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Decision

Matter of: IAP-C4ISR, LLC

File: B-421726.2; B-421726.3; B-421726.4

Date: February 12, 2024

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Jamie F. Tabb, Esq., Tyler E. Robinson, Esq., and Leslie Edelstein, Esq., Vinson & Elkins LLP, for CACI, Inc.-Federal, the intervenor.

Maurice Griffithe, Esq., and Colleen M. Eagan, Esq., Defense Information Systems Agency, for the agency.

Emily R. O'Hara, Esq., and Peter H. Tran, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging evaluations of offerors' technical proposals is denied where awardee's technical approach complied with solicitation requirements, and agency's decision not to assess strengths to protester's technical proposal was reasonable.
2. Protest challenging evaluation of awardee's cost and price is denied where agency reasonably evaluated proposals and found awardee's costs to be realistic and proposed price to be reasonable.
3. Protest challenging conduct of discussions is denied where agency did not find protester's price to be unreasonably high, and thus, was not obligated to raise matter during discussions.

DECISION

IAP-C4ISR, LLC, of Cape Canaveral, Florida, protests the issuance of a task order to CACI, Inc.-Federal, of Chantilly, Virginia, under request for proposals (RFP) No. 832268636, issued by the Department of Defense, Defense Information Systems Agency (DISA) for modernization support for the Department of the Army's Global Secret Internet Protocol Router (SIPR) Network Program requirement. The protester argues that the agency's evaluations of the protester and awardee's proposals were unreasonable.

We deny the protest.

BACKGROUND

On March 20, 2023, DISA issued a solicitation, pursuant to the procedures of Federal Acquisition Regulation (FAR) subpart 16.5, under DISA's ENCORE III indefinite-delivery, indefinite-quantity (IDIQ) contract. Agency Report (AR), Tab 1, RFP at 1; Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 6.¹ The RFP sought proposals to provide support for the Department of the Army's Global SIPR Network (GSN) Program requirement.² RFP at 1.

The GSN program "provides improved SIPR multi-site, mobility access, wireless, and data-at-rest capabilities while consisting of an Enterprise Commercial Solutions for Classified (CSfC) Network." AR, Tab 1a, PWS at 1. With this requirement, the Army wanted to "leverag[e] CSfC capability packages in conjunction with Virtual Desktop Infrastructure (VDI)/Multiple Independent Levels of Security (MILS) capabilities" to simplify operations, while "minimizing the use of the National Security Agency (NSA) Type 1 encryption equipment." *Id.* The contractor's responsibilities include, among others, developing and implementing an Army enterprise GSN architecture that will provide service for SIPRNet users at various locations throughout the world. *Id.* at 10-21.

The solicitation anticipated the issuance of a hybrid cost-plus-fixed-fee and fixed-price task order for one base year and four option years. RFP at 1. The agency contemplated making award on a best-value tradeoff basis, considering two evaluation factors, listed in descending order of importance: technical/management approach and cost/price.³ *Id.* at 5-12. The RFP advised that source selection would be made using a two-phase evaluation approach. In phase one, offerors were evaluated based on their technical and management approach under the GSN system design technical subfactor (subfactor 1). *Id.* at 4. Only the highest technically rated offerors would be invited to

¹ Citations to the record use the documents' Adobe PDF pagination. Unless otherwise noted, references to the RFP are to the conformed copy of the RFP provided at AR Tab 1.

² The SIPR Network (SIPRNet) is a classified network, used for command and control; that is part of the larger Department of Defense Information Network (DoDIN) and extends into the Army's portion of the DoDIN (referred to as the DoDIN-A). Performance Work Statement (PWS) at 2.

³ The technical/management factor was comprised of six equally important subfactors: (1) GSN system design; (2) GSN infrastructure; (3) end user device; (4) implementation; (5) sustainment; and (6) management approach. RFP at 6-7. While an overall rating would not be derived for the technical factor, each subfactor would be evaluated and assigned an adjectival rating of outstanding, good, acceptable, marginal, or unacceptable. *Id.*; AR, Tab 1e, Evaluation Table.

submit proposals for phase two of the competition. In phase two, the agency would evaluate offerors' technical approaches under the other technical subfactors, as well as the cost/price proposals.⁴ *Id.* at 1, 4.

During phase two of the evaluation, DISA evaluated three proposals. The agency evaluated IAP⁵ and CACI's proposals as follows:

	IAP	CACI
TECHNICAL / MANAGEMENT		
GSN System Design	Outstanding	Outstanding
GSN Infrastructure	Good	Good
End User Device	Good	Outstanding
Implementation	Outstanding	Outstanding
Sustainment	Acceptable	Outstanding
Management Approach	Good	Outstanding
COST / PRICE	\$282,135,119.51	\$256,696,546.89

AR, Tab 23a, Source Recommendation Document (SRD) at 1-2. After evaluating the offerors' technical approaches and cost/price, the agency found CACI's proposal to represent the best value to the government based on CACI's technically superior approach and its low cost/price. *Id.* at 45. The agency notified IAP of its unsuccessful offer on October 20, 2023. After receiving a debriefing from the agency on October 30, IAP filed this protest on November 6. AR, Tab 15b, IAP Debrief Letter at 1.⁶

DISCUSSION

⁴ There was also a requirement for offerors to provide an oral presentation during phase two. RFP at 8. The oral presentation, however, would not be separately evaluated or assigned an adjectival rating.

