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United States General Accounting Office
Washington, DC 20548

Decision

Matter of: Basic Contracting Services, Inc.

File: B-284649

Date: May 18, 2000

Mary G. Wilson, Esq., Aungier & Wilson, for the protester.
Keith L. Baker, Esq., Barton, Baker, McMahon, & Tolle, for JWK International Corporation, an intervenor.
Maj. Cynthia M. Mabry and LTC Karl M. Ellcessor, III, U.S. Army Materiel Command, for the agency.
Jacqueline Maeder, Esq., and Paul I. Lieberman, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency evaluation of technical proposals is unobjectionable where the record establishes that evaluation was reasonable and consistent with the stated evaluation factors; protester's mere disagreement with the agency's conclusions does not render the evaluation unreasonable.

2. Discussions were meaningful where they explicitly apprised the protester of the area of its proposal that required revision.

3. Protest that agency failed to perform proper cost/technical tradeoff is denied where source selection official considered all relevant proposal evaluation material and cost in making his award determination and reasonably determined that the evaluated technical superiority of the highest technically-rated proposal warranted payment of the associated cost premium.

DECISION

Basic Contracting Services, Inc. protests the award of a contract to JWK International Corporation under request for proposals (RFP) No. DAAD07-99-R-0126, issued by the U.S. Army Materiel Command (AMC) as a small business set-aside for base operations support services for the White Sands Missile Range, New Mexico. Basic challenges the agency's evaluation of its technical proposal, the conduct of discussions, and the source selection decision.

We deny the protest.

BACKGROUND

The RFP, issued June 18, 1999, provides for the award of a cost-plus-award-fee contract for a 3-year base period with two 2-year options. RFP Executive Summary at 1. The solicitation, which combines services currently being performed for AMC under 22 separate support service contracts, calls for the successful offeror to provide operational, maintenance, repair and other support services for facilities, systems, equipment and personnel at the base. RFP attach. 1, Purchase Description, at 1.

Section M.1 of the RFP provides for award "on a best value basis" to the offeror whose management, technical, past performance and probable cost "represent the best buy to the Government." The RFP identifies the following evaluation factors and subfactors:

1. Management
    a. Organization
    b. Personnel Management
    c. Start-up Plan
    d. Assignment Process
    e. Quality Control
2. Technical
    a. Environmental/Protection and Conservation
    b. Documentation Services
    c. Engineering and Technical Services
    d. Custodial
    e. Refuse
    f. Grounds and Irrigation Maintenance
    g. Facility Maintenance
    h. Equipment Repair
    i. Maintain Inventory
3. Past Performance
4. Cost

RFP § M.3.

The factors are listed in descending order of importance; the various subfactors listed under each factor are equal in value. Each subfactor is broken into two or more subparts or “definers” with each being of equal value. Id. Management and technical factors were to be scored on the basis of adjectival ratings of “exceptional,” “very good,” “acceptable,” “marginal,” or “unacceptable.” RFP § M.2. The RFP also distinguished between proposal risk and performance risk and stated that the agency would assess both types of risks. RFP § M.4. Performance risk, defined as risks associated with an offeror’s likelihood of success in performing the solicitation requirements as indicated by that offeror’s record of past performance, would be assessed by the Performance Risk Assessment Group and assigned a specific narrative rating under the past performance factor. RFP § M.4.a.2. Proposal risk, defined as risks associated with an offeror’s proposed approach in meeting the requirements, would be assessed by the evaluators and integrated into the evaluation of the various subfactors under the management/technical and cost factors. RFP § M.4.a.1. Offerors were also advised that a cost realism analysis would be performed to ensure that proposed costs are realistic, reflect a clear understanding of the work to be performed, and are consistent with the technical proposal. RFP § M.6.

