



DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

Decision

Matter of: Solution One Industries, Inc.

File: B-417441; B-417441.2; B-417441.3

Date: July 9, 2019

Isaias Alba IV, Esq., Julia Di Vito, Esq., Jacqueline K. Unger, Esq., and Timothy F. Valley, Esq., Piliero Mazza PLLC, for the protester.
Aron C. Beezley, Esq., Patrick R. Quigley, Esq., and Sarah S. Osborne, Esq., Bradley Arant Boult Cummings LLP, for Pinnacle Solutions, Inc., the intervenor.
Wade L. Brown, Esq., and Deborah Muldoon, Esq., Department of the Army, for the agency.
Uri R. Yoo, Esq., and Laura Eyester, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest that the agency unreasonably and unequally evaluated offerors' technical proposals is denied where, despite errors in the evaluation, the record does not show that the protester was prejudiced by such errors.
 2. Protest challenging the agency's cost realism calculation and adjustment is denied where the agency's cost realism adjustment of the offerors' cost was reasonable and consistent with the solicitation, and any errors in calculations did not prejudice the protester.
 3. Protest challenging the agency's best-value tradeoff decision is denied where the agency's decision was reasonable and in accordance with the solicitation.
-

DECISION

Solution One Industries, Inc., a small business of Killeen, Texas, protests the award of a contract to Pinnacle Solutions, Inc., a small business of Huntsville, Alabama, under request for proposal (RFP) No. W900KK-18-R-0006, issued by the Army Contracting Command--Orlando (Army) for unmanned aircraft system instruction and mission support (UAS IMS) at Fort Huachuca, Arizona. The protester argues that the agency unreasonably and disparately evaluated the protester's and awardee's technical proposals, conducted an unreasonable cost realism analysis, and performed a flawed best-value tradeoff.

We deny the protest.

BACKGROUND

The Army issued the solicitation on October 6, 2017, contemplating the award of an indefinite-delivery, indefinite-quantity contract with fixed-price and cost contract line item numbers (CLINs), an ordering period of seven years, and a maximum ordering amount of \$553.2 million. Agency Report (AR), Tab 10, Conformed RFP, at 1-3.¹ The purpose of the procurement is to obtain instruction and mission support services comprised of in-class and field training for entry-level U.S. Army soldiers to operate and maintain the Shadow and Gray Eagle unmanned aircraft systems using simulation systems and actual flight operations. AR, Tab 10c, Performance Work Statement - Base Contract (Base PWS), at 3. The protester is “part of the incumbent team” for the services covered under the RFP. Supp. Protest at 1-2.

The RFP advised offerors that proposals would be evaluated on the basis of three factors, listed in descending order of importance: (1) program management, (2) performance confidence assessment, and (3) cost/price. RFP at 72. The RFP advised that the non-cost/price factors, when combined, were significantly more important than the cost/price factor. Id. at 73. As relevant here, the program management factor included the following four subfactors, listed in descending order of importance: (1) recruitment/retention plan, (2) staffing, (3) quality control plan, and (4) task order 0001 transition plan. Id. at 72. The RFP stated that the following ratings would be used when evaluating the program management factor and subfactors: outstanding, good, acceptable, marginal, or unacceptable.² Id. at 73-74.

With respect to cost/price, offerors were to complete a workbook containing their direct and fully burdened labor rates for 18 specified labor categories (additional labor categories could be added), along with supporting data and rationale for the rates. Id. at 68. The agency provided the estimated hours for each of the labor categories over the seven years of performance. See Tab 10a, Cost/Price Workbook. The RFP advised that the Army would evaluate cost/price by computing the offeror’s total evaluated price. RFP at 78. To obtain the total evaluated price, the agency would add: (1) the offeror’s “most probable, total proposed cost (plus fixed fee, where applicable) and fixed price for year 1, . . . adjusted for cost realism [in accordance with Federal

¹ Unless otherwise noted, citations to the RFP are to the conformed solicitation provided at Tab 10 of the agency report.

² Under the performance confidence assessment factor, the RFP stated that the agency would first evaluate the offerors’ present and past performance information for relevancy using the following ratings: very relevant, relevant, somewhat relevant, and not relevant. RFP at 75-76. Then, the agency would conduct a performance confidence assessment using the following ratings: substantial confidence, satisfactory confidence, neutral confidence, limited confidence, and no confidence. Id. at 76.

Acquisition Regulation (FAR)] 15.404-1(d), if needed”; (2) the offeror’s “most probable, total proposed cost (plus fixed fee) for years 2-7 . . . adjusted for cost realism [in accordance with] FAR 15.404-1(d), if needed”; (3) the government-provided travel amount for years 2-7; and (4) the government-provided other direct costs amount for years 2-7. Id.

The RFP stated that the agency would use a best-value tradeoff process to award to the offeror whose proposal was most advantageous to the government, based on a comparative assessment of proposals against the solicitation’s source selection criteria. Id. at 72. Offerors were also advised that award may be made to other than the highest technically rated offeror or other than lowest priced offeror if the government determined that paying a price premium was warranted. Id.

The Army received proposals from 11 offerors, including Solution One and Pinnacle, by the closing date of November 14, 2017. Contracting Officer’s Statement and Memorandum of Law (COS/MOL) at 4. The Army’s source selection evaluation board (SSEB) evaluated the protester’s and awardee’s proposals as follows:

	SOLUTION ONE	PINNACLE
Program Management		
Recruitment/Retention Plan	Outstanding	Outstanding
Staffing	Outstanding	Outstanding
Quality Control Plan	Good	Outstanding
Task Order 0001 Transition Plan	Acceptable	Outstanding
Performance Confidence Assessment	Substantial	Substantial
Price	\$265,482,100	\$273,153,601
Adjusted Price	\$266,394,320	\$273,153,601

AR, Tab 39, SSEB Report, at 22.