⁵ IAP C4ISR, LLC, is a joint venture between IAP Worldwide Services, CommIT Enterprises, and Open SAN Consulting, LLC (doing business as (d/b/a) OSC Edge). AR, Tab 8b, IAP Technical Proposal at 8. In its proposal and the protest, the protester refers to itself as "Team OSC," which reflects the role of OSC Edge as the lead venture partner. Protest at 1 n.2. For clarity and ease of reference, we refer to the protester as IAP.

⁶ As noted above, the total evaluated cost/price of the task order is over \$25 million. Accordingly, this procurement is within our jurisdiction to hear protests of task orders placed under defense agency IDIQ contracts. 10 U.S.C. § 3406(f)(1)(B).

The protester marshals numerous allegations challenging the agency's evaluation of technical proposals. Protest at 16-48. IAP also challenges various aspects of the evaluation of the awardee's cost/price proposal, as well as the agency's conduct of discussions with the protester. Protest at 48-62, 67-70; Comments & Supp. Protest at 47-66; 2nd Supp. Protest at 4-12. The agency defends its evaluation as reasonable and consistent with the terms of the solicitation. COS/MOL at 14-44. Although we do not specifically address all of IAP's arguments, we have fully considered them and conclude none furnish a basis to sustain the protest.⁷

Evaluation of Awardee's Technical Proposal

First, the protester challenges multiple aspects of the agency's evaluation of the awardee's technical proposal. Below, we discuss IAP's challenges to CACI's proposed technology solution, as a representative example.

As part of the GSN modernization effort, the solicitation required offerors to provide "end user devices" (EUDs)--in this case, laptops--that could connect to the Army's GSN from various locations worldwide. AR, Tab 1a, PWS at 2-3; AR, Tab 1i(3), PWS app. C at 18. The RFP required these laptops to include certain hardware elements, found in appendix C of the PWS. AR, Tab 1a, PWS at 18. Appendix C indicated that specific laptops would need a government-owned and controlled retransmission device compliant with NSA's Mobile Access Capability Package (MA CP) v2.4.⁸ AR, Tab 1i(3), PWS app. C at 17.

A retransmission device (RD) is a piece of hardware used to provide "black network" connectivity to EUDs.⁹ AR, Tab 24, MA CP v2.4 at 98. The device is necessary for users to remotely access the GSN from a public black network. A public black network is "any [MA CP] solution that uses a Cellular, Wireless, or Wired connection where the

⁷ For example, IAP initially argued that the agency failed to consider CACI's alleged organizational conflict of interest. Protest at 62. The protester withdrew this allegation in its comments to the agency report. Comments & Supp. Protest at 4 n.2.

⁸ NSA's CSfC Program "publishes Capability Packages (CPs) to provide configurations that empower NSA customers to implement secure solutions using independent, layered Commercial Off-the-Shelf (COTS) products." AR, Tab 24, MA CP v2.4 at 11. The CPs are "product-neutral and describe system-level solution frameworks documenting security and configuration requirements for customers and/or Integrators." *Id.* NSA's MA CP is provided "to meet the demand for mobile data in transit solutions (including Voice and Video) using approved cryptographic algorithms and National Information Assurance Partnership (NIAP) evaluated components." These algorithms, known as "the Commercial National Security Algorithm (CNSA) suite, are used to protect classified data using layers of COTS products." *Id.*

⁹ A black network is a network that contains classified data that has been encrypted twice. AR, Tab 24, MA CP v2.4 at 95.

Government does not control all network components between the [EUD] and Outer VPN [virtual private network] gateway.” AR, Tab 16, Technical Declaration 1 at 3. To establish a secure connection between the end user devices (EUD) and the Department of the Army’s Global SIPR Network (GSN), the retransmission device (RD), rather than the EUD, connects to the transmission medium (e.g., cellular, wireless, wired, etc.) to allow the EUD the ability to connect to the GSN. AR, Tab 16, Technical Declaration 1 at 4.

The solicitation required the retransmission device to meet enhanced isolated hardware requirements, which are listed in NSA’s mobile access capability package (MA CP) v.2.4.¹⁰ AR, Tab 1i(3), PWS app. C at 17 (“The contractor shall implement all . . . Enhanced Hardware Isolation . . . Requirements from the MA CP v2.4.”). The protester argues that the MA CP enhanced hardware isolation requirements mandated that a retransmission device be physically separate from the end user device. Protest at 23. Here, CACI proposed an internal retransmission device, located within the laptop. AR, Tab 9b, CACI Technical Proposal at 55. Thus, according to the protester, the awardee’s retransmission device was noncompliant with the solicitation requirements, and the agency should have found CACI’s proposal technically unacceptable. Protest at 23-27. The agency responds that the MA CP does not require a retransmission device to be physically separate from the end user devices. COS/MOL at 17-18.

