under the offeror's unique technical approach, assuming reasonable economy and efficiency. Id.; see FAR §§ 15.305(a)(1), 15.404-1(d)(1). An offeror's proposed costs should be adjusted, when appropriate, based on the results of the cost realism analysis. See FAR §15.404-1(d)(2)(ii). Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary, and adequately documented. See Alion Sci. & Tech. Corp., supra.

We deny Mission1st's allegation that the Army unreasonably failed to perform a cost realism analysis on the protester's proposal. Here, our review of the record confirms that the agency reasonably concluded that a cost realism analysis could not be performed, and therefore was unable to determine the proposal's most probable cost.

As relevant here, the RFP instructed offerors to submit their cost proposals in two parts. RFP at 119. For the first part, offerors had to submit a cost evaluation spreadsheet.<sup>4</sup> Id. The spreadsheet required offerors to include a cost element breakdown of direct

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<sup>4</sup> The solicitation referred to the cost evaluation spreadsheet as "attachment 1." RFP at 119.

labor rates, indirect expenses, and fees for three sample labor categories. Id. For the second part of the cost proposal, offerors were required to submit a cost narrative that contained sufficient documentation to adequately support and explain the offeror's costs, such as the offeror's direct labor rates and indirect expense rates.<sup>5</sup> Id. at 120. Although the cost evaluation spreadsheet had to be submitted in the format provided by the solicitation, offerors were permitted to add cells to account for additional indirect costs that were included in their cost narratives. Id.

Costs were to be evaluated in accordance with FAR section 15.404-1 to ensure that they were fair, reasonable, and realistic. Id. at 131-132. The agency also reserved the right to make probable cost adjustments for proposal evaluation purposes to reflect additions or reductions to realistic levels, based on the agency's cost realism analysis. Id.

Although the protester contends that the Army should have made a probable cost adjustment to Mission1st's proposal, the record reflects that the agency reasonably concluded that no adjustment could have been made because the protester's offer contained conflicting information. Here, the cost narrative section of Mission1st's proposal explained that Mission1st's overhead rate would be "[DELETED]," while Mission1st's cost evaluation spreadsheet did not account for [DELETED]. Comments at 5; Compare AR, Tab 29, Mission1st Cost Proposal Narrative, at 2, with Tab 33, Mission1st revised Cost Spreadsheet, at 2. In order to resolve this conflict for the purposes of conducting a cost realism analysis, the Army would have had to choose between one of the two conflicting methods for calculating overhead, and then assume that the method it selected was the one Mission1st intended to use. We deny this protest allegation because the Army was under no such obligation.

It is an offeror's responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates compliance with the solicitation requirements and allows a meaningful review by the procuring agency. See International Med. Corps, B-403688, Dec. 6, 2010, 2010 CPD ¶ 292 at 7. Agencies are not required to infer information from an inadequately detailed proposal, or to supply information that the protester elected not to provide. Optimization Consulting, Inc., B-407377, B-407377.2, Dec. 28, 2012, 2013 CPD ¶ 16 at 9 n.17; see Affolter Contracting Co., Inc., B-410878, B-410878.2, Mar. 4, 2015, 2015 CPD ¶ 101 at 7. Accordingly, the Army was not required to infer which of the two methods Mission1st intended to use to calculate its overhead costs, since it was the protester's responsibility to submit an adequately detailed proposal and supply the information necessary for the agency to conduct its cost realism analysis. Optimization Consulting, Inc., supra; see Affolter Contracting Co., Inc., supra.

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<sup>5</sup> The RFP also required offerors to submit documentation in support of their proposed direct labor rates and indirect expense rates. RFP at 120. Offerors could use various forms of supporting documentation, such as their forward pricing rate agreements, to justify the rates proposed. Id.

In spite of the error Mission1st introduced in its proposal, the protester nevertheless contends that any conflict should have been resolved by the agency since Mission1st alleges the Army knew which of the two overhead calculation methods Mission1st intended to use. Comments at 6-8. The protester argues that the contemporaneous record provides evidence to support its position. Id. In this regard, Mission1st asserts that a draft EN created by the agency during its evaluation of the revised cost proposal establishes that the Army knew which of the two overhead calculation methods Mission1st intended to use.<sup>6</sup> AR, Tab 41, Mission1st Cost Evaluation Phase 2, at 6-7.