As relevant here, for the quality control plan subfactor, the agency assigned one strength³ to Solution One’s proposal, and one significant strength and one strength to Pinnacle’s proposal. Id. at 89-92, 166. For the task order 0001 transition plan subfactor, the agency did not assign any strengths or significant strengths to Solution

³ The RFP provided the following definition of a strength: “Any aspect of a proposal that has merit or exceeds specified performance or capability requirements in a way that will be advantageous to the [g]overnment during contract performance.” RFP at 73. A significant strength was defined as “an aspect of an Offeror’s proposal that has appreciable merit or appreciably exceeds specified performance or capability requirements in a way that will be appreciably advantageous to the [g]overnment during contract performance.” Id.

One's proposal, and assigned one significant strength and two strengths to Pinnacle's proposal.⁴ Id. at 92-93, 172-178.

The SSEB briefed the source selection advisory council (SSAC) on the evaluation and the SSAC prepared a comparative analysis of the findings and an award recommendation to the source selection authority (SSA). AR, Tab 27, SSAC Comparative Analysis, at 3. After reviewing the findings of the SSEB and SSAC, the SSA conducted a best-value tradeoff and concluded that Pinnacle's proposal was the "best overall proposal and most beneficial to the [g]overnment." AR, Tab 28, Source Selection Decision Document (SSDD), at 2-3. Based on this conclusion, on March 19, 2019, the Army awarded the contract to Pinnacle. COS/MOL at 7. The Army provided a debriefing to Solution One, and this protest followed.

DISCUSSION

Solution One challenges the Army's selection of Pinnacle's proposal for award based on three primary grounds: (1) the agency unreasonably and unequally evaluated proposals under the program management factor by failing to assign a number of significant strengths and strengths to the protester's proposal under the quality control plan and task order 0001 transition plan subfactors; (2) the agency unreasonably evaluated Solution One's price proposal by making an unwarranted and flawed cost realism adjustment; and (3) the agency made a flawed best-value tradeoff decision.⁵

The evaluation of an offeror's proposal is a matter within the agency's discretion. National Gov't Servs., Inc., B-401063.2 et al., Jan. 30, 2012, 2012 CPD ¶ 59 at 5. In

⁴ The agency did not assign any weaknesses, significant weaknesses, or deficiencies to either the protester's or the awardee's proposal.

⁵ Solution One also raises other collateral arguments. Even though we do not specifically address every argument, we have reviewed them all and find no basis to sustain the protest. For example, the protester challenged the agency's evaluation of proposals under the recruitment/retention plan and staffing plan subfactors. Supp. Protest at 8-9. The protester argued that it was unreasonable for the agency to assign an outstanding rating to both the protester and awardee under the recruitment/retention plan subfactor when the awardee lacks incumbent experience. Id. On April 16, we dismissed the protester's challenge because the solicitation did not contain language that supported the protester's arguments (e.g., the solicitation did not prohibit a non-incumbent offeror from receiving the highest rating). GAO Notice of Partial Dismissal, Apr. 16, 2019, at 2. With respect to the protester's challenge regarding the staffing plan subfactor, the protester did not file comments in response to the agency's substantive response to its arguments. See COS/MOL at 51-54. We consider this protest ground to be abandoned and it is therefore dismissed. Bid Protest Regulations, 4 C.F.R. § 21.3(i)(3).

reviewing protests challenging an agency's evaluation of proposals, our Office does not reevaluate proposals or substitute our judgment for that of the agency, but rather examines the record to determine whether the agency's judgment was reasonable and in accord with the stated evaluation criteria and applicable procurement laws and regulations. Native Energy & Tech., Inc., B-416783 et al., Dec. 13, 2018, 2019 CPD ¶ 89 at 3-4. A protester's disagreement with the agency's judgment in its determination of the relative merit of competing proposals, without more, does not establish that the evaluation was unreasonable. Veterans Evaluation Servs., Inc., et al., B-412940 et al., July 13, 2016, 2016 CPD ¶ 185 at 8-9.

In addition, agencies must treat all offerors equally and evaluate their proposals evenhandedly against the solicitation's requirements and evaluation criteria. Native Energy & Tech., Inc., supra, at 4. Where a protester alleges disparate treatment in a technical evaluation, it must show that the differences in ratings did not stem from differences between the offerors' proposals. INDUS Tech., Inc., B-411702 et al., Sept. 29, 2015, 2015 CPD ¶ 304 at 6. Finally, competitive prejudice is an essential element of a viable protest, and we will sustain a protest only where the protester demonstrates that, but for the agency's improper actions, it would have had a substantial chance of receiving the award. DRS ICAS, LLC, B-401852.4, B-401852.5, Sept. 8, 2010, 2010 CPD ¶ 261 at 20-21.

For the reasons discussed below, we conclude that, although the record supports certain of the protester's arguments and the agency admits to several errors in its evaluation, none of the protester's arguments, individually or collectively, demonstrate that the protester was prejudiced. We therefore find no basis to sustain the protest.