The evaluation of proposals in a task order competition, including the determination of the relative merits of proposals, is primarily a matter within the contracting agency’s discretion, because the agency is responsible for defining its needs and the best method of accommodating them. *WorldWide Language Res., Inc.*, B-420900.3, B-420900.5, Apr. 26, 2023, 2023 CPD ¶ 95 at 4. Our Office will review evaluation challenges in task order procurements to ensure the competition was conducted in accordance with the solicitation and applicable procurement laws and regulations. *Engility Corp.*, B-413120.3 *et al.*, Feb. 14, 2017, 2017 CPD ¶ 70 at 15-16.

The protester cites to the language at section 6.3 of the MA CP as evidence that the retransmission device is required to be physically separate from the end user devices. Protest at 25. Relevant here, section 6.3 explains that all MA CP customers using a public black network to access a government-owned black network (e.g., the Army’s GSN) must implement either enhanced hardware isolation requirements or software virtualization requirements.¹¹ AR, Tab 24, MA CP v2.4 at 40. Specifically, the section provides:

Hardware isolation removes certain aspects of the solution from the EUD and places them in another component. This component is linked to the EUD either via wireless or direct wire. The various isolation options are

¹⁰ All references are to version 2.4 of the MA CP.

¹¹ The software virtualization aspect is not relevant to the issues in this protest.

used to increase the attack chain and thereby lower the overall risk of the solution.

Id.

According to the agency, the protester has a flawed understanding of the technical requirements. AR, Tab 16, Technical Declaration 1 at 3. The agency explains that, as used in section 6.3, the “aspect” of the solution that is required to be removed from the end user devices is the connectivity method from the end user devices to the public black network, and the “component”--into which the aspect is placed--is the actual network connection device (*i.e.*, the retransmission device). AR, Tab 25, Technical Declaration 2 at 1-2. In other words, the ability to connect to the agency’s GSN is removed from the end user device (laptop), as there is no way to access the GSN from the end user device itself, without the retransmission device. Rather, the ability to connect to the GSN is a result of the retransmission device. According to the agency, nothing in section 6.3 requires “the component” itself to be physically separate from the end user device. We agree. Our review of the language of the MA CP confirms that the separation anticipated by section 6.3 appears to be satisfied when the connectivity to the agency’s network is removed from the laptop and placed within the retransmission device.

Next, IAP argues that the language of section 6.3.2 of the MA CP also requires a retransmission device be physically separate from the end user devices. Protest at 25. Section 6.3.2 states, in full:

This section describes several enhancements to the hardware isolation requirements for government-owned retransmission devices (RDs). The main change is that on the internal side, the RD can only be connected to EUDs through a hard wired connection such as Ethernet or Ethernet over USB. The RD may not use Wi-Fi on the internal side for connection to EUDs. Wi-Fi must be disabled on the EUDs. The RD must implement a software or hardware firewall to restrict traffic that is allowed to flow through the device. The chip providing connectivity on the external side must be physically separate from the main processor. The RD must implement a protocol break between the RD and the EUD. The RD must be managed over a wired connection. The ideal form-factor for this device would be a sleeve type design that the EUD slides into.

AR, Tab 24, MA CP v2.4 at 41.

The agency points out--and we agree--nothing in section 6.3.2 of the MA CP requires the retransmission device to be physically separate from the end user device. A retransmission device that is internal--*i.e.*, located within the end user device’s enclosure--can still meet the requirements of section 6.3.2. For example, the agency explains that an internal retransmission device can have a hard-wired connection between the retransmission device and end user device, implement a firewall that

restricts the traffic allowed to flow through the device, implement a protocol break between the retransmission device and end user device,¹² and utilize a chip that is physically separate from the main processor for external connectivity. AR, Tab 25, Technical Declaration 2 at 2-3; see also AR, Tab 9b, CACI Technical Proposal at 55 (indicating that CACI's internal retransmission device meets this criteria). Regarding the physical separation required between the chip providing connectivity on the external side and the main processor, the agency explains:

[A]n RD that is internally embedded into the EUD can have physical separation between the chips providing connectivity to the external side and the main processor. The embedded RD can utilize chips physically separate from the main processor for connectivity to the external side which is achieved through hard wiring consistent with the requirements at MA CP Section 6.3.2.

AR, Tab 25, Technical Declaration 2 at 3.

Finally, while section 6.3.2 notes that an ideal form for a retransmission device is a sleeve design that connects the retransmission device to the end user device, nothing in this section *requires* a retransmission device to have that design or otherwise have physical separation from the end user device. What is clear from the language of the MA CP is that it does not expressly prohibit or preclude the retransmission device from being located inside the end user device. As such, we find no reason to object to the agency's finding that CACI's internal retransmission device was compliant with the solicitation requirements.¹³ See *Sierra7, Inc., V3Gate, LLC, B-421109 et al.*, Jan. 4,

¹² The MA CP requires the retransmission device to have a security mechanism known as a "protocol break," which prevents the transmission of malicious data within packet headers by concealing source network information, such as internet protocol (IP) addresses and media access control (MAC) addresses. AR, Tab 25, Technical Declaration 2 at 2-3; AR, Tab 24, MA CP v2.4 at 41.