Eight proposals were received, including those of Basic and JWK, by the July 26 closing date and, as called for by the solicitation, each offeror provided an oral presentation on its management and technical approach. The proposals were reviewed individually by each of the six members of the proposal evaluation board (PEB). Each PEB member prepared individual lists of strengths and weaknesses and assigned ratings for each management and technical factor for each proposal. The evaluators then reached a consensus rating and ranking for each proposal, and the cost analyst performed a preliminary cost review. The four most highly rated proposals, including those submitted by Basic and JWK, were included in the competitive range. As relevant here, Basic’s initial technical proposal was rated “very good” and its management proposal was rated “exceptional.” Agency Report, Tab 20, Initial Evaluation for Basic’s Management/Technical Proposal, at 33. Basic’s initial proposal was rated “exceptional” on the personnel management subfactor. Id. The agency held written and telephonic discussions with the four competitive range offerors. In Basic’s written discussions, AMC grouped its concerns under the headings “Technical Discussion Issues” and “Cost Discussion Issues,” listing 9 technical concerns and 11 cost concerns. Agency Report, Tab 22, Competitive Range Letter, attach.–Discussion Issues at 1-3. On November 12, AMC requested that final proposal revisions be submitted by November 16. The PEB assessments resulted in the following ratings for the protester’s and awardee’s revised proposals:

	Basic	JWK
Management		
Organization	Exceptional	Exceptional
Personnel Management	Marginal	Exceptional
Start-Up Plan	Exceptional	Exceptional
Assignment Process	Very Good	Exceptional
Quality Control	Exceptional	Exceptional
Technical		
Environ./Protect & Conserve	Exceptional	Exceptional
Documentation Services	Acceptable	Exceptional
Engineering/Technical	Exceptional	Exceptional
Custodial	Exceptional	Exceptional
Refuse	Very Good	Exceptional
Grounds	Exceptional	Exceptional
Facilities	Very Good	Exceptional
Equipment Repair	Acceptable	Very Good
Maintain Inventory	Acceptable	Exceptional
Management Overall	Very Good	Exceptional
Technical Overall	Very Good	Exceptional

Agency Report, Tab 26, PEB Final Evaluation Recommendations, Sub-Tab K, at 1. Basic's revised proposal was downgraded from "exceptional" to "marginal" under personnel management and upgraded from "very good" to "exceptional" under environmental/protection and conservation and custodial. Basic's responses to the discussion issues did not result in the raising or lowering of any of the other subfactor ratings. Id. at 2. As a result, Basic's overall management rating was downgraded from "exceptional" to "very good," while its overall "very good" technical rating was unchanged. Both Basic and JWK were rated low risk under past performance. Basic proposed a total cost of [deleted], while JWK proposed a total cost of [deleted]. Agency Report, Tab 25, Final Cost Analysis for Basic, at 11; Agency Report, Tab 17, Final Cost Analysis for JWK, at 8. As a result of the agency's cost realism adjustments, the agency estimated Basic's cost to be [deleted] and JWK's cost to be $31,507,644. Agency Report, Tab 1, Contracting Officer's Statement, at 10.

Based on the evaluation and cost analysis, the PEB recommended award to JWK. Agency Report, Tab 26, PEB Final Evaluation Recommendations, at 44. The source selection official adopted the evaluation determinations of the PEB, performed an integrated assessment and comparison of the strengths, weaknesses, and risks of the proposals and awarded the contract to JWK on February 4, 2000. Agency Report, Tab 27, Source Selection Decision Document, at 30. AMC notified Basic that it had not been selected for award and, after a February 9 debriefing, Basic filed this protest with our Office.

IMPROPER EVALUATION

Basic first challenges the agency's evaluation of Basic's proposal under the personnel management subfactor, which was one of five subfactors under the management evaluation factor and included two definers: the extent of understanding for workforce adjustment and the effectiveness in maintaining a motivated, skilled and dependable workforce and in providing employee compensation and benefits. RFP § M.3.

With respect to employee compensation and benefits, the RFP at section L included by reference the "Evaluation of Compensation for Professional Employees" clause set forth at Federal Acquisition Regulation (FAR) § 52.222-46. RFP § L.4. This clause explains that compensation, including salaries and fringe benefits, is sometimes inappropriately lowered in the recompetition of service contracts and, therefore, requires that offerors submit a "total compensation plan," setting forth salaries and fringe benefits proposed for professional employees who will work under the contract. The clause states that "The Government will evaluate the plan to assure that it reflects a sound management approach and understanding of the contract requirements," FAR § 52.222-46(a), and that "[p]rofessional compensation that is unrealistically low or not in reasonable relationship to the various job categories . . . may be viewed as evidence of failure to comprehend the complexity of the contract requirements." FAR § 52.222-46(c). The clause also provides that failure to comply with this provision may constitute sufficient cause for rejection of the proposal. FAR § 52.222-46(d).