Evaluation of Solution One's Quality Control Plan

For the quality control plan subfactor, the RFP's evaluation criteria stated as follows:

The [g]overnment will evaluate the [quality control plan (QCP)] to ensure it addresses all items listed in Base [performance work statement (PWS)] paragraph 1.14.1. A QCP that is adequate and feasible will be evaluated more favorably. A QCP that is tailored to the UAS IMS requirement will be evaluated more favorably than a non-specific plan.

RFP at 75. The Base PWS paragraph 1.14.1 stated, in relevant part, as follows:

The QCP, as a minimum, shall address continuous process improvement; procedures for scheduling, conducting and documentation of inspection; discrepancy identification and correction; corrective action procedures to include procedures for addressing [g]overnment discovered non-conformances; procedures for root cause analysis to identify the root cause and root cause corrective action to prevent recurrence of discrepancies; procedures for trend analysis; and procedures for collecting and addressing customer feedback/complaints.

AR, Tab 10c, Base Contract PWS, at 11.

The agency assigned one strength to the protester's proposal under the quality control plan subfactor. In its evaluation, the agency identified four different sections of Solution One's proposal to support this one strength. AR, Tab 39, SSEB Report, at 90-92. The agency described the one strength as follows:

[The protester's] proposed comprehensive procedures for scheduling, conducting and documentation of inspections has merit as they are tailored specifically to the UAS IMS requirement [in accordance with] Base PWS Para. 1.14.1. The approach aligns with the PWS and employs the [DELETED] to monitor and inspect methods. [The protester] utilizes [DELETED] as a proactive measure to ensure quality instruction and [a certified quality management system] to maintain its inspection documentation. [The protester's] approach is more than adequate, feasible and will be advantageous to the [g]overnment by ensuring quality instruction during contract performance.

Id. at 92.

Solution One argues that the Army unreasonably assigned a single, consolidated strength for separate and distinct features of its proposal rather than one significant strength and multiple strengths for these features. Id. Specifically, the protester contends that the agency should have assigned a separate significant strength for its proposed use of [DELETED], which was proposed as "a method to enhance the quality of instruction" and "designed to improve professional competency." Protest at 10; AR, Tab 14, Solution One Proposal, Quality Control Plan, at 8-9. The protester also argues that it should have received separate strengths for proposing an approach that aligns with the PWS and for employing the program manager, quality manager, and/or senior instructor leads to monitor and inspect methods. Protest at 10.

The Army responds that the strength was assigned based on the protester's proposed overall approach to address one of the seven minimum requirements identified in paragraph 1.14.1 of the Base Contract PWS--procedures for scheduling, conducting and documentation of inspection. COS/MOL at 41. The agency further explains that it assigned the strength based on the multiple aspects of the protester's proposal that collectively demonstrated "comprehensive procedures for scheduling, conducting and documentation of inspections." Id.

We conclude that it was reasonable for the agency to assign one strength for the proposed use of [DELETED] and employing [DELETED] to monitor and inspect methods. In this regard, we agree that Base PWS paragraph 1.14.1, concerning quality control plans, set forth seven elements that the plan was required to address and that one of those elements was procedures for scheduling, conducting and documentation of inspection. See AR, Tab 10c, Base Contract PWS, at 11. The agency stated in its

evaluation summary that the one strength assigned to Solution One's proposal was for "a beneficial approach and understanding of the requirements for comprehensive procedures for scheduling, conducting and documentation of inspections that are adequate, feasible, and tailored specifically to the UAS IMS." AR, Tab 39, SSEB Report, at 90. The record shows that although the agency referenced four areas of Solution One's quality control plan in its evaluation, all of these references related to inspections. See AR, Tab 39, SSEB Report, at 90-92. In addition, the agency noted that the protester's proposal "meets the requirements to address" the other six requirements identified under paragraph 1.14.1 of the Base Contract PWS. Id. at 89-90.

To the extent the protester argues that the agency should have assigned it a significant strength and multiple strengths for this aspect of its proposal, we find the argument to simply represent disagreement with the agency's reasonable judgment, which, without more, does not form a basis to sustain the protest. See Veterans Evaluation Servs., Inc., supra.

Disparate Treatment under Transition Plan Subfactor

For the task order 0001 transition plan subfactor, under the program management factor, the RFP's evaluation criteria stated as follows:

The [g]overnment will evaluate the Transition Plan for task order 0001 to ensure the Offeror clearly substantiates its ability to effectively provide for a smooth/uninterrupted transition. [Attachment 05-TO 0001 PWS section 2.2] A Transition Plan that is thorough, complete, and tailored to the UAS IMS requirement will be evaluated more favorably than a non-specific plan.

RFP at 75. Task order PWS section 2.2 provides, in relevant part, as follows:

- During the phase-in period, the contractor shall, at a minimum
- (1) Establish the Project Management Office;
 - (2) Recruit and hire necessary personnel (may include efforts to employ incumbent workforce);
 - (3) Obtain all required certifications and clearances, including personnel security clearances;
 - (4) Develop and submit any required deliverables;
 - (5) Attend post-award meetings as required;
 - (6) Accomplish any necessary employee training to support the functions listed in the PWS on an over the shoulder, non-interference basis; and
 - (7) Submit and receive an approval of flight and ground operations procedure, any requests for extension is subject to [g]overnment approval.

AR, Tab 10b, RFP Attachment 05-TO 0001 PWS, at 12.

