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Decision

Matter of: Owl International Inc., d/b/a Global, a 1st Flagship Company

File: B-423281.4

Date: April 24, 2026

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DIGEST

1. Protest that agency improperly removed provision from solicitation providing for the evaluation of professional compensation is denied where the record showed a reasonable basis for the agency's determination that performance of the requirement would not require meaningful numbers of professional employees.
 2. Protest that agency unreasonably restricted offerors to revising only their cost/price proposals is sustained where the record shows the effect of amending the solicitation to remove the evaluation of professional compensation would have a material impact on aspects of an offeror's technical proposal and where the solicitation provided that a proposal could be rejected if the cost/price proposal was inconsistent with the technical proposal.
 3. Protest that the solicitation contained a latent ambiguity is denied where the terms of the solicitation were subject to only one reasonable reading.
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DECISION

Owl International Inc., doing business as Global, a 1st Flagship Company, of Irvine, California, protests the terms of request for proposals (RFP) No. N00024-23-R-4304, issued by the Department of the Navy, Naval Sea Systems Command, for services to

manage, operate, and maintain the Navy's emergency ship salvage material system and to support its oil and hazardous substance spill response program worldwide. The protester contends that the Navy has unjustifiably amended the RFP to remove a required provision, improperly limited final proposal revisions in response to that amendment, and failed to resolve an ambiguity in the solicitation.

We sustain the protest in part and deny it in part.

BACKGROUND

The RFP, issued September 28, 2023, requested proposals to provide services to support the Navy's emergency ship salvage material system under a single indefinite-delivery, indefinite-quantity contract for five consecutive 1-year ordering periods. Agency Report (AR), Tab 2, Conformed RFP through amend. 6 at 1-3. The RFP established a maximum contract value of \$315 million. *Id.* at 3.

Proposals were to be evaluated under three factors, in descending order of importance: technical capability, past performance, and cost/price. *Id.* at 110. When combined, the technical capability and past performance factors were significantly more important than cost/price. *Id.*

As it relates to cost/price, the Navy organized the required work into operational tasks and non-operational tasks, and provided that the contract would be priced on a cost-plus-award-fee basis for operational tasks, and on a cost-plus-fixed-fee basis for non-operational tasks. *Id.* at 2. Under the cost/price factor, the RFP required offerors to submit a spreadsheet pricing schedule with fully burdened hourly labor rates for various listed labor categories by performance location. *Id.* at 20. For work performed by personnel under those labor categories, the contractor would be paid at the corresponding rate. *Id.* at 5.

Additionally, among a list of standard provisions incorporated in the RFP was Federal Acquisition Regulation (FAR) provision 52.222-46. That provision directed offerors to submit with their proposals a total compensation plan that set the proposed salaries and fringe benefits for professional employees working on the contract, which the Navy would evaluate to determine whether the offeror had proposed professional compensation that showed sound management and understanding of the contract requirements, whether the professional compensation would affect recruiting and retention, whether it was both realistic and consistent, and whether the proposed compensation levels were lower than those under the incumbent contract. AR, Tab 2-1, Conformed RFP through amend. 5 at 90.

In the initial stage of this procurement, the Navy received proposals from two offerors: Owl and PCCI, Inc. After evaluating the proposals, the Navy held discussions and requested revised proposals. Following the evaluation of the revised proposals, the Navy selected PCCI's proposal for award. Owl protested that award on multiple grounds, and our Office sustained the protest because the Navy had failed to evaluate

each offeror's proposed professional compensation as required by FAR provision 52.222-46, which had been incorporated in the RFP. *Owl Int'l Inc.*, B-423281, B-423281.2, Apr. 25, 2025, at 8. Our decision recommended that the Navy reevaluate the proposals consistent with FAR provision 52.222-46 and make a new source selection decision. *Id.* at 18.

While implementing our recommendation, the Navy informed both offerors that their proposals would be reevaluated to assess proposed professional compensation for 14 positions. Owl challenged the agency's action in an agency-level protest and the Navy again took corrective action by adding one additional position in the professional compensation reevaluation. Following that reevaluation, the Navy again selected PCCI's proposal for award on July 21, 2025.

Owl then challenged that new selection of PCCI's proposal in a second protest to our Office. The Navy announced that it would take corrective action in response to the protest by reevaluating the proposals again, reviewing PCCI's responsibility, determining whether discussions were needed, and making a new source selection decision. Based on the Navy's proposed corrective action, we dismissed Owl's second protest as academic. *Owl Int'l Inc.*, B-423281.3, Aug. 12, 2025 (unpublished decision).