In the initial evaluation of Basic's cost proposal, the cost analyst found that Basic's compensation plan was "outlined" but not explained in any detail and, as presented, appeared "weak." Agency Report, Tab 21, Initial Basic Cost Analysis, at 2.
As a result, in its written discussions with Basic, AMC requested, under the "Cost Discussions Issues," additional information concerning Basic's compensation plan. Agency Report, Tab 22, Competitive Range Letter, attach.–Discussion Issues, at 2.

In response, Basic provided a one-page explanation of its compensation plan in its final proposal. Agency Report, Tab 23, Basic's Responses to Discussions Questions, Volume 1, at 1-2. Specifically, Basic listed its proposed salaries for its five professional staff and noted that these salaries would conform to the market value for such professionals in the relevant geographic area. Id. at 1. The protester provided a comparison of its proposed rates with data from, among other sources, the Bureau of Labor Statistics and the General Services Administration and noted that it would "continually monitor our professional compensation structure to ensure that we remain in line with the local labor market conditions." Id. The protester also stated that it would "institute a policy of providing an incentive program for our key personnel." Id. Basic noted that the program was "designed to motivate these key employees to achieve superior performance. This is accomplished by providing monetary awards as a function of Award Fee scores." Id.

The protester stated that participants would be selected in advance and, after criteria were agreed upon and if objectives were met, payments would be made semi-annually. Additionally, Basic stated that it would provide a wide range of fringe benefits to retain employees, which it amplified only by listing comprehensive medical insurance, retirement, disability insurance, life insurance, employee assistance plan, paid vacations and sick leave. Id. at 2. Basic provided no discussion of any of these benefits except to note that employees would earn 2 weeks of vacation per year after 1 year of service; 3 weeks per year after 5 years of service; and 4 weeks per year after 15 years. Id.

The cost analyst found Basic's response "wholly deficient" because nothing in the response presented a well thought-out compensation plan, as required by FAR § 52.222-46. Agency Report, Tab 25, Final Cost Analysis for Basic, at 2. While AMC found Basic's proposed hourly rates "adequately justified by market analysis," Basic's "information about indirect compensation" was determined to be inadequate. Id. Specifically, rather than presenting a plan, AMC concluded that Basic had "incubating thoughts about what a plan might look like in the future." Id. The agency believed that Basic's response was "devoid of persuasive substance" in that Basic did not explain how the compensation plan would work or present enough detail for the agency to determine "the attractiveness and/or adequacy of its fringe benefits package . . . ." Id. The agency also noted that Basic did not explain its incentive policy. Id.

Based on this assessment, the PEB downgraded Basic's proposal under the personnel management subfactor of the management factor, noting that the cost proposal did not have a complete benefits plan to support the general outline presented in the oral presentation. Agency Report, Tab 26, PEB Final Recommendations, at 12. The evaluators determined that Basic did not provide a total compensation plan for professional employees or provide a policy or details concerning its incentives policy. Id. The PEB found that the management and technical presentation did not match the cost proposal and it downgraded Basic's personnel management rating from "exceptional" to "marginal" to reflect this disconnect. Id. The source selection official (SSO) agreed with the rating and, in his selection decision, stated that the lack of detail in Basic's compensation plan did not allow the agency to determine if the compensation plan would help attract and retain a stable and quality workforce. Agency Report, Tab 27, Source Selection Decision Document, at 15. The SSO noted that Basic's failure to adequately respond to this request for further information concerning its compensation plan points to Basic's "overall inattention to detail, lack of coordination, and absence of understanding regarding the standard of performance that are critical to success under this contract." Id.

Basic argues that its "marginal" rating on personnel management was arbitrary and unreasonable. Protester's Comments at 2. The protester contends that its professional compensation rates were reasonable and that its plan "matches favorably with the awardee's from a cost standpoint." Id. at 8. Basic contends that the agency points to nothing specific that was missing from its plan and argues that it is "not a mindreader about whatever detail of the plan the cost analyst seemingly wanted to see." Id. Basic argues that the agency is "nitpicking on a cost reimbursement contract about how much verbiage should have been included in the cost proposal regarding fringe benefits to be provided to five of 65 employees . . . ." Protester's Supplemental Comments at 3.