The agency evaluated the offerors' proposals under each of these seven minimum requirements and assigned the following to Pinnacle's proposal: one significant strength for its approach to accomplishing any necessary employee training (requirement number 6); one strength for its approach to recruiting and hiring (requirement number 2); and one strength for its approach to developing and submitting the flight and ground operations procedures (requirement number 7). AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 1. For the four remaining requirements, the agency found that Pinnacle's proposal met the requirements without meriting any strengths or significant strengths. Id. at 5-8. The agency did not assign any strengths or significant strengths to Solution One under this subfactor, finding instead that the protester's proposal met all seven minimum requirements. AR, Tab 21, Solution One Consensus Evaluation, Transition Plan, at 1.

The protester argues that the Army disparately treated the offerors by assessing multiple strengths for various aspects of Pinnacle's proposal under the transition plan subfactor without providing the same strengths for similar or superior aspects of Solution One's transition plan proposal. Comments & 2nd Supp. Protest at 23. In this regard, the protester challenges the one significant strength and two strengths that the agency assigned to Pinnacle's proposal under the transition plan subfactor. Id. at 23-24. We address these arguments below.

Employee Training Requirement

The protester first challenges the agency's assignment of a significant strength for Pinnacle's approach to employee training, arguing that Solution One proposed a similar or superior approach. Specifically, the protester argues that the Army unreasonably relied on Pinnacle's inclusion of a training master schedule for the significant strength, contending that Solution One's proposed use of the [DELETED] schedule constituted the same approach or outcome as Pinnacle's proposal. Protest at 11-12; Comments & 2nd Supp. Protest at 13-14, 23. Additionally, the protester contends that its proposed use of [DELETED] to accomplish employee training should have earned it an additional and separate significant strength. Protest at 12; Comments & 2nd Supp. Protest at 10. The agency responds that the difference in the evaluation is based on the differences in the proposals. Supp. COS/MOL at 8-9.

In assigning this significant strength to Pinnacle's proposal, the Army referenced five different areas of the awardee's transition plan proposal and concluded that Pinnacle's approach to accomplishing employee training has appreciable merit, specifically noting that the proposal included "a master schedule for training describ[ing] [DELETED] and has [DELETED]." AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 3. On the other hand, the agency's evaluation of Solution One's proposal under the same requirement referenced two areas of the proposal--notably the same two areas cited by the protester for describing [DELETED] and [DELETED]--before concluding that these proposed solutions met the requirement without meriting a strength. AR, Tab 21, Solution One Consensus Evaluation, Transition Plan, at 5.

On this record, we have no basis to conclude that the agency's evaluation was unreasonable. Specifically, the record supports the agency's conclusion that Pinnacle's approach is "thorough, complete, tailored to the UAS IMS requirement, and will be appreciably advantageous to the [g]overnment by ensuring a successful transition," based in part on Pinnacle's inclusion of a master schedule for training. AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 3. Contrary to the protester's contention that its proposal of [DELETED] or [DELETED] provided a similar approach or outcome, the record shows that Solution One's proposal did not provide the actual "schedule for training describ[ing] [DELETED]" or "[DELETED]," aspects of Pinnacle's proposal that the agency reasonably found to demonstrate appreciable merit. Id. Based on this record, we find that the agency did not treat the offerors disparately and the difference in the assigned significant strength resulted from differences in the proposals. See INDUS Tech., Inc., supra.

Recruiting and Hiring Requirement

Next, the protester challenges the agency's assignment of a strength for Pinnacle's approach to recruiting and hiring, arguing that Solution One's proposal contained all of the same elements cited by the agency as meriting a strength. Protest at 12-13; Comments & 2nd Supp. Protest at 14. The agency again argues that the difference in the evaluation resulted from differences in the proposals. Supp. COS/MOL at 9-10.

For the strength assigned to Pinnacle's proposal for its approach to recruiting and hiring, the agency documented that Pinnacle: (1) has already begun collecting resumes, applications, and available background information on incumbent and non-incumbent personnel; (2) intends to have human resource [DELETED] in Sierra Vista during transition to ensure timely recruiting, hiring and onboarding; and (3) intends to have focused recruiting events and utilize their [DELETED] to recruit the incumbent workforce. AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 4.

The protester argues that it proposed a same or better approach, containing all of the same elements proposed by the awardee, specifically: (1) as an incumbent, it already has a resume database of [DELETED]; (2) it plans to have a [DELETED] in Sierra Vista, with human resource personnel; (3) it plans to use [DELETED] with career recruiting events at Army posts and has commitments from [DELETED] for retaining a majority of the incumbent workforce. Comments & 2nd Supp. Protest at 23-24; see AR, Tab 15, Solution One Proposal, Transition Plan, at 1,4-6, 8.

The record shows that the protester's proposal contained some, but not all, of the elements that merited a strength for Pinnacle under the recruiting and hiring requirement. For example, the agency noted that the protester "has [DELETED] resumes in [its] [DELETED] Program and continues to collect additional resumes" and "has [DELETED] available on Day 1," but did not note it as meriting a strength. AR, Tab 21, Solution One Consensus Evaluation, Transition Plan, at 3. In this regard, the record does not support the agency's conclusion that Solution One's proposal was

materially different from the awardee's proposal with respect to collecting resumes and utilizing [DELETED] to recruit incumbent personnel.

On the other hand, the record supports the agency's conclusion that there are material differences with respect to the offerors' proposed use of human resource [DELETED] and recruiting events. As noted by the agency, the awardee proposed to have human resource [DELETED] in Sierra Vista during transition. AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 4; AR, Tab 18, Pinnacle Proposal, Transition Plan, at 13. In contrast, the protester responds only that it intended to have a [DELETED] in Sierra Vista, and says nothing about having human resource personnel [DELETED] at that location. Comments & 2nd Supp. Protest at 9; see also, AR, Tab 15, Solution One Proposal, Transition Plan, at 5 (proposal does not discuss human resources at all, but rather lists a [DELETED] as part of the proposed staff in another section of the proposal).

