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Decision

Matter of: SPARC JV, LLC

File: B-424400

Date: June 25, 2026

James J. Birch, Esq., Rolfes Henry Company, LPA, for the protester.
Stephen J. Faherty Jr., Esq., and Amanda M. Stone, Esq., Department of the Navy, for the agency.
Michael P. Grogan, Esq., and Evan D. Wesser, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging solicitation requirement--that offerors demonstrate experience with directly managing five or more employees subject to the Service Contract Labor Standards simultaneously--as overly restrictive is denied where the agency reasonably concluded that the requirement reflected the agency's minimum needs.

DECISION

SPARC JV, LLC, a service-disabled veteran-owned small business (SDVOSB) of Orlando, Florida, protests the terms of request for proposals (RFP) No. N6134026R10010002, issued by the Department of the Navy, for pilot and aircrew courseware revision and maintenance services. The protester contends that the solicitation is overly restrictive and unreasonable because it requires offerors to demonstrate experience with simultaneously managing five or more employees subject to the Service Contract Labor Standards (SCLS).

We deny the protest.

BACKGROUND

On January 30, 2026, the Navy issued the solicitation as a SDVOSB set-aside, pursuant to the procedures of Federal Acquisition Regulation (FAR) part 15 (Contracting by Negotiation), contemplating the award of multiple indefinite-delivery, indefinite-quantity (IDIQ) contracts, with a 5-year base ordering period, one 2-year option period, and two 1-year option periods, for courseware revision and maintenance services. Agency Report (AR), Tab 5, Conformed RFP at 3, 11; AR, Tab 37, Contracting Officer's Statement

(COS) at 4.¹ Specifically, selected contractors will provide a myriad of training services, including pilot and aircrew, operator, tactical, maintenance, and mission rehearsal support services. COS at 1. The instant requirement--entitled Pilot and Aircrew Curriculum Revision and Maintenance II (PACRM II)--is a follow-on from a previously awarded IDIQ contract (PACRM I). Memorandum of Law (MOL) at 6. As the Navy explains, there were five task orders issued under the PACRM I contract that are part of the Navy's PACRM II requirement, one of which is for [DELETED] (the "[DELETED] task order"). *Id.* The agency provides that the estimated value of these five orders, combined, represents more than [DELETED] percent of the Navy's PACRM II requirement. *Id.*

The RFP explained that each proposal would be evaluated to determine if it met certain administrative requirements (such as appropriate size status and necessary facility clearance), and would then be evaluated against two factors: technical (experience); and past performance. RFP at 68. As relevant to this protest, under the experience factor, the RFP advised that submitted contract references had to meet six criteria, one of which was that the reference must demonstrate experience with the management of SCLS employees.² *Id.* at 61 (explaining that an offeror must "demonstrate experience in the direct (not delegated to another contractor, e.g. a sub-contractor) management of 5 or more [SCLS] employees simultaneously.").

The RFP advised that awards would be made "to each qualifying Offeror who is a responsible source, submits an acceptable proposal that conforms to the requirements of this solicitation, and that the contracting officer has no reason to believe would be likely to offer other than fair and reasonable pricing."³ *Id.* at 67. An "acceptable" proposal was one that met the stated prerequisites and submission requirements outlined in the RFP, and achieved a rating of acceptable under the technical and past performance factors. *Id.*

¹ All citations to the RFP are to the conformed version, unless otherwise noted. Citations to the agency's report are to the associated PDF page numbers.

² The Service Contract Labor Standards statute, *codified at* 41 U.S.C. chapter 67, also known as the McNamara-O'Hara Service Contract Act of 1965, applies to federal contracts exceeding \$2,500 and having the principal purpose of using service employees to provide services to the government. See 41 U.S.C. § 6702(a). Under applicable law and regulation, each service employee engaged in the performance of the contract must be paid not less than the minimum wages and fringe benefits determined by the Department of Labor. See FAR subpart 22.10 (Service Contract Labor Standards).

³ The agency explains that consistent with FAR 15.304(c)(1)(ii), price was not included as a separate evaluation factor. COS at 3.

On March 5, prior to the initial due date for proposals, SPARC filed a protest with our Office, challenging the terms of the solicitation. Specifically, SPARC argued the RFP's original requirement under the experience factor, that a contract reference must demonstrate direct experience with the management of ten or more SCLS employees simultaneously was unduly restrictive of competition. Prior to the production of the agency report, the Navy explained that it would reconsider the RFP's requirements related to the experience criterion regarding management of SCLS employees, and amend the solicitation as appropriate. On March 17, given the agency's representations, our Office dismissed SPARC's protest as academic. *SPARC JV, LLC*, B-424299, Mar. 17, 2026 (unpublished decision).