The evaluation of technical proposals is a matter within the contracting agency's discretion since the agency is responsible for defining its needs and the best method of accommodating them. Loral Sys. Co., B-270755, Apr. 17, 1996, 96-1 CPD ¶ 241 at 5. In reviewing an agency's technical evaluation, we will not reevaluate the proposal, but will examine the record of the evaluation to ensure that it was reasonable and in accordance with stated evaluation criteria, and not in violation of procurement laws and regulations. Id. A protester's disagreement with the agency's judgment, standing alone, is not sufficient to establish that the agency acted unreasonably. Ionsep Corp., Inc., B-255122, Feb. 10, 1994, 94-1 CPD ¶ 97 at 3.

Here, the record does not provide any basis to conclude that the agency improperly evaluated Basic's proposal concerning personnel management. Basic's primary argument that its proposed direct labor rates were reasonable does not address the agency's concerns regarding Basic's compensation plan. AMC never expressed any concern about Basic's labor rates. On the contrary, AMC's evaluation specifically states that the protester's hourly rates were "justified by market analysis . . . ." Agency Report, Tab 25, Final Cost Analysis for Basic, at 2. Rather, AMC was concerned about the lack of information and detail Basic provided about its other compensation. As noted above, in its revised proposal, Basic merely listed the generic benefits that it would provide, without providing any meaningful information about these benefits. Similarly, Basic stated that it would provide an incentive program but gave no information about the program other than to say that participants would be selected in advance, and payments would be made semi-annually.

Basic's argument that it was "not a mindreader" and therefore could not know what details AMC wanted is disingenuous. Basic, an experienced government contractor, may be expected to have a reasonable idea of the information required here. For example, JWK's discussion of its compensation plan, which consisted of approximately 12 pages, included specific information on fringe benefits, incentives and special awards, in addition to wage and salary administration information. Supplemental Agency Report, Attachment 1, at 1-13. While many of the generic benefits were the same as those proposed by Basic, such as health, life and disability insurance, paid vacation, and sick leave, JWK provided an explanation and details for each benefit. For example, JWK described its health care plan, providing employer/employee costs and listing services (for example, physician office visits, allergy shots, prescriptions, physical exams, and emergency room treatment) covered by the health plan, as well as required employee co-payments for the different types of service. Id. at 5-6, 8. JWK also outlined its basic life insurance coverage, noting the amount of coverage available and the party responsible for premium payments. Id. at 6. JWK described its disability insurance, listing both short- and long-term disability programs, benefit periods and payments. Id. Under its discussion of incentives and special awards, JWK listed criteria for awards, the four levels of awards offered by the company, and the award amount associated with each level. Id. at 11-12.

In contrast, Basic provided only the category of benefits to be provided, with no details to explain the benefit. Contrary to the protester's position that this constitutes mere "verbiage," we do not believe that AMC was "nitpicking" because it desired some rudimentary information about Basic's proposed compensation plan. Based on this record, we conclude that the agency reasonably determined that Basic's compensation plan was not explained and lacked sufficient detail to allow agency personnel to determine if the compensation plan was adequate to attract and retain professional employees, as required by the solicitation. Accordingly, we see no basis to question the evaluation of Basic's proposal with respect to personnel management.

MISLEADING DISCUSSIONS

Basic next argues that the discussions were misleading, too general, and not designed to point out even the main concerns of the evaluators. Protester's Comments at 12; Protester's Supplemental Comments at 6. Basic's primary focus in this regard is its contention that discussions regarding its professional employees' compensation plan were "totally misleading" because the contracting officer did not suggest that there was any problem with the compensation plan that would affect the evaluation of Basic's management proposal. Protester's Comments at 12. The protester argues that because the contracting officer expressed the discussion issue under the heading of a concern with the cost proposal, the protester responded by providing more information to support its costs. Id. Additionally, Basic states that the agency never mentioned in discussions that it wanted additional information regarding its incentive plan, yet Basic was downgraded for not providing more data about that plan. Basic alleges that if discussions had been meaningful, the personnel management rating would not have been downgraded and its overall management rating would have remained "exceptional." Id. at 13.