In addition, with respect to recruiting events, the awardee detailed its plan to have [DELETED] events focused on "recruiting and hiring the most qualified employees and to continue to build [Pinnacle's] [DELETED]." AR, Tab 18, Pinnacle Proposal, Transition Plan, at 13. Pinnacle stated it would [DELETED] these events with [DELETED], and the Pinnacle [DELETED] would conduct interviews. Id. In comparison, Solution One discusses identifying candidates through [DELETED], and states that it "participate[s] in [DELETED] career recruiting events at Army posts." AR, Tab 15, Solution One Proposal, Transition Plan, at 8.

Here, the record shows that the protester and the awardee proposed a similar solution for one--but proposed qualitatively different solutions for the other two--of the three elements that comprised the strength assigned to Pinnacle under the recruiting and hiring requirement of the task order 0001 transition plan subfactor. The agency assigned the strength to Pinnacle based on three elements under this requirement, not one. Thus, although we find the agency disparately evaluated Solution One, we do not find that the agency's actions here prejudiced the protester.

Flight and Ground Operations Procedure Requirement

Finally, Solution One challenges the strength that the agency assigned to Pinnacle's transition plan proposal for the requirement to submit and receive an approval of flight and ground operations procedure (FGOP). The protester argues that the agency unreasonably assigned a strength for Pinnacle's proposal to submit an FGOP within [DELETED] days of contract award when Solution One proposed to submit an FGOP on the day after contract award, "at the Transition Start Meeting." Comments & 2nd Supp. Protest at 24. Here, the agency contends that the strength awarded to Pinnacle under the FGOP requirement was based not just on the timing of the proposed submission, but also the proposed use of [DELETED] to develop and submit the FGOP. Supp. COS/MOL at 11. However, the agency admits its error in that the evaluators "simply did not make the connection" that Solution One proposed the transition start meeting to take place 1 day after contract award. Id.

On this record, we agree with the protester that the agency treated the proposals unequally in awarding a strength to the awardee's proposed submission of FGOP without awarding the same strength to the protester's proposal under the same requirement. This is due, in part, to the agency's failure to recognize a material part of the protester's proposal. In this regard, although the evaluation's narrative discusses both the timing of the FGOP submission and use of [DELETED], the agency's summary only notes that this "strength was assigned for [Pinnacle's] approach to developing and submitting the flight and ground operations procedures (FGOP) within [DELETED] days of contract award during the phase-in." AR, Tab 24, Pinnacle Consensus Evaluation, Transition Plan, at 1. We therefore conclude that this aspect of the agency's evaluation of the protester's proposal for the transition plan subfactor was unreasonable.

Notwithstanding this unequal treatment, we conclude that this failure to assign one strength, or even one significant strength, to the protester's proposal under the transition plan subfactor, standing alone, does not provide any basis to find that the protester was prejudiced by the agency's evaluation. As noted above, the awardee's proposal under the transition plan subfactor was assigned one significant strength and two strengths, resulting in the rating of outstanding. The solicitation defined a rating of outstanding, in relevant part, as a "[p]roposal [that] indicates an exceptional approach and understanding of the requirements and contains multiple strengths, and risk of unsuccessful performance is low." RFP at 73. The protester's proposal under this subfactor was assigned no significant strengths or strengths, resulting in the rating of acceptable, defined in relevant part as "[p]roposal meets requirements and indicates adequate approach and understanding of the requirements, and risk of unsuccessful performance is no worse than moderate." Id. Even if the agency had assigned a strength or a significant strength to the protester's proposal with respect to the requirement for submission of FGOP, it is unlikely that this one strength or significant strength would have raised the protester's rating from acceptable to outstanding.

More importantly, in its source selection decision, the agency only identified Pinnacle's significant strength--its approach to accomplishing any necessary employee training--as a discriminator under the task order 0001 transition plan subfactor. AR, Tab 28, SSDD, at 12. As our Office has explained, evaluation ratings are merely guides to intelligent decision-making. Raytheon Company, B-416211 et al., July 10, 2018, 2018 CPD ¶ 262 at 15. The assignment of evaluation ratings, and overall consideration of the merit of offerors' proposals, must be based on more than a simple count of the strengths and weaknesses of each offeror's proposal. Id. at 15-16. Accordingly, we find no basis in the record here to conclude that the error identified regarding the evaluation of Solution One's proposal under the FGOP requirement would affect the agency's conclusion that Pinnacle's proposal was superior to Solution One's under the task order 0001 transition plan subfactor.

Additional Strengths for Solution One's Transition Plan Proposal

Next, Solution One argues that the Army failed to assign its proposal a number of additional strengths under the transition plan subfactor of the program management factor. Protest at 11-13; Supp. Protest at 7. Here, the agency argues that it considered the areas of the protester's proposal that it claims should have been assigned strengths, and found in each case that the proposed solution met the requirements, but did not exceed them in a manner that merited a strength. See COS/MOL at 43-47. We address two aspects for which the protester contends the agency should have assigned strengths and conclude that the agency's evaluation was reasonable.