¹³ The protester argues, in the alternative, that even if the awardee's internal retransmission device complies with the requirements of the solicitation, the retransmission device still poses a risk that the agency failed to consider. Protest at 27-28. For example, IAP alleges that because the awardee's retransmission device is internal, CACI lacks control over the retransmission device, and any changes to the commercial laptop made by the manufacturer, such as changes to the "interior layout" of the laptop, could impact the engineering of the internal retransmission device. *Id.* at 28. The technical evaluators, however, noted that the agency considered this risk and found that any risk was mitigated by the strong business relationship the awardee had with its laptop manufacturer--which was highlighted in the awardee's proposal. COS/MOL at 20; see AR, Tab 16, Technical Declaration 1 at 7 ("An internal retransmission device does expose the EUD design to risks associated with OEM [Original Equipment Manufacturer] changes to the internal architecture as there is limited power and space within the EUD . . . [however] [t]he Awardee sufficiently mitigated this risk by proposing
(continued...)

2023, 2023 CPD ¶ 55 at 7 (finding reasonable agency's conclusion that awardee's device was compliant with solicitation where terms did not restrict proposing such device).

Protester's Technical Evaluation

The protester also challenges multiple aspects of its own technical evaluation. Specifically, IAP contends the agency failed to assess strengths to IAP's proposal under several technical subfactors. Protest at 29-48. We discuss one illustrative example.

Under the end user device subfactor (subfactor 3), the agency would evaluate "the extent to which the proposed end user device minimizes the burden on the user." RFP at 7. Considerations of end user device burdens included, among others, the "number of steps required to access the network, and role of the user in over the air updating and general maintenance." *Id.* In evaluating the protester's proposal, the agency assigned IAP an adjectival rating of "good" under this subfactor and assessed one strength to the protester's proposal for proposing to use a tool that automated [DELETED] configurations, which the agency found to mitigate schedule risk and reduce the amount of work to be performed during contract performance.¹⁴ AR, Tab 23a, SRD at 35-36.

The protester argues that the agency should have assessed additional strengths to IAP's proposal under this subfactor. For example, IAP contends that the agency should have assessed strengths for "address[ing] the over the air requirements in the Subfactor Three definition" and describing IAP's automatic failover capabilities, which "respond[] directly to the Solicitation criteria, but . . . [were] ignored by the Agency." Protest at 34, 37. In this regard, IAP's proposal states that some of "the features we have led the industry in implementing include over the air updating to include certificate reenrollment and patching," and "[t]he user is not involved in over-the-air updates and general maintenance of the device such as OS [operating system] updates." AR, Tab 8b, IAP Technical Proposal at 20, 26.

Here, the PWS required the contractor to support over the air updates to eliminate the need for users to send their end user devices to the contractor for maintenance updates. AR, Tab 1a, PWS at 3. Additionally, the solicitation contemplated over the air

to a unique business arrangement with the OEM."); AR, Tab 9b, CACI Technical Proposal at 57. Here, the record reveals that DISA considered the risks associated with CACI's internal retransmission device, and we find nothing objectionable with the agency's determination that any potential risk was sufficiently mitigated. The protester's disagreement with the agency's evaluative judgement, without more, fails to provide our Office a basis to sustain the protest. *Deep Space Sys., Inc.*, B-417714, Sept. 26, 2019, 2019 CPD ¶ 347 at 10.

¹⁴ The agency defined a strength as "an aspect of an offeror's proposal with merit or will exceed specified performance or capability requirements to the advantage of the Government during contract performance." AR, Tab 1e, Evaluation Table at 1.

updates as one aspect the agency could consider when evaluating the extent an offeror's proposed solution placed a burden on the end user. RFP at 7. Although the agency did not find IAP's use of over the air updating warranted a strength, the record shows that the evaluators did consider this aspect of IAP's proposal, recognizing that the "proposed approach seeks to reduce the role of the end user in Over-the-Air (OTA) and maintenance updates." AR, Tab 23a, SRD at 36. Further, DISA "found [IAP's approach] to demonstrate a thorough approach and understanding of the requirements." *Id.* at 35. The protester's disagreement with the evaluators' documented assessment that IAP's approach met, rather than exceeded, the requirements, does not render DISA's evaluation unreasonable. See *Derivative, LLC*, B-420687.3, B-420687.4, May 12, 2023, 2023 CPD ¶ 119 at 11 (finding evaluation reasonable where agency found protester's approach to meet, but not exceed, the requirement).

Similarly, the protester argues DISA should have assessed a strength for proposing an "automatic failover" approach. Automatic failover is "a redundancy technique that ensures users can access the network even when elements [of the network] (GSN nodes) are unavailable." AR, Tab 16, Technical Declaration 1 at 12. The protester states that its approach "dynamically find[s] the [DELETED] GSN Node without user intervention" so that in the event of a disaster recovery situation, users can continue their work seamlessly. AR, Tab 8b, IAP Technical Proposal at 24.