The FAR requires that contracting officers discuss with each offeror being considered for award "significant weaknesses, deficiencies, and other aspects of its proposal . . . that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposal's potential for award." FAR § 15.306(d)(3). The statutory and regulatory requirement for discussions with all competitive range offerors (10 U.S.C. § 2305(b)(4)(A)(i) (1994); FAR § 15.306(d)(1)) means that such discussions must be meaningful, equitable, and not misleading. Du and Assocs., Inc., B-280283.3, Dec. 22, 1998, 98-2 CPD ¶ 156 at 7. For discussions to be meaningful, they must lead offerors into the areas of their proposals requiring amplification or revision; the agency is not required to "spoon-feed" an offeror as to each and every item that could be revised so as to improve its proposal, however. Du and Assocs., Inc., supra, at 7-8; Applied Cos., B-279811, July 24, 1998, 98-2 CPD ¶ 52 at 8. Here, as explained below, the record establishes that AMC conducted legally sufficient discussions with Basic.[1]

In its November 3 competitive range/discussion letter to Basic, AMC noted 20 concerns it had relating to Basic's management/technical and cost proposals. Item 2 under the cost proposal issues stated that:

> [Basic's] Compensation Plan summary at page II-20 of its cost volume does not enable professional employee compensation evaluation as envisioned by FAR 52.222-46—Evaluation of Compensation for Professional Employees (Feb 1993). Please furnish more details.

Agency Report, Tab 22, Competitive Range Letter, attach.–Discussion Issues, at 2. We think this comment should have apprised a reasonably diligent offeror to examine the compensation plan that it was proposing to determine if it did in fact satisfy the RFP's requirements regarding compensation. Basic's argument that the comment led it only to issues of cost, because it was included as a "cost issue" is an unreasonably narrow interpretation of the question. The comment refers the protester to FAR § 52.222-46, which explicitly calls for a "total" compensation plan, and the question specifically requests "more details." Thus, the protester was apprised that the agency was concerned about the need for more details and information on Basic's "total" plan, and not merely on its costs. The protester's failure to adequately respond to the comment, rather than the agency's failure to lead the offeror into the area of its proposal requiring amplification, resulted in the protester's proposal being downgraded.

Moreover, Basic's argument that, in view of these discussions, it was unreasonable for the agency to assess any problem in the cost proposal as affecting the evaluation of the management/technical proposal is without merit. As noted above, the RFP specified that proposal risk would be assessed and integrated into subfactors under the merit and cost factors. RFP § M.4.a.1. After discussions, the PEB specifically found that Basic had not supported its oral presentation concerning its

[1] Basic makes other allegations of unreasonable discussions concerning, for example, documentation services and equipment repair. While we will not discuss all of Basic's allegations, we have reviewed them all, and, the record supports the agency's position that discussions were meaningful in each instance.

compensation plan and that there was a “disconnect” between the management/technical and cost proposals. Agency Report, Tab 26, PEB Final Recommendations, at 12. This disconnect was viewed as a failure to comprehend the complexity of the contract requirements and a risk to contract performance. Agency Report, Tab 27, Source Selection Decision Document, at 15. The perceived risk was factored into the personnel management subfactor as permitted by the evaluation scheme. In sum, the agency’s discussions with Basic were unobjectionable.

IMPROPER USE OF COST PROPOSAL

The evaluation of Basic’s proposal disclosed several inconsistencies between the resources and performance promised in Basic’s management/technical proposal and the costs proposed to support the promised performance. For instance, in addition to the already-discussed disconnect arising from the lack of a complete, detailed compensation plan, the SSO noted that Basic’s equipment costs were low, and that only the “bare essentials have been proposed.” Agency Report, Tab 27, Source Selection Decision Document, at 13. The SSO stated that these resources did not seem to be adequate to meet the performance objectives in Basic’s oral presentation. Id. Under the documentation services subfactor, the agency downgraded Basic’s management/technical proposal because, although Basic understood the requirement for the on-line technical library, Basic did not propose appropriate costs for the equipment. Agency Report, Tab 26, PEB Final Recommendations, at 17. Finally, the agency noted that Basic proposed to supply only three computers and that this did not support Basic’s promise to supply a computerized inventory database and that Basic failed to escalate costs under the refuse subfactor to account for inflation. Id. at 17-18. Again, the agency found that all these flaws demonstrated a lack of attention to detail and created doubt about Basic’s ability “to get the job done.” Id. at 17. Indeed, the SSO stated that while Basic promised very good performance in its oral presentation:

> its cost documentation revealed a strong potential that the contractor would have trouble living up to its promises. This dramatic lack of compatibility between technical and cost reflects a fundamental weakness in [Basic’s] organizational/managerial framework, and creates doubt of their ability to execute the diverse challenges associated with a services contract that supports . . .[the] center.