First, the protester argues that the agency should have assigned a strength for its "substantial experience in transitioning programs of similar scope, magnitude and complexity, and because it provided a low-risk transition solution." Protest at 12; Comments & 2nd Supp. Protest at 11. The agency responds that it properly did not assign a strength for the protester's alleged experience with transitions because experience was not in the evaluation scheme for the task order 0001 transition plan subfactor of the program management factor, but was a consideration under the performance confidence assessment factor. COS/MOL at 46.

As noted above, the RFP stated that the government would evaluate the transition plan for task order 0001 "to ensure the Offeror clearly substantiates its ability to effectively provide for a smooth/uninterrupted transition." RFP at 75. The task order PWS required the offeror to provide a transition plan "addressing the steps and actions necessary to facilitate a smooth transition from award to full operational status," and describe its "approach to develop[ing] and disseminat[ing] operational instructions, procedures and control directives in preparation for the performance requirements." AR, Tab 10b, RFP Attachment 05-TO 0001 PWS, at 11-12. Neither the RFP nor the task order PWS indicate that prior experience with transitions would be a factor in the agency's evaluation. Therefore, we find the agency was reasonable in not assessing a strength for the protester's alleged experience in transitioning programs of similar scope, magnitude, and complexity.

Next, the protester contends that it should have received a strength for its proposed use of a Training Resources Arbitration Panel (TRAP) process, arguing in part that the agency assigned a strength for the awardee's proposal to use the TRAP process. Supp. Protest at 7; Comments & 2nd Supp. Protest at 11-12. The agency responds that it reasonably did not assign a strength for the protester's mention of TRAP. COS/MOL at 46-47. The agency also states that the strength assigned to the awardee for TRAP was assigned for the awardee's response to the government TRAP under a different subfactor. Supp. COS/MOL at 4.

The record supports the agency's conclusions. As the agency notes, the only time Solution One mentions TRAP in its transition plan is one line in a list of its proven transition processes for a low-risk transition, stating, in its entirety: "Team [Solution One] [DELETED] during transition of . . . Training Requirements Arbitration Panels

(TRAPs).” AR, Tab 15, Solution One Proposal, Transition Plan, at 2; see Supp. COS/MOL at 4. While the protester provides in its pleadings further explanations about the proposed benefits and advantages of using the TRAP process, such detailed explanations were not included in the actual proposal. See Comments & 2nd Supp. Protest at 11 (citing Supp. Protest at 7).

Moreover, the protester’s challenge with respect to a strength assigned to the awardee for its reference to TRAP was for the agency’s evaluation under the staffing plan subfactor, where the awardee was assigned a strength for its use of the TRAP [DELETED]. Comments & 2nd Supp. Protest at 12 (citing AR, Tab 23, Pinnacle Consensus Evaluation, Staffing, at 10). As the record shows, the protester also addressed training with respect to TRAP in its staffing plan proposal, earning it a similar strength. See AR, Tab 13, Solution One Proposal, Staffing, at 16; AR, Tab 19, Solution One Consensus Evaluation, Staffing, at 8. On this record, we find reasonable the agency’s decision not to assign a strength to Solution One’s transition plan proposal for its reference to TRAP.

Cost/Price Evaluation

Solution One also contends that the Army unreasonably evaluated proposals under the cost/price factor. The protester argues that the agency’s cost realism analysis unreasonably adjusted Solution One’s proposed cost/price and introduced prejudicial errors in the calculation of the protester’s adjusted total evaluated price. Protest at 13-15; Comments & 2nd Supp. Protest at 15-19. For the reasons discussed below, we find no basis to sustain the protest.

Cost Realism Adjustment

As noted, the solicitation required offerors to enter their cost/price details on the agency’s cost/price workbook. RFP at 68. The workbook instructed offerors to provide direct rates and fully burdened rates for each of the 18 government-stipulated labor categories and provided additional rows for offerors to propose additional labor categories if necessary. AR, Tab 10a, Cost/Price Workbook. The workbook also assigned labor hours for each category over the seven years of performance and provided applicable escalation rates for each year. Id. The solicitation also provided that the rates proposed in the cost/price workbook would be binding and incorporated into the resultant contract. RFP at 6. Also as noted above, the solicitation advised that cost/price evaluations would be based on the offeror’s total evaluated price, which would be computed by adding the offeror’s “most probable, total proposed cost (plus fixed fee, where applicable) and fixed price for [each year], . . . adjusted for cost realism [in accordance with] FAR 15.404-1(d), if needed” and government-provided amounts for travel and other direct costs. Id. at 78.

As relevant here, in its cost realism evaluation, the agency stated that because the proposed rates would be incorporated into the contract and would be binding on the parties, the offeror’s proposed cost/price represented the most probable cost. AR,

Tab 38, Solution One Price Evaluation, at 7. However, the evaluation also noted that while these rates may not present a cost risk, they “may represent a performance risk if they are insufficient to enable the contractor to attract and retain qualified employees.” Id. The evaluation further noted that Solution One “proposed some rates that fall below a standard set as one standard deviation⁶ below the mean, which is comprised of each of the prime-offeror proposed rates for a given category.” Id. The evaluation identified four direct labor rates as falling below the standard deviation—one proposed by Solution One and three by its subcontractor. Id. The evaluation set forth an “alternative analysis” using a total evaluated price adjusted for cost realism. Id. The agency described its cost realism adjustment methodology as follows:

[A]n alternative analysis is presented . . . detailing the prime and subcontractor categories whose direct rates fall below one deviation of the mean for that category, where the means have been calculated for the pool of prime contractors and the pool of subcontractors. The adjusted direct rates have been calculated by applying each offeror’s proposed indirect rates to a direct rate equal to the mean minus one standard deviation for that category (highlighted in orange). Finally, the adjusted [total evaluation price] is calculated [by] incorporating each offeror’s unique indirect rates and the applicable Government-provided escalation rate.