Based on our review of the contemporaneous record, we disagree. Rather, the agency's cost evaluation and its draft EN confirms that the Army reasonably concluded that Mission1st's most probable cost could not be determined. For example, the agency's cost evaluation clearly documents that the evaluators could not validate aspects of Mission1st's cost proposal because they found that "the calculation of proposed overhead (O/H) costs is not in accordance with the application of O/H rates disclosed in the supporting documentation." Id. at 3. Contrary to the protester's assertions, while the draft EN created by the agency identified the discrepancy that existed between Mission1st's cost evaluation spreadsheet and the protester's cost narrative, there was nothing in the draft EN to suggest that the agency knew which of the two methods Mission1st intended to use to calculate its overhead costs. Id. at 1-7. Here, Mission1st failed in its responsibility to submit a well-written proposal, and that failure is what prevented the Army from performing a cost realism analysis. See International Med. Corps, supra.

#### Clarifications

Additionally, the protester contends that the agency should have sought clarifications from Mission1st to resolve the error in its cost proposal. Protest at 13-14; Comments at 11-12. Mission1st asserts that the mistake in its proposal was so easily identified and immaterial, that it was unreasonable for the agency to not seek clarification.<sup>7</sup> Id. Clarifications are limited exchanges between the agency and offerors

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<sup>6</sup> This draft EN was included as a part of the agency's revised cost evaluation for the source selection authority's (SSA) consideration, in the event the SSA determined that a second round of negotiations was necessary. Because the SSA did not conduct any additional rounds of discussions, the draft EN was never issued. COS/MOL at 15 n.1.

<sup>7</sup> In support of this proposition, the protester relies on our prior decisions in A.G. Cullen Constr., Inc., B-284049.2, Feb. 22, 2000, 2000 CPD ¶ 45; and CSE Constr., B-291268.2, Dec. 16, 2002, 2002 CPD ¶ 207. Neither decision is applicable to the instant protest. In A.G. Cullen Constr., we found that the agency reasonably exercised its discretion not to clarify adverse past performance information; while our decision in CSE Constr. addressed an issue of whether a mistake in an offeror's proposed price, in response to a solicitation for a fixed-price contract, required verification. Id. Unlike those decisions, the instant protest relates to conflicting information included by the

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that may occur when contract award without discussions is contemplated; an agency may, but is not required to, engage in clarifications that give offerors an opportunity to clarify certain aspects of proposals or to resolve minor or clerical errors. See FAR § 15.306(a); Dellew Corp. B-410251.3, May 13, 2015, 2015 CPD ¶ 169 at 7.

Here, the Army provided Mission1st with a round of discussions at phase 2 to highlight concerns the agency had with the protester's proposal. AR, Tab 14, Mission1st Discussion Letter, at 1. Mission1st was given an opportunity to address the agency's concerns, and the offeror submitted a revised proposal in response to the discussions. Mission1st's revised proposal, however, included information in its cost evaluation spreadsheet that conflicted with the cost narrative portion of its revised cost proposal. Compare AR, Tab 29, Mission1st Cost Proposal Narrative, at 2, with Tab 33, Mission1st revised Cost Spreadsheet, at 2. As discussed above, the conflicting information in the cost proposal prevented the agency from performing a cost realism analysis. In order to address this issue, the agency would have had to give the protester an opportunity to identify which overhead cost calculation method Mission1st intended to propose, which the Army was not required to do. See FAR § 15.306(a); Dellew Corp., supra at 7 (finding that an agency may, at its discretion, engage in clarifications, but is not required to do so). Accordingly, we find nothing unreasonable with the agency's decision to exercise its discretion by not providing Mission1st with the opportunity to clarify its proposal. Id.

The protest is denied.

Thomas H. Armstrong  
General Counsel

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protester in a proposal it submitted in response to a cost-reimbursable contract. While the agency disputes the protester's contention that only clarifications were required here, not discussions, we need not decide whether the protester's characterization of the needed communications is accurate given our conclusion that not even clarifications were required.