Agency Report, Tab 27, Source Selection Decision Document, at 12.

Basic argues that this evaluation is unreasonable and deviates from the PEP and the RFP evaluation scheme because AMC improperly considered inconsistencies between the management/technical and cost proposals in evaluating the management/technical proposal. Protester’s Comments at 15. Basic suggests that the agency is limited to making cost realism adjustments when it discovers a problem concerning costs in the cost proposal. To support this position, Basic points to language in the RFP at sections M.9 and M.10 that states that the contracting officer will make cost realism adjustments to the contractor's cost proposal to mitigate unfair competitive advantage resulting from, among other things, unrealistic costs and inconsistency with the various elements of the offeror's technical proposal. Id. at 14. Basic argues that such a cost realism adjustment is the only "remedy for inconsistencies between the estimated costs and the various elements of the offeror's technical proposal." Id. at 15. Basic argues that, absent the improper use of the cost proposal, its rating on the technical subfactors would have been elevated after discussions. Protester's Additional Comments, April 24, at 2.

An agency has wide discretion in how it will structure its evaluation and our Office will not question an agency's evaluation so long as it is reasonable and follows the stated evaluation criteria.[2] Roy F. Weston, Inc., B-274945 et al., Jan. 15, 1997, 97-1 CPD ¶ 92 at 9. Here, the record does not substantiate the protester's assertion that the agency failed to follow the evaluation scheme outlined in the RFP and improperly used Basic's cost proposal to downgrade its management/technical proposal.

Specifically, as noted above, the RFP provided that "unsupported promises to comply with the contractual requirements will not be sufficient," and proposals should not simply "parrot back" the requirements but provide convincing evidence to support promised performance. RFP § M.8. Additionally, the RFP stated that any "inconsistency, whether real or apparent, between promised performance and price should be explained. Unexplained inconsistencies resulting from the [o]fferor's lack of understanding of the nature and scope of the work required may be grounds for rejection of the proposal." RFP § M.9. Finally, as noted above, the RFP at section M.4 advised offerors that AMC would assess the relative risks associated with each offeror and each proposal and that the evaluators' assessment of proposal risk would be integrated into the rating of each specific evaluation subfactor under the merit and cost factors. RFP § M.4.a.1. Thus, the RFP put offerors on notice that proposals had to support performance promises, that risk would be evaluated and integrated into both the management/technical and cost evaluations, and that the agency intended to use the cost proposal to ascertain if the offerors understood the work required under the contract.

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[2] Basic's argument that AMC's failure to follow the PEP is a fatal flaw in the evaluation is without merit. Performance evaluation plans provide internal agency guidelines and, as such do not give outside parties any rights. Centech Group, Inc., B-278904.4, Apr. 13, 1998, 98-1 CPD ¶ 149 at 7 n.4. It is the evaluation scheme in the RFP, not internal agency documents, such as the PEP, to which an agency is required to adhere in evaluating proposals and in making the source selection. Id.

We see no basis to conclude that the agency improperly evaluated Basic's proposal or deviated from the evaluation scheme set forth in the RFP. The record shows that AMC reasonably found that Basic's proposal was unrealistic because the promised performance outlined in the management/technical proposal was not supported by the cost proposal. The agency determined that these inconsistencies created performance risks, which, as provided for in section M.4 of the RFP, the agency integrated into its evaluation of the merit subfactors. Additionally, contrary to Basic's position, these weaknesses were not derived solely from the cost proposal but were derived from the failure of the cost proposal to support the performance promised in the management/technical proposal. As noted above, the RFP specifically advised offerors that proposals had to support performance promises and that the agency would use cost proposals to determine if offerors understood the work required. Moreover, an agency is not prohibited from making cost realism adjustments and downgrading a technical proposal where, as here, the proposal did not demonstrate the protester's ability to perform the agency's requirements based upon inconsistencies between the promised performance and the proposed cost. Joint Threat Servs., B-278168, B-278168.2, Jan. 5, 1998, 98-1 CPD ¶ 18 at 10. In cost reimbursement contracts, as here, a cost realism analysis is performed to determine the extent to which an offeror's proposed costs represent what the contract should cost. Such adjustments do not by themselves adjust for increased risks to satisfactory contract performance stemming from proposal deficiencies.