Id. The amount of the upward adjustment to Solution One’s total evaluated price as the result of this cost realism analysis was \$912,219. Id. at 8. The evaluation also stated that the adjusted total evaluated price was presented for informational purposes only, did not represent the most probable cost, and was “merely presented for the consideration of the [contracting officer].” Id. at 7.

Solution One challenges the agency’s conduct of the cost realism adjustment, arguing that the agency should not have made any adjustments after determining that the proposed cost/price represented the most probable cost. We find unavailing the protester’s argument that the agency was not permitted to make a further cost realism adjustment after determining that the cost proposed was the most probable cost.

The solicitation expressly stated that the agency will take the “most probable, total proposed cost” and adjust it for cost realism as needed. RFP at 78. Moreover, the protester’s reliance on language in the FAR to argue that the cost realism adjustment was not needed because its proposed cost already represented the most probable cost is misguided. In this regard, the protester argues that the agency should not have made any cost realism adjustments because the FAR provides that “cost realism analyses shall be performed on cost-reimbursement contracts to determine the probable cost of

⁶ The standard deviation measured the amount of variation or dispersions from the mean (i.e., average) labor rate for each labor category. See AR, Tab 38, Solution One Price Evaluation, at 7.

performance for each offeror” and that “the probable cost shall be used for purposes of evaluation to determine the best value.” Comments & 2nd Supp. Protest at 16-17 (quoting FAR § 15.404-1(d)(2)).

The solicitation contained fixed-price and cost CLINs and stated that most task orders under the contract would be awarded on a cost-plus-fixed-fee basis with some fixed-price CLINs. RFP at 3. When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror’s proposed 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); Noblis, Inc., B-414055, Feb. 1, 2017, 2017 CPD ¶ 33 at 9. Consequently, an agency must perform a cost realism analysis to determine the extent to which an offeror’s proposed costs are realistic for the work to be performed, as well as the offeror’s understanding of the work and ability to perform the contract. FAR §§ 15.305(a)(1), FAR § 15.404-1(d)(1); see Noridian Admin. Servs., LLC, B-401068.13, Jan. 16, 2013, 2013 CPD ¶ 52 at 4.

Here, the RFP stated that the agency would adjust the proposed costs for realism. In addition, the cost realism evaluation specifically stated that while Solution One’s labor rates may not present a cost risk, they “may represent a performance risk if they are insufficient to enable the contractor to attract and retain qualified employees.” AR, Tab 38, Solution One Price Evaluation, at 7. Accordingly, we find that the agency acted both reasonably and in accordance with the solicitation and applicable regulations when it conducted a cost realism analysis and adjustment even after opining that the most probable cost is represented by the contractually bound rates proposed by the offeror.

In addition, the protester challenges the use and calculation of the standard deviation methodology, arguing that the agency provided no rational basis for using such methodology to calculate cost realism. As we have stated before, we do not find an agency’s use of the standard deviation methodology as a tool for determining the realism of proposed labor rates to be per se objectionable where the solicitation does not require offerors to propose a unique staffing approach. Booz Allen Hamilton Inc., B-414283, B-414283.2, Apr. 27, 2017, 2017 CPD ¶ 159 at 10. Instead, we have concluded that an agency can appropriately make use of a standard deviation methodology to review differences in proposed labor rates. Id. Further, where, as here, a solicitation provides a cost model that specifies the labor mix and level of effort for offerors’ proposals--thereby making offerors responsible for proposing costs based on their own rates, but not for proposing differing technical approaches--an agency may reasonably evaluate the rates proposed for those established labor categories based on other data, such as the rates proposed by other offerors. CSI, Inc.; Visual Awareness Techs. and Consulting, Inc., B-407332.5 et al., Jan. 12, 2015, 2015 CPD ¶ 35 at 10. Here, we do not find objectionable the agency’s use of the standard deviation methodology as a tool for determining the realism of the offerors’ proposed labor rates.

Other Cost/Price Evaluation Errors

The protester also alleges that the agency made several errors in its calculation of the adjusted total evaluated price that prejudiced the protester. Specifically, the protester contends that the agency: (1) used an incorrect amount for one of the labor categories determined to fall below one standard deviation; and (2) failed to adjust the price for year 1, and only made the cost realism adjustment for years 2-7. Comments & 2nd Supp. Protest at 17-18. The agency admits these errors, but argues that neither of these errors, separately or together, prejudiced the protester. Supp. COS/MOL at 6. Based on the record, we agree with the agency.

First, in calculating the cost realism adjustment, the agency used \$12.79 per hour as Solution One's proposed rate for the labor category of [DELETED]. AR, Tab 38, Solution One Price Evaluation, at 7. The agency admits that the correct amount should have been \$[DELETED]. Supp. COS/MOL at 6; see AR, Tab 16a, Solution One Cost/Price Workbook. However, the protester's price proposal also shows that the number of the proposed hours for that labor category was zero for Solution One ([DELETED]). See AR, Tab 16a, Solution One Cost/Price Workbook. The agency explains that it calculated the adjustment to the total evaluated price by plugging the adjusted rates back into the offeror's cost/price workbook. Supp. COS/MOL at 6; Response to GAO, June 3, 2019, at 1. Therefore, the effect of the agency's use of an incorrect rate for that labor category with zero proposed hours on the adjusted total evaluated price was zero dollars.⁷ Id. On this record, we agree that the agency's error here was not prejudicial to the protester.