As part of its corrective action, the Navy amended the RFP's technical (experience) factor, reducing from ten to five the number of SCLS-managed employees that a contract reference must demonstrate. RFP at 61. Prior to the revised due date for proposals, SPARC filed the instant protest on April 9, challenging the agency's revised SCLS requirement.

DISCUSSION

The gravamen of this protest is the reasonableness of the agency's requirement that a contract reference--used to show an offeror's relevant experience--must demonstrate "experience in the direct (not delegated to another contractor, e.g. a sub-contractor) management of or 5 more [SCLS] employees simultaneously." RFP at 61. In the protester's view, such a requirement is unduly restrictive of competition and not reasonably related to the agency's minimum needs. That is, whether "a contractor employs one SCLS worker or many, it must meet the same regulatory responsibilities[.]" and "[t]hese obligations are triggered by SCLS coverage itself, not by the number of employees performing the work." Protest at 2. Moreover, the protester argues that this requirement is duplicative, given the other criteria that an offeror's contract references would be judged upon. *Id.* at 3. In response, the Navy contends its SCLS requirement is a "reasonable and necessary provision, directly tied to the Agency's minimum needs to mitigate significant, well-documented performance and mission risks associated with the unique demands" of the instant requirement. COS at 11-12. For the following reasons, we find no basis on which to sustain the protest.⁴

Agencies must specify their needs in a manner designed to permit full and open competition, and may include restrictive requirements only to the extent they are necessary to satisfy the agencies' legitimate needs or as otherwise authorized by law. 41 U.S.C. § 3306(a). Where a protester challenges a solicitation specification or

⁴ The protester raises other collateral allegations, and although our decision does not specifically address every argument presented, we have considered each argument and find that none provides a basis on which to sustain the protest.

requirement as unduly restrictive of competition, the procuring agency must establish that the specification or requirement is reasonably necessary to meet the agency's needs. *Remote Diagnostic Techs., LLC*, B-413375.4, B-413375.5, Feb. 28, 2017, at 3-4. We examine the adequacy of the agency's justification for a solicitation provision challenged as unduly restrictive to ensure that it is rational and can withstand logical scrutiny. *Coulson Aviation (USA), Inc.*, B-414566, July 12, 2017, at 3. The determination of a contracting agency's needs, including the selection of evaluation criteria, is primarily within the agency's discretion and we will not object to the use of particular evaluation criteria so long as they reasonably relate to the agency's needs in choosing a contractor that will best serve the government's interests. *SML Innovations*, B-402667.2, Oct. 28, 2010, at 2. A protester's disagreement with the agency's judgment concerning the agency's needs and how to accommodate them, without more, does not establish that the agency's judgment is unreasonable. *Protein Scis. Corp.*, B-412794, June 2, 2016, at 2.

Contemporaneous with amending the solicitation following SPARC's initial protest, the Navy prepared a document outlining the agency's rationale for several of its experience requirements. See AR, Tab 4, Experience Criteria Rationale. The Navy explained that "performance on related contracts has demonstrated that inexperienced management of a [SCLS] workforce presents a significant and unacceptable risk to mission performance." *Id.* at 3. Of specific note, the agency provided that an awardee on the PACRM I contract had "inexperience in negotiating a Collective Bargaining Agreement, [which] led to severe internal cost and stability issues that manifested directly as a diminished level of support for the Government." *Id.* Moreover, the contractor's "significant retention problems and high staff turnaround resulted in a loss of experienced SCLS personnel, which in turn directly caused delays[,] and led to a reduction in the level of support and volume of curricula that could be delivered during the performance period. *Id.* The Navy concluded:

This confluence of staff turnover, schedule delays, and a diminished level of contracted [subject matter expert] support amounted to a reduced level of curriculum revision and maintenance support that negatively impacted the Government's ability to execute critical updates, ultimately affecting Fleet readiness. This history supports that an offeror's technical skill is insufficient if they lack specialized corporate experience to manage the complexities of a service contract workforce, as their inexperience directly erodes performance and compromises the mission.

Id.