On September 3, the Navy informed both offerors that it would amend the RFP and open discussions. The Navy also stated that an upcoming amendment would remove FAR provision 52.222-46 from the RFP because the agency had concluded that the RFP lacked "a meaningful amount of professional employees." AR, Tab 5, Discussions Letter to Owl at 1. The Navy also stated that offerors would only be permitted to revise their cost/price proposals in response to the forthcoming amendment.¹ *Id.*

Owl challenged those actions in an agency-level protest on September 9, arguing that limiting proposal revisions was unreasonable and expressing concern that the Navy's plan to remove FAR provision 52.222-46 would be improper.

On January 5, 2026, the Navy denied Owl's September 9 agency-level protest; announced that discussions were closed; issued amendment 6, which removed FAR provision 52.222-46 from the RFP; and requested final proposal revisions by January 16, limited to the offerors' cost/price proposals only. AR, Tab 19, Letter from Navy to Offerors at 1; AR, Tab 2.7, RFP amend. 6 at 4; COS at 6.

¹ On September 8, the Navy informed both offerors that the upcoming RFP amendment would also clarify the relationship between the rates an offeror listed in its proposal, the firm's actual labor costs, and the amounts the firm could charge under the contract. AR, Tab 12, Email to Owl at 1; Contracting Officer's Statement (COS) at 4-5. However, when it ultimately issued the amendment, the Navy did not provide further clarification after determining that the RFP was not ambiguous and therefore "no additional clarification was needed." COS at 5. As discussed below, we agree that the RFP is not ambiguous and deny Owl's argument that further clarification is required for the competition to be fair.

On January 15, Owl filed this protest challenging the agency's actions and the terms of the amended RFP.

DISCUSSION

Owl's protest raises three challenges. First, it argues that the Navy's removal of FAR provision 52.222-46 is improper and unjustifiable because the contract requires the services of a significant number of professional employees. Protest at 16-19. Second, the firm contends that even if the Navy's removal of FAR provision 52.222-46 is proper, the Navy's limitation of final proposal revisions to only the offerors' cost/price proposals is improper.² *Id.* at 10-16. Third, Owl argues that the RFP is defective because it is ambiguous about whether offerors are required to propose hourly labor rates that reflect their actual costs or, instead, can propose higher rates. *Id.* at 19-21.

Removal of FAR Provision 52.222-46

Under its first ground of protest, Owl argues that the Navy's removal of FAR provision 52.222-46 from the RFP is improper because it is inconsistent with the requirements of FAR section 22.1103. The protester notes that this section directs the contracting officer to include FAR provision 52.222-46 in a solicitation for services if the contract is expected to have a value over \$900,000 and "meaningful numbers" of professional employees will be involved in performance of the contract. Protest at 17. Owl notes that the contract value exceeds \$900,000 and that the Navy has acknowledged that 15 positions are properly classified as professional employees.³ The protester notes that the Navy thought 15 professional employees was a meaningful number when it originally issued the RFQ with the provision, and nothing would justify a different conclusion now. In further support of its position that the 15 positions represent a meaningful number, Owl contends that the functions performed by the 15 employees are essential because, without their services, performance of the contract would be impossible. Protest at 19.

In reviewing a protest challenging the terms of a solicitation, we recognize that a procuring agency has discretion to determine its requirements and to establish evaluation criteria that it deems best suited to meeting its needs. Accordingly, we will not sustain a protest challenging those criteria unless the protester shows that the criteria are not reasonably related to the agency's needs. *Caduceus Healthcare, Inc.*,

² Both PCCI and Owl submitted final proposal revisions by the January 16 due date. COS at 6.

³ A professional employee is one whose position requires "knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction." 29 C.F.R. § 541.300(a)(2)(i).

B-414965, B-414965.2, Nov. 1, 2017, at 5.⁴ Even where the solicitation term being challenged has been amended after receipt of proposals, we will deny the protest if the agency's action had a reasonable basis for making the challenged amendment. *E.g.*, *Red River Sci. & Tech., LLC*, B-422253.3 *et al.*, Nov. 26, 2024, at 5 (denying protest challenging an amendment to remove a provision that capped contractor's indirect rates); *see also Knight Point Sys., LLC*, B-414802, Sept. 20, 2017, at 4 n.3 (GAO will consider the entire record, including the agency's response to the protest, when reviewing whether challenged amendment was reasonable).