Next, the record shows that the agency made the upward adjustment for cost realism on the protester's proposed rates for years 2-7, but neglected to make the same adjustment for year 1. AR, Tab 38, Solution One Price Evaluation, at 8. The agency again admits its error. Supp. COS/MOL at 6. However, the agency argues that the error was not prejudicial to the protester and that the error, in fact, benefited the protester because making the adjustment to the year 1 rates would have increased the protester's adjusted total evaluated price. Id. The protester argues that the agency "chose not to adjust" the year 1 rates, which demonstrates that the agency should not have adjusted years 2-7. Comments on Supp. COS/MOL at 11.

As noted above, the solicitation and the cost/price evaluation documentation show the agency's intent to conduct a cost realism analysis and make adjustments accordingly. RFP at 78. Nothing in the record supports the protester's contention that the agency's failure to adjust the rates for year 1 reflects its intent not to adjust the rates for other years. Further, if the agency had not made this error and also adjusted the protester's rates for year 1, the protester's adjusted total evaluated price would have been higher, a fact the protester does not dispute. See Comments on Supp. COS/MOL at 11. On this

⁷ The agency stated that it has verified that it used the correct rate of \$[DELETED] in calculating the mean used to arrive at the standard deviation. Supp. COS/MOL at 6.

record, we find no basis to determine that the agency's errors in the calculation of the cost realism adjustment prejudiced the protester.

Best-Value Tradeoff

Finally, Solution One challenges the agency's best-value tradeoff decision arguing that the agency: (1) failed to look beyond the technical ratings and the number of strengths to compare the merits of proposals; and (2) based the tradeoff on unreasonable and flawed technical and price evaluation of proposals, including improperly using the adjusted total evaluated price in the tradeoff.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results, and their judgments are governed only by the tests of rationality and consistency with the stated evaluation criteria. Client Network Servs., Inc., B-297994, Apr. 28, 2006, 2006 CPD ¶ 79 at 9. Where, as here, a solicitation provides for a tradeoff between cost/price and non-cost factors, the agency retains discretion to make award to a firm with a higher technical rating, despite the higher price, so long as the tradeoff decision is properly justified and otherwise consistent with the stated evaluation and source selection scheme. FAR §§ 15.101-1(c), 15.308; ADNET Sys., Inc., B-413033, B-413033.2, Aug. 3, 2016, 2016 CPD ¶ 211 at 17. In reviewing an agency's source selection decision, we examine the supporting record to determine if it was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement statutes and regulations. The SI Organization, Inc., B-410496, B-410496.2, Jan. 7, 2015, 2015 CPD ¶ 29 at 14.

We find that the agency's best-value tradeoff was reasonable, consistent with the solicitation, and well documented. The record demonstrates that the agency documented its consideration of the merits of offerors' proposals and did not improperly rely on the ratings or the number of strengths. The source selection decision includes a detailed comparison of the advantages and merits of proposals under each factor and subfactor. For example, in its tradeoff summary, the agency articulated a technical advantage for Pinnacle's proposal under the task order 0001 transition plan subfactor, noting its significant strength in its approach to accomplishing any necessary employee training. AR, Tab 28, SSDD, at 12. Based on this record, we find no merit in the protester's argument that the agency failed to look beyond the ratings and number of strengths to compare the merits of proposals.

The protester also argues that the agency unreasonably used the adjusted total evaluated price, rather than the proposed, most probable cost, in its best-value tradeoff. Protest at 16-17. Specifically, the protester relies on the language of the FAR providing that "[t]he probable cost shall be used for purposes of evaluation to determine the best value." FAR § 15.404-1(d)(2)(i). Here, because we find that the agency's cost realism adjustment was reasonable and in accordance with the solicitation, we find

unobjectionable the source selection authority's use of the adjusted price for tradeoff purposes.⁸

Summary of Prejudice

For the reasons discussed above, we find that the Army's evaluation of Solution One's proposal was unreasonable in the following areas: (1) failure to assign a strength to the protester's proposal under the transition plan subfactor of the program management factor with respect to submission of FGOP; and (2) several errors in its cost realism calculation, including using an incorrect dollar amount for one of the labor categories and failing to apply the adjustment to year 1 prices. On the record here, viewing all of these issues in the light most favorable to the protester, we find no basis to conclude that the one additional strength assigned to the protester's proposal for the least important subfactor under the program management factor would overcome the awardee's significant evaluated advantage in other areas of the program management factor. Moreover, the errors in the agency's cost realism calculations did not change the adjusted total evaluated prices in a way that prejudiced the protester. For these reasons, we conclude that the protester was not prejudiced by the errors in the agency's evaluations. See DRS ICAS, LLC, supra.

The protest is denied.

Thomas H. Armstrong
General Counsel

⁸ The cost realism adjustment increased the protester's total evaluated price by \$912,219. AR, Tab 28, SSDD, at 10. This adjustment increased its proposed price, and its price premium over the awardee's price, by 0.34%, so that the resulting price premium was 2.5% less than the awardee's price, rather than the 2.8% as it would have been if its proposed price was used. COS/MOL at 59. Because the source selection official documents its consideration that the "low risk, highest quality, efficient approach of [Pinnacle's] proposal significantly outweighs any cost savings that may be achieved by the other offerors," we find nothing in the record to support the protester's contention that a 0.3% decrease in its price premium would have resulted in a substantial chance of an award to the protester. AR, Tab 28, SSDD, at 12.