SOURCE SELECTION DECISION

Finally, Basic contends that the agency conducted a flawed best value determination by deciding to pay a premium of almost [deleted] to award the contract to JWK. Protest at 4-5. The protester alleges that the SSO's selection decision is unreasonable essentially because it is based on an incorrect personnel management rating for Basic, flawed discussions, and the improper use of the cost proposal. Protester's Supplemental Comments at 4. The protester argues that the selection decision represents a superficial analysis of the strengths and weaknesses of the various proposals because the agency did not quantify "even in a general way the additional cost that JWK's proposal represents" for each of the discriminators the agency used in its tradeoff analysis and improperly put "no actual price tag on any benefit it would derive from selecting JWK ." Protester's Comments at 9; Protester's Supplemental Comments at 4.

Source selection officials in negotiated procurements have broad discretion in determining the manner and extent to which they make use of technical and cost evaluation results. Grey Adver., Inc., B-184825, May 14, 1976, 76-1 CPD ¶ 325 at 12; Mevatec Corp., B-260419, May 26, 1995, 95-2 CPD ¶ 33 at 3. In exercising that discretion, they are subject only to the tests of rationality and consistency with the established evaluation criteria. Id. We will uphold awards to offerors with higher technical ratings and higher costs so long as the results are consistent with the evaluation criteria and the contracting agency reasonably determined that the cost premium involved is justified given the technical superiority of the selected offeror's proposal. International Consultants, Inc.; International Trade Bridge, Inc., B-278165, B-278165.2, Jan. 5, 1998, 98-1 CPD ¶ 7 at 5-6.

First, to the extent that the protester's argument is premised on its assertion that the technical evaluation of its personnel management subfactor, the evaluation of risks associated with its proposal, and the discussions were improper, the argument is unfounded. As explained above, the agency followed the RFP in evaluating Basic's personnel management subfactor and in integrating risk into the evaluation of the management/technical proposal, and the record provides no basis to question the agency's rating. Additionally, as discussed above, the discussions were legally sufficient.

Next, the record does not support the protester's contention that the selection decision represents a superficial analysis of the strengths and weaknesses of the various proposals because the precise technical advantages were not quantified in determining that JWK's proposal warranted the payment of a price premium. Specifically, the PEB performed a detailed cost/technical tradeoff analysis between JWK and each of the other three competitive-range offerors. The analysis contains a narrative review of each of the proposals and a 27-page tradeoff analysis in which the PEB compared each competitive-range proposal with JWK's highest-ranked management/technical proposal. Agency Report, Tab 26, PEB Final Recommendations, at 18-44. In the paired comparisons, the PEB compared JWK's adjusted cost with the adjusted cost of each of the other offerors and compared the number of strengths and weaknesses of each offeror. Under management, the PEB assessed JWK's proposal with 22 significant strengths, 34 strengths and no weaknesses. In contrast, under management, the PEB assessed Basic's proposal with 10 significant strengths, 8 strengths, 4 weaknesses and 1 significant weakness. Id. at 26. Under technical, the PEB assessed JWK's proposal with 28 significant strengths, 41 strengths and 4 weaknesses, and assessed Basic's proposal with 5 significant strengths, 13 strengths, and 4 weaknesses. Id. The PEB also prepared a narrative comparison between JWK and each of the offerors for each subfactor. The PEB used the results of the paired comparisons to assess the best mix of cost and non-cost benefits and to determine whether the strengths of JWK's higher-rated proposal were worth the price premium. Id. at 19.