Here, the PWS required offerors to create a solution that included a failover design. AR, Tab 1i(3), PWS app. C at 6 ("The contractor shall design the solution to include internal redundancy resulting in a failover from a single physical or virtual module to another module within the same rack."). The agency states that while IAP's solution met that solicitation requirement, the approach did not exceed the requirement by, for example, ensuring users were connected to the GSN node that afforded the best user experience. AR, Tab 16, Technical Declaration 1 at 13.

The protester takes issue with the fact that there appears to be no contemporaneous documentation explaining why the agency found IAP's approach to meet, rather than exceed, the requirement to minimize the burden on user experience. Comments & Supp. Protest at 33. An agency, however, is not required to document determinations of adequacy or explain in the evaluation record why it did not assess a strength, weakness, or deficiency for a particular item. *WorldWide Language Res., Inc., supra* at 5. Here, we find the agency's post-protest explanations provide a detailed rationale that fill in previously unrecorded details and provide credible explanations that are consistent with the contemporaneous record. *Booz Allen Hamilton, Inc.*, B-420116.6, B-420116.7, Aug. 22, 2022, 2022 CPD ¶ 221 at 9. As such, we find nothing objectionable with the agency's decision not to assess strengths to the protester's proposed over the air and failover solutions. *Vencore, Inc.*, B-416994.2, B-416994.3, June 17, 2019, 2019 CPD ¶ 221 at 11 (finding protester's disagreement with the agency's evaluation, alone, provides no basis to sustain the protest).

Awardee's Cost/Price Evaluation

The protester also marshals several challenges to the evaluation of CACI's cost/price proposal. The protester principally argues that the agency failed to evaluate CACI's cost-reimbursable and fixed-price contract line item numbers (CLINs) to determine whether the awardee's costs and prices were realistic. We discuss some of these allegations below.

Cost Realism

With respect to cost realism, the solicitation advised:

Cost Reimbursable contract line item numbers (CLINs) will be evaluated for realism pursuant to FAR 15.404-1(d).

* * * * *

Offerors should ensure cost proposals include detailed information regarding the resources required to accomplish the task (e.g., labor categories, labor hours, number of employees for each labor category, rates, travel, incidental equipment, contract access fees, etc.). . . . The offeror's proposed estimated costs shall not be controlling for source selection purposes and may be adjusted for the total evaluated cost/price if the proposed estimated costs are determined to be unrealistic. IAW [In accordance with] FAR 15.404-1(d)(2), the probable cost may differ from the proposed cost and reflects the Government's best estimate of the cost of any order that is most likely to result from the offeror's proposal.

RFP at 9-10.

When an agency evaluates proposals for award of a cost-reimbursement contract or issuance of a task order, it 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. FAR 15.305(a)(1), 15.404-1(d); *National Gov't Servs., Inc.*, B-412142, Dec. 30, 2015, 2016 CPD ¶ 8 at 8. An offeror's costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. FAR 16.505(b)(3); 15.305(a)(1); *Engility Corp., supra* at 18. An agency's cost realism analysis requires the exercise of informed judgment, and we review an agency's judgment in this area only to see that the cost realism analysis was reasonably based and not arbitrary. *Id.* The analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the agency's conclusions about the most probable costs for an offeror's proposal are reasonable and realistic in view of other cost information reasonably available to the agency at the time of its evaluation. *TeleCommunication Sys., Inc.*, B-413265, B-413265.2, Sept. 21, 2016, 2016 CPD ¶ 266 at 10.

The protester argues that the agency failed to reasonably conduct a cost realism analysis for the awardee's direct labor rates. Comments & Supp. Protest at 60. Although IAP does not identify with which specific labor rates it takes issue, or why specific labor rates for certain CLINs were understated, IAP generally argues that DISA's cost evaluation must have been unreasonable because CACI would not be able to staff the requirement at the labor rates proposed. *Id.* at 61 ("There is no way CACI will be able to recruit and retain the new personnel they are proposing for the labor rates reflected in their proposal for the cost-reimbursement CLINs.").

The agency responds that it reasonably considered the awardee's labor rates and found the rates to be realistic. Supp. COS/MOL at 9. For example, in its proposal, CACI provided its Forward Pricing Rate Proposal (FPRP), which had been reviewed and approved by the Defense Contract Management Agency (DCMA), and constituted CACI's most current, accurate, and complete pricing information available at the time. AR, Tab 10a, CACI Cost/Price Proposal at 12; AR, Tab 12, Cost-Price Evaluation at 8. CACI further provided salary information for certain labor categories, and CACI explained how it utilized salary survey data to create its proposed direct labor rates. AR, Tab 10a, CACI Cost/Price Proposal at 12. The agency states that it reviewed the information provided by CACI in its proposal, which included, for example, screenshots of payroll records and the awardee's DCMA-approved FPRP. AR, Tab 27, Pricing Team Email at 1. The agency verified direct labor rates by comparing those proposed rates to rates from salary.com, the Economic Research Institute Salaries and Cost of Living Index, and the Department of Labor's Bureau of Labor Statistics wage survey. *Id.* The agency also contemporaneously documented its cost realism analysis. For example, in the Cost-Price Evaluation Report, the agency stated:

Prime Direct Labor Cost: CACI provided a copy of their FY23 [fiscal year 2023] Direct Labor FPRR dated April 4, 2023. All potential new hires were proposed using the established bid salary ranges that were reviewed and approved by DCMA as verified on their FY23 FPRR. CACI proposed all current employee's direct rates using their actual salaries as of June 5, 2023, and then adding an escalation factor of [DELETED] [percent] to account for the period between submission and the start of the Base Year. CACI provided screenshots within their price narrative of their payroll records for verification.

AR, Tab 12, Cost-Price Evaluation Report at 8.

While IAP would have preferred that DISA review CACI's cost proposal to a more exacting degree, an agency is not required to conduct an in-depth cost analysis, or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency to "determine how well the proposed costs represent what the cost of the contract should be." FAR 15.404-1(c); *National Gov't Servs.*, *supra* at 12. Additionally, unless otherwise specified in the solicitation, an agency is not required to follow any particular cost realism evaluation method or use every possible method of analysis in its evaluation of proposed costs.

Battelle Mem'l Inst. B-416263.5, Jan. 23, 2020, 2020 CPD ¶ 37 at 16-17. Here, the record shows that the agency reasonably verified the salary information provided by CACI. Further, without an allegation from IAP as to how or why any specific labor rates were understated--or why the agency's labor rate verification methods were improper--the protester's assertion that CACI's proposed labor rates were too low to adequately staff its proposed approach, amounts to disagreement with the agency's evaluative judgment. Without more, these allegations provide no basis to sustain the protest. See *BTAS, Inc.; Innovative Techs., Inc.*, B-415810.4 *et al.*, Oct. 3, 2018, 2018 CPD ¶ 346 at 15.

The protester also argues that the agency's cost realism analysis was unreasonable because the agency failed to adequately review whether the awardee's level of effort and staffing mix were sufficient to support CACI's technical approach. Comments & Supp. Protest at 56; Supp. Comments at 25. To support this allegation, the protester generally compares IAP's and CACI's proposals. Comments and Supp. Protest at 50 (asserting "[IAP] estimated that the cost-reimbursement work for the first option period would require [DELETED] labor hours, while CACI estimated that it would accomplish the requirements with a mere [DELETED] labor hours," which confirmed "the concern [IAP] raised in its protest about CACI's understated staffing for this critical period"). Although IAP points to its own proposal as the basis to suggest that CACI's costs were understated, the protester fails to recognize that DISA was not required to compare proposals when reviewing whether proposed staffing was realistic. *Onyx-Technica, JV*, B-412474, B-412474.2, Feb. 26, 2016, 2016 CPD ¶ 65 at 5. In assessing costs here, the pertinent inquiry was not whether CACI's proposed costs resembled IAP's proposed costs, but, rather, whether CACI's proposed costs were adequate in light of its unique technical approach. *Id.*

The record shows that DISA conducted a cost realism analysis to determine whether CACI's level of effort reflected its technical approach. For example, the agency reviewed, CLIN by CLIN, the awardee's proposed labor categories and proposed labor hours to determine whether they were realistic. AR, Tab 21a, CACI Cost Realism Spreadsheet. For each labor category row, the spreadsheet provided, among others, a column in which the evaluators annotated whether or not they found the proposed labor hours realistic to the requirement, and a column to notate their reason for that assessment, *i.e.*, the rationale for why the agency considered CACI's level of effort to be realistic. *Id.*

As the protester points out, one main difference between CACI's and IAP's costs was the difference in hours proposed, specifically for option year 1. See Comments & Supp. Protest at 50 (comparing AR, Tab 19b, IAP Cost Proposal, with AR, Tab 10b, CACI Cost Proposal). The agency highlights that this difference in hours is a result of the offerors' different technical approaches. Supp. COS/MOL at 7. In evaluating CACI's proposed hours for option year 1 CLINs, the record shows that the agency considered whether the proposed labor hours would be sufficient to staff the awardee's technical approach. For example, for CLIN 1011, the awardee proposed [DELETED] different labor categories, and a total of [DELETED] hours of work to be performed. AR, Tab

10b, CACI Cost Proposal. In reviewing whether the level of effort was realistic, the agency observed:

PWS Task 13, Install, Test & Transition S-CSS at JBLM - The total [DELETED] proposed hours for this task are realistic though less than the Government's estimate of 23,040 hours. Although the IGCE [independent government cost estimate] anticipated a site by site stepwise approach to install, test and transition the task, utilizing agile processes such as equipment [DELETED] and its "Factory Approach", as described on page 27 of its proposal allows CACI to maximize efficiencies in implementation, testing and transition of the entire solution faster without compromising quality, and proactively mitigating risks. As a result, the proposed labor mix is commensurate with the offeror's proposed technical approach and is found to be acceptable by the Government.