While not disputing that the RFP requires the services of 15 professional employees, the Navy argues FAR provision 52.222-46 was inadvertently included in the RFP and was never legally required.⁵ Removal of the provision is proper because, in the agency's judgment, 15 professional employees do not constitute meaningful numbers in the context of the RFP requirement, which requires 249 employees. The 15 professional employees are approximately six percent of the workforce, which the agency regards as an insignificantly small portion of the workforce, and thus do not equate to meaningful numbers. MOL at 3. In its judgment, the Navy explains that evaluating the compensation of the 15 professional employees is unnecessary to meet its needs, so removing FAR provision 52.222-46 from the RFP is proper. *Id.* at 5.

The requirement to include FAR provision 52.222-46 in a solicitation depends on the contracting agency's judgment that the requirement includes "meaningful numbers" of professional employees. FAR section 22.1103. However, we have recognized that the regulation does not define the term "meaningful numbers." *CRAssociates, Inc.*, B-414171, Mar. 16, 2017, at 4 n.3.⁶ Therefore, determining whether a solicitation includes meaningful numbers of professional employees is necessarily a matter of

⁴ Generally, we consider protests that challenge the terms of a solicitation as being unduly restrictive, thereby unjustifiably restricting competition. Here, however, Owl's argument is that the restrictions of FAR clause 52.222-46 must be retained, which Owl believes will show that PCCI's proposal includes unrealistically low professional compensation. Owl identifies information it received during discovery in an arbitration proceeding against PCCI, which appeared to show executives of PCCI acknowledging some of the firm's labor rates exceeded its corresponding costs, major elements of which are each employee's compensation and fringe benefits. Protest exh. 5, Letter from Counsel for Owl to Navy at 5.

⁵ The Navy notes that FAR clause 52.222-46 was not included in the incumbent contract for substantially similar services. Memorandum of Law (MOL) at 10.

⁶ Owl also argues for its interpretation of FAR section 22.1103 as being strengthened by the policy considerations stated in a 1978 letter from the administrator of the Office of Federal Procurement Policy (OFPP) regarding compensation of professional employees. Comments at 10-11 (*citing* OFPP Policy Letter No. 78-2 (Mar. 29, 1978)). We do not agree that the OFPP letter provides a basis to consider expanding the regulatory language of FAR section 22.1103, which was promulgated in subsequent years.

contracting agency judgment that takes into account the circumstances of the contract. *Relief Servs., Inc.; Radiological Physics Assocs., Inc.*, B-252835.3, B-252835.4, Aug. 24, 1993, at 5.

In *Relief Servs., Inc.*, a protester challenged the Air Force's decision to remove FAR provision 52.222-46 from the solicitation. *Id.* at 1, 3. An offeror challenged the removal of the provision, arguing that the services to be procured involved performance by meaningful numbers of professional employees. *Id.* at 3. We denied the challenge because the agency reasonably determined that only one out of ten employees qualified as a professional employee, and the agency reasonably concluded that this number did not constitute meaningful numbers under the regulation. *Id.* at 2, 5.

Here, like *Relief Servs., Inc.*, the record documents a reasonable assessment by the Navy: the agency considered not just the number of professional employees, but also their relation and proportion to the total number of other employees. Indeed, the agency concluded that the 15 professional employees here are not meaningful numbers because they constitute only six percent of the workforce. While Owl essentially contends that the professional employees should be considered a meaningful number because they perform critical functions, see Comments at 8-9, we do not find support for such an analysis in the regulation. The regulation speaks to the number of professional employees, not their criticality. To the extent Owl contends that 15 is a "meaningful" number by itself, Owl only disagrees with the agency's conclusions regarding what constitutes meaningful numbers of professional employees for this particular acquisition.⁷ Accordingly, we deny this basis of protest.⁸

Limitation of Proposal Revisions

Owl also argues that the Navy has improperly limited offerors' revisions to the cost volume of their proposals. The protester contends that the removal of FAR provision 52.222-46 affects not only its costs and fully burdened hourly labor rates, but also its approach to the technical requirements. The firm contends that, by their nature

⁷ The Navy also argues that its decision to remove the provision is confirmed by the absence of the provision in the ongoing revolutionary FAR overhaul (RFO) effort. MOL at 5 n.3. The protester argues that RFO removal of the provision is irrelevant both because the RFO effort does not comply with the statutory process for revising the FAR specified in 41 U.S.C. § 1707 and because the clause is statutorily required by 10 U.S.C. § 4507(b)(5). Comments at 11. Having concluded that the Navy properly removed the provision pursuant to FAR section 22.1103, which applied when the agency issued the solicitation, we need not reach any conclusion on the impact of the RFO's deletion of FAR section 22.1103 and FAR provision 52.222-46.