In examining its current requirements, the Navy found "the preponderance of the efforts, both from a cost and staffing standpoint, are SCLS personnel." *Id.* Indeed, the Navy's analysis suggested that "the average percentage of SCLS personnel is [DELETED] [percent] compared to professional personnel." *Id.*; see also COS at 23 ("SCLS-covered employees execute the overwhelming majority of the curriculum development effort, with only a Program Manager generally as the sole exempt labor category.").

Given that nearly all of the personnel to perform the Navy's requirement were SCLS personnel, the agency identified "their associated costs constitute the single largest portion of the contract's total direct labor expenditures." AR, Tab 4, Experience Criteria Rationale at 3.

While the Navy identified that SCLS personnel would perform much of the work, the agency also provided its analysis for its requirement that offerors demonstrate management of at least five SCLS employees. In a nutshell, the agency first looked at the PACRM I contract to identify the task order with the smallest staffing level. This task order--the [DELETED] task order--is among the incumbent orders included in the PACRM II scope of work. MOL at 6. Using the SCLS staffing required under this order as a baseline estimate, the Navy examined the performance work statement (PWS) requirements for that effort across multiple SCLS labor categories. AR, Tab 4, Experience Criteria Rationale at 4-5. Based on its analysis of this order--the smallest incumbent order--the Navy identified that a minimum of five SCLS employees would be required to perform the requirements of the order across the relevant labor categories for the PACRM II contract. *Id.* at 5 (identifying [DELETED] full-time and [DELETED] part-time SCLS employees as the minimum required to perform the work).

In addition to its minimum-requirement calculation, the Navy also provided a narrative explanation as to why experience managing five or more SCLS employees was imperative:

Requiring experience with five or more employees is a critical indicator of corporate maturity and administrative competence. Managing one or two SCLS employees can often be handled with manual, ad-hoc processes. However, as the number of employees grows, the volume and complexity of the administrative tasks change in nature. The administrative burden of simultaneously tracking multiple [Department of Labor] Wage Determinations, calculating varied health and welfare benefits, managing overlapping leave schedules, and potentially handling concurrent grievances exceeds the capacity of simple, manual methods. At this level, a company is more likely to be compelled to move beyond individual effort and implement durable, repeatable systems. This criterion demonstrates the principal entity possesses the proven infrastructure and systemic competence to reliably manage the administrative load with established procedures for payroll, benefits, and compliance. This experience level demonstrates the ability to manage a non-trivial SCLS workforce of a size and complexity relevant to the baseline requirements of this contract vehicle. A contractor lacking this experience may struggle with the administrative load, leading to high employee turnover, morale issues, and inconsistent performance.

Id. at 5.

The Navy concluded that its requirement was both reasonably tied to its minimum needs, and also afforded a meaningful opportunity for smaller offerors to compete:

As all recurring and projected Task Orders will require significantly more than five SCLS employees, this threshold reflects the minimum requirement and ensures contractors have the foundational experience for the anticipated workload, without unduly restricting competition to only the few large contractors who have managed much larger SCLS teams. It confirms they can handle the minimum requirement, not just the headcount, thereby protecting the Government from unacceptable performance risk.

Id. at 4.

In its protest, SPARC avers the Navy has not demonstrated why prior management of five SCLS employees reasonably reflects the agency's minimum needs. First, the protester argues that the Navy improperly equates historical staffing with actual need, as the "fact that a particular task order may include five SCLS positions does not establish that a contractor must have previously managed five SCLS employees simultaneously to perform that task order." Comments at 3. However, SPARC offers no rationale as to why historical performance--on an incumbent order that is included in this solicitation's scope of work--is an unreasonable metric for determining the agency's minimum needs. Indeed, our Office has found reasonable an agency's use of historic performance data in determining its minimum needs. See *Laidlaw Envtl. Servs. (GS), Inc.*, B-245587, B-245587.2, Jan. 16, 1992, at 4 (agency's use of historic data in determining quantity and pricing estimates found reasonable). In our view, it seems axiomatic that prior performance of nearly identical work would be a reasonable point of comparison for determining the agency's current needs.

Moreover, the Navy utilized the smallest prior order in determining its SCLS management benchmark, a conservative estimate in light of the agency's expectation that orders under the PACRM II contract would likely include far more than five SCLS employees. See COS at 23. Finally, the protester fails to advance any other alternative to the agency's use of an incumbent task order that would reasonably allow the Navy to define (in light of prior performance issues with SCLS management) its minimum requirements. Here, we find no basis to object to the agency's reliance on historical performance data in determining its minimum needs. *Dynamic Access Sys.*, B-295356, Feb. 8, 2005 (a protester's disagreement with the agency's judgment concerning its needs and how to accommodate them does not show the agency's judgment is unreasonable).