AR, Tab 21a, CACI Cost Realism Spreadsheet.

Here again, the record demonstrates that the agency compared CACI's level of effort to the government's IGCE. Even though the estimated hours fell below that of the IGCE, the agency explained why it found CACI's proposed level of effort to be sufficient to perform CACI's proposed technical approach--which DISA noted differed from the approach originally contemplated by the agency. *See id.* Although the protester may disagree with whether CACI's "maximiz[ation] [of] efficiencies" aligned with the level of effort proposed, we find the agency's evaluation unobjectionable and the documentation to be reasonably adequate to provide some measure of confidence that the agency's conclusions about the most probable costs for the awardee's proposal were realistic. *Id.*; *TeleCommunication Sys., Inc., supra*; Supp. Comments at 31. As such, we do not find that the agency's cost realism analysis was unreasonable or arbitrary.

Price Realism

The protester also argues that the agency was required, and failed, to evaluate whether CACI's staffing approach for fixed-price CLINs was realistic. Comments & Supp. Protest at 63; Supp. Comments at 10; see 2nd Supp. Protest at 5,7. The agency responds that it was not required to conduct a price realism analysis. Supp. COS/MOL at 20. We agree.

In this regard, the RFP provided that "[c]ost [r]eimbursable contract line item numbers (CLINs) will be evaluated for realism pursuant to FAR 15.404-1(d)," and that "[t]he Government reserves the right, but is not obligated, to review Fixed Price CLINs for price realism." RFP at 9. As a general matter, when awarding a fixed-price contract or task order, an agency is only required to determine whether the offered prices are fair and reasonable. FAR 16.505(b)(3); *NTT Data Servs. Fed. Gov't, LLC*, B-419197.2, July 6, 2021, 2021 CPD ¶ 253 at 9. An agency may, however, conduct a price realism analysis in awarding a fixed-price contract or task order for the limited purposes of assessing whether an offeror's or vendor's low price reflects a lack of technical

understanding or performance risk. *HP Enter. Servs., LLC, B-413888.2 et al.*, June 21, 2017, 2017 CPD ¶ 239 at 5. Yet, as our Office has explained, a solicitation that provides an agency “may” conduct a price realism evaluation does not commit the agency to do so; rather, it reserves the decision to the agency’s discretion. *NTT Data Servs. Fed. Gov’t, LLC, supra* at 10.

The record demonstrates that the agency did not conduct a price realism analysis for fixed-price CLINs. Supp. COS/MOL at 20 (“[I]t is clear from the Cost/Price evaluation report that the Agency chose not to perform the evaluation.”); see *generally*, AR, Tab 12, Cost-Price Evaluation Report. Contrary to IAP’s assertion, we find nothing in the solicitation obligated the agency to perform a price realism analysis on the fixed-price CLINs, particularly where the RFP noted that while realism adjustments would be made for cost-reimbursable CLINs, fixed-price CLINs “will not be adjusted to arrive at the total evaluated price.” RFP at 10. Without clear solicitation language indicating a price realism analysis was required, the protester’s disagreement with the agency’s decision not to conduct a price realism evaluation does not demonstrate that the agency abused its discretion under the terms of the solicitation. We find no merit to this allegation.¹⁵

¹⁵ In its supplemental protest, IAP contends that even if a price realism analysis was not required, the agency failed to review whether, for fixed-price CLINs, CACI’s proposed approach “demonstrate[d] a labor mix of categories and hours sufficient to perform the PWS requirements,” in accordance with the management approach technical subfactor (subfactor 6). Comments & Supp. Protest at 62; see RFP at 7. The protester argues that the agency did not meaningfully evaluate CACI’s staffing levels for the fixed-price CLINs. 2nd Supp. Protest at 4.

The record reveals that the evaluators analyzed fixed-price CLINs to determine whether the labor mix and hours were sufficient to perform PWS tasks, as contemplated by subfactor 6 (management approach). For example, with respect to CLIN 0002, the agency noted:

The total [DELETED] proposed hours for CLIN 0002 are reasonable though less than the Government estimate of 9,600 hours. CACI is utilizing an agile approach by leveraging and reusing [DELETED] in their [DELETED] and by [DELETED] the hours among personnel to work on the various deliverables in [DELETED] as opposed to a waterfall approach as the IGCE estimated.

AR, Tab 26, CACI Fixed-Price Spreadsheet. The protester generally alleges that the agency’s evaluation was unreasonable because CACI proposed staffing levels that “were a fraction of [IAP’s] staffing levels,” and “CACI was proposing to perform certain PWS requirements with essentially no personnel and far lower staffing than [IAP] proposed.” See Comments & Supp. Protest at 63; 2nd Supp. Protest at 5. However, the protester does not timely identify any specific examples of staff positions, labor hours, or labor mixes for specific CLINs in CACI’s proposal or detail why such labor mix
(continued...)