⁸ The Navy also supports its position by arguing that evaluating a separate professional compensation plan is unnecessary because 94 percent of employees either will have wages subject to minimum requirements under the Service Contract Act or will not qualify as professional employees. MOL at 3-4.

and by the terms of the RFP, the technical and cost/price proposals are inextricably linked. Protest at 13-15.

In particular, Owl argues that FAR provision 52.222-46 directed offerors to focus resources (compensation and benefits) in order to maintain a stable professional workforce. The provision led Owl to propose features in its technical approach that furthered professional workforce stability, the firm argues, including **[DELETED]**. Protest at 13. By contrast, the protester argues, if the RFP had not included FAR provision 52.222-46, aspects of Owl's proposed technical approach would have differed. According to Owl, it would have **[DELETED]**. Protest at 13; Protest exh. 18, Decl. of Owl Exec. Vice President at 222-224 (explaining specific technical revisions that Owl would consider making). Owl argues that if the provision is removed from the RFP, offerors must be permitted to revise both their technical and cost/price proposals to respond to the changed emphasis in the evaluation, and that, as a result, the agency's restriction of final proposal revisions only to cost/price proposals is unreasonable. Protest at 13-14.

When taking corrective action following an earlier protest, an agency has discretion to determine how to ensure a fair and impartial competition, which includes determining whether to limit the scope of proposal revisions. *ManTech Advanced Sys. Int'l, Inc.*, B-421560.4, Aug. 14, 2023, at 11. Where a protester challenges that decision to limit proposal revisions, we will review the reasonableness of the agency's action by considering whether the amendment and the changes offerors are permitted to make in their proposals would have a material impact on or be inextricably linked with other aspects of the proposal. *Id.*

The Navy argues that there is no basis to allow the offerors to revise their proposals beyond the cost/price proposal volume because the removal of FAR provision 52.222-46 does not have a material impact on the offerors' technical proposals. MOL at 6. The agency argues that the RFP already requires offerors to address the same considerations of retaining professional employees in their technical proposals that would be affected by the removal of FAR provision 52.222-46. MOL at 7. In particular, the Navy argues that the statement of work (SOW) independently requires an offeror to describe its approach to ensuring all its personnel have the required professional and technical skills and capabilities, and that there is a plan for continued training of all employees. *Id.* at 8.

We do not agree with the Navy that the removal of FAR provision 52.222-46 is immaterial to the offeror's technical proposals under the terms of this RFP. As noted above, FAR provision 52.222-46 directs offerors to submit with their proposals a total compensation plan setting the proposed salaries and fringe benefits for professional employees working on the contract, which the agency would evaluate to determine whether the offeror had proposed professional compensation that showed sound management and understanding of the contract requirements, whether the professional compensation would affect recruiting and retention, whether it was both realistic and consistent, and whether the proposed compensation levels were lower than those under

the incumbent contract, and determine whether, ultimately, the agency will receive uninterrupted high-quality work. FAR provision 52.222-46.

By removing FAR provision 52.222-46 from the RFP, the Navy has communicated to offerors that it no longer requires the submission of information about the compensation of professional employees and, correspondingly, the agency will not perform the evaluation specified in the provision. That is, without the provision, the Navy will no longer evaluate, among other things, whether professional compensation will affect recruiting and retention, whether it is both realistic and consistent, and whether the proposed compensation levels compares favorably to the compensation for incumbent staff under the incumbent contract, all of which would bear upon the extent to which the agency will receive uninterrupted high-quality work. See FAR provision 52.222-46.

At the same time, the RFP required offerors' technical proposals to explain how they would "provid[e] personnel with the professional and technical skills to successfully perform," and describe a management approach and organization plan that would be "adequate to accomplish program objectives and satisfy all aspects of the SOW" and other contract requirements. AR, Tab 2, Conformed RFP through amend. 5 at 109. The RFP instructions directed the technical proposal to include the offeror's approach to managing key and non-key personnel attrition, detailed résumés and letters of intent for key personnel, *id.* at 75, an explanation of how the engineering workforce would be managed with regard to retaining senior employees and recruiting less experienced staff, *id.* at 76, and a description of the firm's approach to recruiting, retention, training, and ensuring availability of quality personnel. *Id.* at 77. The content of the technical proposals and the technical factor evaluation criteria thus were inextricably connected to offerors' approaches in responding to the criteria in FAR provision 52.222-46, such as recruitment, retention, training as elements of the compensation and fringe benefits proposed for professional employees. Thus, an offeror's proposal revisions in response to removing evaluation criteria relating to professional employees could affect elements of the offeror's technical proposal that addressed managing attrition, retaining senior personnel, recruiting, training, and ensuring personnel availability.