The approximately 10-page long narrative comparison between Basic's proposal, which was ranked third technically, and JWK's proposal compares the two proposals on each factor and subfactor. Id. at 26-36. For example, the PEB noted that JWK had proposed more management personnel than Basic and that the extra hours and personnel would be beneficial in overseeing the contract. The PEB stated that Basic's "relative paucity of staff personnel reflects [the protester's] overall attempt to stretch its resources, many times in a manner that may unnecessarily undermine its ability to assure high quality contract performance." Id. at 28. Under the equipment subfactor, the PEB noted that Basic's equipment costs were not even half of JWK's proposed costs, and raised doubt about Basic's ability to perform the required work. Id. at 29. The evaluators noted that Basic had proposed less than half the number of vehicles proposed by JWK. Id. at 30. The tradeoff analysis also noted that Basic's vehicle maintenance costs were unrealistically low, its compensation plan was vague and incomplete, and Basic's proposal did not include costs for pagers and radios. Id. at 30-31. While these costs were minimal, the PEB stated that the absence of these costs "casts further doubt on [Basic's] credibility." Id. at 31. Under the technical factor, the PEB noted that both offerors presented exceptional environmental protection/conservation plans, but that Basic, again, proposed low cost support for the documentation services subfactor and failed to escalate costs over the term of the contract under the refuse subfactor. Id. at 32-33. In conclusion, the PEB stated that JWK's proposal was superior to Basic's in several ways and noted eight specific areas where the PEB believed JWK would provide cost savings.[3] Id. at 35. The evaluators noted that the consistency between management/technical factors and costs was the key strength of JWK's proposal while, in contrast, Basic's costs did not support its management/technical factors, which degraded its credibility. Id.

The SSO reviewed the full technical evaluation record (including significant strengths, strengths, weaknesses, and concerns) cited for each proposal, as well as the resulting adjectival ratings, past performance ratings and cost evaluation results. In his selection decision, the SSO specifically adopted the evaluation determinations detailed in the PEB's recommendations and used these findings in his own tradeoff analysis. Agency Report, Tab 27, Source Selection Decision Document, at 1. The SSO recognized the ratings and rank of each of the competitive-range offerors and the number of strengths and weaknesses among the proposals. Id. at 2. The SSO noted the marked differences in the strengths and weaknesses among the proposals on the two merit factors and, in particular, noted that the "JWK proposal far exceeds the [Basic] proposal as evidenced by the higher number of significant strengths and strengths." Id. at 11. As noted above, the PEB assessed JWK's proposal as having 50 significant strengths and 75 strengths versus its assessment of Basic's proposal as having 15 significant strengths and 21 strengths. The SSO viewed these differences as indicative of JWK's clear overall superiority. The SSO also expressly compared the JWK proposal with each of the competitve-range proposals and found JWK's presentation clearly superior. The SSO also recognized that JWK's evaluated costs were higher than those of the other offerors and were [deleted], or approximately [deleted] per year, higher than Basic's evaluated costs. Id. at 20. The SSO considered that Basic's cost proposal did not support its proposed performance and "had the effect of eroding confidence in [Basic's] capabilities and its credibility." Id.

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[3] For example, the PEB listed JWK's adequate professional compensation plan, which would allow JWK to keep a quality and stable workforce, a technology division to assist in the requirement of the on-line technical library and the digitizing of operation and maintenance manuals, a sophisticated communications network system, and back-up vendors.

at 3. The SSO found that confidence in Basic's ability to "manage the complexity and volume of the requirement within the dollar range proposed has become doubtful." Id. at 19-20. The SSO recommended award to JWK based on its costs, exceptional management/technical proposal and its past performance record. The SSO expressly stated that "in terms of reliability alone, the savings in cost avoidance by the selection of JWK over [Basic] could easily reach hundreds of thousands of dollars" and that the award to JWK "is more than worth the [deleted] difference in price when compared to [Basic's] offer." Id. at 21.

We see nothing improper in this selection decision. It reflects an appropriate comparison of the competing proposals and a reasoned determination to select a higher-cost proposal because of its documented, substantially greater technical merit. To the extent that Basic argues that the precise technical advantages were not quantified in determining that JWK's proposal warranted the payment of a price premium, in performing a cost/technical tradeoff there is no requirement that a selection official dollarize the process by making a precise mathematical calculation that an additional dollar will be paid only if there is a corresponding discrete technical advantage. KRA Corp., B-278904, B-278904.5, Apr. 2, 1998, 98-1 CPD ¶ 147 at 14. Accordingly, we see no basis to object to the award determination.

The protest is denied.

Comptroller General
of the United States