Discussions

Lastly, the protester challenges the agency's conduct of discussions. Specifically, the protester contends that because the awardee's price for the fixed-price CLINs was so much lower than the protester's price, the agency must have found the protester's price to be significantly overstated. Comments and Supp. Protest at 65-66. As such, according to IAP, the agency should have conducted discussions with the protester because DISA must have been concerned about IAP's high price. *Id.* (“[T]o the extent that CACI's level of effort was sufficient, it follows that [IAP's] level of effort was overstated . . . [and] [IAP's] approach would have warranted a significant weakness or deficiency that DISA was obligated to raise during discussions.”).

Here, the solicitation noted that the agency “intends to evaluate proposals and award a contract without exchanges with offerors,” but DISA “reserves the right to conduct exchanges or seek clarifications if the Contracting Officer (KO) determines they are necessary.” RFP at 13. After receiving proposals from all offerors, DISA sent evaluation notices (EN) to both IAP and CACI. In those ENs, DISA noted its respective concerns with the offerors' proposed labor mixes and requested either explanations of how the labor mixes were sufficient to accomplish the PWS tasks, or revised proposals from the offerors. AR, Tab 3, IAP EN; AR, Tab 6, CACI EN. After reviewing final proposal revisions from IAP and CACI, the agency found both offerors to have submitted costs and prices that were realistic and reasonable. AR, Tab 12, Cost-Price Evaluation Report at 6, 8-11, 21-24; AR, Tab 13, Price Negotiation Memorandum at 12.

The regulations concerning discussions under FAR part 15, which pertain to negotiated procurements, do not, as a general rule, govern task and delivery order competitions conducted under FAR subpart 16.5, such as the procurement here. *MicroTechnologies, LLC*, B-413091, B-413091.2, Aug. 11, 2016, 2016 CPD ¶ 219 at 14. In this regard, FAR section 16.505 does not establish specific requirements for discussions in a task order competition; nonetheless, when exchanges with the agency occur in task order competitions, they must be equal, fair, and not misleading. *AAR Airlift Grp., Inc.*, B-414690 *et al.*, Aug. 22, 2017, 2017 CPD ¶ 273 at 8. In addition, unless an offeror's proposed price is so high as to be unreasonable or unacceptable, an agency is not required to inform an offeror during discussions that its proposed price is high in comparison to a competitor's proposed price. *Id.*

As discussed above, we find that the agency reasonably evaluated CACI's proposal and found that the level of effort matched the proposed technical approach. Based on the

or staffing levels were inadequate to satisfy the PWS tasks. Although IAP generally disagrees with the agency's evaluative judgements regarding CACI's proposed labor mix and hours as they compare to the PWS tasks, the agency's evaluation of technical proposals is largely a matter within the agency's discretion, and we do not find DISA's judgements here to be unreasonable. See *Emagine IT, Inc.*, B-420202, B-420202.2, Dec. 30, 2021, 2022 CPD ¶ 20 at 8.

offerors' unique approaches, the agency found IAP's and CACI's prices to be reasonable. Despite the protester's assertions, an agency may reasonably find two offerors with different prices/costs to each be realistic and reasonable because the offerors' prices/costs are relative to their technical approaches.¹⁶ *ManTech SRS Techs., Inc.*, B-408452, B-408452.2, Sept. 24, 2013, 2013 CPD ¶ 249 at 10. That the agency found CACI's low price to be reasonable does not necessarily equate to IAP's price being evaluated as unreasonably high simply because IAP's proposed price is higher than CACI's price. See *id.* The record here does not demonstrate that the agency considered the protester's price a significant weakness, deficiency, or to be otherwise so high as to be unacceptable. See AR, Tab 12, Cost-Price Evaluation Report at 6. As such, the agency was under no obligation to reopen discussions and

inform IAP that its price was high in comparison to the price proposed by CACI. *AAR Airlift Grp., Inc.*, *supra* at 10. This allegation is denied.

The protest is denied.

Edda Emmanuelli Perez
General Counsel

¹⁶ The protester attempts to reframe this allegation by arguing later that the agency was required to reopen discussions with the protester after receiving revised proposals because DISA found CACI's prices, which were below the IGCE, to be reasonable, and thus, according to the protester, the agency must have changed its requirements or evaluation criteria. 2nd Supp. Protest at 12. We consider this to be a piecemeal presentation of IAP's argument. Our regulations do not contemplate the piecemeal presentation or development of protest issues through later submissions citing examples or providing alternate or more specific legal arguments missing from earlier general allegations of impropriety. *Star Food Serv., Inc.*, B-408535, Nov. 1, 2013, 2013 CPD ¶ 246 at 4. Here, the protester knew the operative facts underlying this allegation (*i.e.*, the awardee's prices) at the time it filed its first supplemental protest. There is no evidence that--and the protester provides no explanation for why--the arguments could not have been timely asserted in its first supplemental protest. As such, we dismiss this allegation as untimely. See *Alfa Consult S.A.*, B-298164.2, B-298288, Aug. 3, 2006, 2006 CPD ¶ 127 at 3 n.2. Further, even if we did find this argument to be timely--which we do not--there is no evidence that the agency changed its requirements or evaluation criteria after receiving revised proposals.