The removal of FAR provision 52.222-46 eliminated the need for offerors to focus specifically on the levels of proposed professional compensation because the Navy would no longer evaluate whether that compensation was unrealistic or inadequate when compared to the compensation of incumbent personnel. In effect, the change allows an offeror additional options to propose a technical approach that the firm believes would make its proposal more competitive. An offeror could change aspects of its proposed professional compensation or staffing approach to be materially different from those used under the incumbent contract if the offeror believes doing so will achieve a more favorable technical evaluation and still provide a workforce with required professional and technical skills. While it is possible that an offeror would make no changes in response, Owl has submitted credible claims in arguing that, if permitted, it would have considered making several specific technical proposal revisions for that purpose. For example, it would consider [DELETED]. Protest exh. 18, Decl. of Owl Exec. Vice President at 222-224. Owl thus provides a reasonable argument for why removal of the provision prompts offerors to revise their cost/price proposals in ways

that are inextricably linked to aspects of the technical proposals and, therefore, requires that offerors be permitted to make revisions to both proposal volumes.⁹

Our Office has recognized that the removal of FAR provision 52.222-46 does not always require an agency to allow offerors to make technical proposal revisions. Where a solicitation continues to provide for evaluation of the realism of offerors' proposed costs, removal of the provision may be immaterial to the offerors' technical proposals. *ManTech Adv. Sys. Int'l, supra* at 5 n.7, 12. Here, the RFP provides for assessment of cost realism in only specific respects: offerors were generally advised to ensure that proposed costs were realistic and supported by substantiating data for all major cost elements. AR, Tab 2, Conformed RFP through amend. 6 at 84. However, the evaluation criteria stated that a realism analysis would be performed on an offeror's proposed indirect rates if the firm did not cap its indirect rates, while capped indirect rates would be "considered realistic." *Id.* at 114. Most significantly, with respect to the hourly labor rates proposed, the RFP specified that the rates were to be "fully burdened (exclusive of fee) fixed hourly rates," and that "as the scheduled labor rates are burdened (exclusive of fee) and fixed, the Government will only evaluate the proposed scheduled labor rates for reasonableness and material balance." *Id.* As a result, unlike the solicitation at issue in *ManTech*, the RFP here excludes the type of general evaluation of cost realism for labor rates that would render the removal of FAR provision 52.222-46 insignificant to the offerors' technical proposals. Instead, the RFP does not provide for any generally applicable assessment of realism of offerors' labor rates, and instead expressly states that scheduled labor rates will be "only evaluated . . . for reasonableness and material balance." AR, Tab 2, Conformed RFP through amend. 6 at 114.¹⁰

Where an amendment to a solicitation would reasonably affect the strategy an offeror has proposed beyond the area to which the agency has restricted proposal revisions, the agency's restriction is unreasonable. *Castro & Co., LLC*, B-415508.4, Feb. 13, 2018, at 4 (agency unreasonably restricted offerors to revising staffing for one task, based on amendment clarifying required staffing for that task, because the amendment's changed staffing materially affected offerors' staffing strategy more broadly). Here, the Navy has restricted proposal revisions to the cost/price volume of offerors' proposals, even though, as Owl has argued, the removal of FAR

⁹ Both before and after amendment 6, the RFP warned offerors that a cost/price proposal that was inconsistent with the technical proposal could be rejected and eliminated from consideration for award, thereby reinforcing a link between them. AR, Tab 2.1, Conformed RFP through amend. 5 at 112; AR, Tab 2, Conformed RFP through amend. 6 at 113.