Next, the protester argues the Navy has failed to demonstrate why the management of five SCLS employees is necessary, as an offeror's experience in managing one SCLS employee sufficiently demonstrates a firm's skill and expertise in handling these types of employees. Comments at 3-4. The record belies this argument--contemporaneous with the issuance of the revised solicitation, the agency explained its manifold rationale for

requiring offerors demonstrate experience in managing five more or more SCLS employees simultaneously. See AR, Tab 4, Experience Criteria Rationale at 4-8.

The Navy provided that “[m]anaging one or two SCLS employees can often be handled with manual, ad-hoc processes[,]” but that “as the number of employees grows, the volume and complexity of the administrative tasks change in nature.” *Id.* at 5. Moreover, a company with experience in managing five or more SCLS employees likely has “durable, repeatable systems” and a “proven infrastructure and systemic competence to reliably manage the administrative load with established procedures for payroll, benefits, and compliance.” *Id.* The Navy concluded that “five is the minimum requirement and all other task orders require larger numbers of SCLS managed employees, as well as multiple locations requiring multiple [collective bargaining agreements/wage determinations].” *Id.*

Moreover, the contracting officer provides additional explanation for its requirement, providing that “managing a single SCLS employee is an isolated, ad-hoc human resources relationship” and “does not trigger the complex challenges inherent in managing a *workforce*.” COS at 22. She explains, that with “a single employee, a contractor does not face seniority disputes, complex shift-scheduling conflicts to maintain mandatory PWS coverage, multi-person grievance mediations, or the substantive, adversarial dynamics of Collective Bargaining Agreement (CBA) negotiations.” *Id.* She concluded that “[a]n inability to manage these complexities is precisely what introduces unacceptable risk, where the consequences range from failures in basic curriculum accuracy to a catastrophic inability to update training that impacts aircraft configuration, tactics, and, most critically, the ‘Safety of Flight’ procedures that prevent the loss of life.” *Id.*

We find nothing objectionable with the agency’s approach. Indeed, the agency’s use of historical performance requirements, coupled with its explanation as to why management of at least five SCLS employees is warranted, demonstrates a reasonable approach to defining its requirements for the PACRM II contract. Based on our review of the record, we find that the agency has adequately demonstrated that its SCLS-related requirement is reasonably related to its legitimate needs.⁵ *Systems Application & Techs., Inc.*, B-270672, Apr. 8, 1996, at 3 (the determination of a contracting agency’s needs and the best method of accommodating them are matters primarily within the agency’s discretion.).

⁵ The protester also challenges the validity of the agency’s alternative arguments in support of the reasonableness of the SCLS requirement. See Comments at 4-6 (contending the agency’s invocation of safety/national defense, the poor performance record under the predecessor contract, and SDVOSB set-aside preference for the contract do not justify the numerical SCLS restriction). However, as, per the above, we find reasonable the agency’s explanation for the requirement, we need not address these alternative bases.

SPARC also argues the SCLS requirement is redundant, arguing the requirement “duplicates considerations already captured through magnitude and complexity while unnecessarily restricting otherwise qualified offerors.” Protest at 3; see *also* Comments at 7-8. We disagree.

The solicitation explained that a submitted contract reference would only be considered if it was both recent and relevant. RFP at 68. Relevancy was defined as a “measure of the extent of similarity between the scope, complexity and magnitude of past performance/experience contract references and the solicitation requirements; and a measure of the likelihood that the experience/past performance is an indicator of future performance.” *Id.* at 70. In turn, magnitude considered the dollar amount of the effort, while complexity measured the similarity to the work to the instant requirement (namely, revision, maintenance, or development of coursework). *Id.*

Prior experience that was similar in terms of magnitude and complexity to the PACRM II contract does not, necessarily, mean that an offeror has experience managing multiple SCLS employees. Indeed, nothing in these definitions would suggest that is the case. Where the Navy has presented a reasonable explanation for why an offeror needs experience in managing multiple SCLS employees (*i.e.*, unique risk of staff turnover, schedule delays, and a diminished level of subject matter expert support), we find unobjectionable the inclusion of such a threshold requirement. *Remote Diagnostic Techs., LLC, supra* at 3 (requirement is reasonable where the agency establishes it is reasonably necessary to meet the agency’s needs).

The protest is denied.

Edda Emmanuelli Perez
General Counsel