¹⁰ The RFP provides an exception where an offeror elected not to propose a ceiling on its indirect rates. In that case, the RFP provides that the proposed indirect rates would be assessed for realism. We see no connection between the potential assessment of indirect rate realism and the evaluation of professional compensation realism under FAR provision 52.222-46 that would make the removal of that provision insignificant.

provision 52.222-46 will reasonably affect aspects of the firm's technical proposal, in which offerors were to address management of key and non-key personnel attrition, qualifications and commitment of key personnel, managing the engineering workforce to retain senior staff and recruit less experienced staff, and more broadly the approach to recruiting, retaining, training, and ensuring availability of quality personnel. The RFP directs each offeror to ensure that its technical proposal is consistent with its cost/price proposal, otherwise the proposal may be rejected, and thus revisions an offeror makes in response to the removal of FAR provision 52.222-46 cannot be limited only to the cost/price proposal, but are also material to the offeror's technical proposal. The Navy's restriction on proposal revisions is unreasonable, and we sustain Owl's protest on that basis.

Latent Solicitation Ambiguity

Owl also challenges the RFP as defective, arguing that it contains an ambiguity with respect to "whether the proposed rates must reflect the actual cost to the contractor." Protest at 19. The protester explains that during performance of the incumbent contract, Owl obtained information that appeared to show PCCI (the minority member of the joint venture) was paying employees under some labor categories at rates lower than the firm was charging the Navy. *Id.* Owl argues that because the RFP incorporates cost-reimbursement terms and because (just as in the incumbent contract) the contractor is to be paid at the hourly rates for work performed by employees in the listed labor categories, it would be improper for the contractor to pay employees less. However, Owl contends that because there is evidence that PCCI's rates for some labor categories under the incumbent contract exceed the costs of those employees, PCCI is also proposing labor rates that exceed its costs under the RFP. *Id.* at 20 (alleging "PCCI did not interpret the [RFP] that way").

The ambiguity arises, Owl argues, because even though the RFP states that the Navy will pay the contractor at the hourly rates from the offeror's proposal, and those rates are treated as fixed rates, the RFP does not specify whether those rates "must reflect the rates that will be paid to employees during performance." Protest at 21. Owl contends that the Navy stated that it intended to further clarify this issue when it issued amendment 6 but the agency failed to do so. *Id.*

To raise a challenge to a solicitation's terms as ambiguous, a protester must show that there is a possibility of two or more reasonable interpretations of the solicitation. *Ashe Facility Servs., Inc.*, B-292218.3, B-292218.4, Mar. 31, 2004, at 10.

The Navy argues that there is no ambiguity; rather, the only reasonable interpretation of the RFP is that offerors are required to submit fully burdened labor rates (excluding indirect costs and fee) and must submit data to substantiate that each rate is an accurate reflection of the underlying costs: direct labor, fringe rate, overhead rate, general and administrative (G&A) rate, and any subcontract costs. MOL at 16; COS at 5.

Whether there is an ambiguity must be assessed by reviewing the language of the RFP, not by considering whether a competitor allegedly violated the incumbent contract. Here, the RFP requires each offeror's proposal to justify each of its fully burdened labor rates by submitting "substantiating data for every major cost element proposed (e.g., direct labor, fringe rate, overhead rate, G&A rate, subcontract costs, etc.)." *Id.* at 20; AR, Tab 2, Conformed RFP through amend. 6 at 83. In September 2025, the Navy did clarify that the scheduled labor rates were, in effect, "fixed cost elements" and, therefore, the contractor was to invoice the Navy using the scheduled rates for its employees' efforts, and the Navy would pay for services at those rates. Protest at 20.

Despite Owl's argument that PCCI interprets the RFP differently, Owl has not shown that the RFP is, in fact, subject to two reasonable interpretations regarding whether the proposed labor rates must be based on the rates the offeror plans to pay employees under the corresponding labor category. While we recognize that the contract generally contemplates a cost-reimbursable structure, the fact is the RFP carved out a specific exception for the scheduled labor rates by stating scheduled labor rates serve as "fully burdened (exclusive of fee) fixed hourly rates." AR, Tab 2, Conformed RFP through amend. 6 at 84. As a result, Owl has not shown that the RFP contains an ambiguity (latent or otherwise) regarding how offerors were to propose the rates or how they function. Accordingly, we deny this ground of protest.

RECOMMENDATION

As discussed above, the record shows that the Navy unreasonably prevented offerors from revising their technical proposals in response to the removal of FAR provision 52.222-46, so we sustain the protest on that basis. We recommend that the Navy request final proposal revisions without this restriction. We also recommend that the Navy reimburse Owl the costs, including reasonable attorneys' fees, associated with filing and pursuing both this protest. The protester should submit its certified claim for costs, detailing the time expended and costs incurred, directly to the contracting agency within 60 days after receipt of this decision. 4 C.F.R. § 21.8(f)(1).

The protest is sustained in part and denied in part.

Edda Emmanuelli Perez
General Counsel