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## Decision

**Matter of:** Science Applications International Corporation

**File:** B-407105; B-407105.2

**Date:** November 1, 2012

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Carl J. Peckinpugh, Esq., and Shaun C. Kennedy, Esq., for Computer Sciences Corporation, an intervenor.

Maj. Brent A. Cotton and Max D. Houtz, Esq., Defense Intelligence Agency, for the agency.

Tania Calhoun, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. Protest that agency improperly evaluated awardee's technical proposal is sustained where the record shows that the agency did not reasonably consider the awardee's proposed technical approach, which included using "large numbers" of uncleared personnel to perform the solicitation's requirements.

2. Protest that agency failed to perform a reasonable price realism evaluation is sustained where the solicitation provided for evaluating offerors' prices for realism, the awardee's price proposal indicated that its low price was due to a particular technical approach, and the agency did not reasonably consider this technical approach in conducting its price realism assessment.

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### DECISION

Science Applications International Corporation (SAIC), of Chantilly, Virginia, protests the decision by the Defense Intelligence Agency (DIA) to award a task order to Computer Sciences Corporation (CSC), of Falls Church, Virginia, under task order request (TOR) No. HHM402-12-R-0087, for intelligence analysis support of the ORION Analytical Capability (ORION O<sup>2</sup>) program. SAIC primarily argues that DIA improperly evaluated technical and price proposals and made an improper source selection decision.

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

## BACKGROUND

The ORION project establishes a high density computing capability and analytical tool for DIA analysts. The project is an integration effort to deploy a cloud-enabled data layer for the Department of Defense Intelligence Information Systems (DODIIS) that improves the handling of data for classified users.<sup>1</sup> SAIC was awarded a non-competitive task order under DIA's Solution of Information Technology Enterprise (SITE) multiple-award indefinite-delivery/indefinite-quantity contract to develop the project. Approval was granted for this follow-on contract to achieve operational status. Contracting Officer's (CO) Statement at 1-2.

The TOR, issued May 15, 2012 under the SITE contract, contemplated award of a fixed-price, level-of-effort task order to be performed over a 1-year base period and up to two 1-year option periods. TOR Statement of Objectives (SOO) at 7. The overall requirement is to secure the personnel and materiel needed to ensure that the ORION O<sup>2</sup> program is successfully and seamlessly integrated onto the ORION Data Layer. Id. at 2. The TOR set forth three objectives: systems maintenance, system enhancements, and other direct costs (ODCs). The agency estimated the price range of the acquisition as between \$145 and \$155 million based on its available budget. Amend. No. 1, at 5; CO Statement at 3.

Award was to be made to the firm whose offer was found to be the best overall value, considering two evaluation factors, technical/management and price. TOR Instructions, at ¶ 3. The technical/management factor was significantly more important than price; the importance of price in the award decision was to increase as the relative differences in technical/management ratings of offers decreased. Id.

Technical/management proposals were to be rated outstanding, good, acceptable, and so on. The rating was to be based on DIA's determination of the degree to which the proposal satisfied the requirements of seven equally important subfactors: (1) teamwork; (2) technical capability; (3) innovation and vision; (4) program management; (5) architecture maintenance; (6) comprehensive presence; and (7) past performance. After evaluating proposals, DIA was to notify offerors of their weaknesses and/or deficiencies, hold oral presentations, and evaluate the presentations against the same criteria as the written proposals. Id.

For each period of performance, the TOR's price schedule included a contract line item number (CLIN) for the total level-of-effort and a CLIN for ODCs for which a plug figure of \$3 million was supplied. TOR at 3-4. Proposed prices were to be determined by multiplying the unit quantities by the proposed unit prices for each

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<sup>1</sup> Orion Program Brochure at 1, available at <http://www.orionprogram.com>.

CLIN, and by totaling the amount for each period of performance. TOR Instructions at ¶ 7. Offerors were also required to provide narrative price proposals and to submit labor rate and ODC information on a pricing template. Id.

With respect to the evaluation of price proposals, the TOR stated:

The Government will evaluate the price quotation to determine price reasonableness of the proposed total evaluated price. . . . Each proposal will be evaluated to determine whether the government considers the proposed price to be compatible with the scope of effort, [is] not unbalanced, and [is] neither excessive nor insufficient for the effort to be accomplished. Prices are unbalanced if they are significantly overstated or understated in relation to the actual cost of the work. This may be grounds for eliminating a proposal from competition on the basis that the offeror does not understand the requirement. The government will evaluate price reasonableness in relation to the IGCE or any other information used as a basis of comparison.

Id. at ¶ 4.

Regarding any trade-off analysis performed to determine the best value to the government, the TOR stated that the critical factor in making such a tradeoff was not the spread between technical ratings but, rather, the significance of that difference; that is, what the difference might mean in terms of performance and what it would cost the government to take advantage of it. Id. at ¶ 3.

DIA received proposals from [DELETED] firms, including those submitted by SAIC and CSC. A source selection evaluation board (SSEB) evaluated technical/management proposals, and price proposals were evaluated by the CO, a contracts specialist, and a price panel.<sup>2</sup> All offerors were retained in the competitive range and sent discussion items for their written responses. DIA held oral presentations with each firm, and received final proposal revisions. The SSEB conducted a final consensus evaluation based on these inputs. The final evaluation results were as follows:

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<sup>2</sup> DIA states that the initial CO departed in June, after concluding the price analysis, at which point the source selection authority (SSA) assumed the CO's duties. DIA Legal Memorandum, at 2. The statements submitted in response to this protest, however, are signed by the SSA acting as the CO. Consequently, the record, in some instances, is not entirely clear as to which CO the CO's Statements refer.

	<b>SAIC</b>	<b>CSC</b>
<b>Technical/Management</b>	<b>GOOD</b>	<b>GOOD</b>
Teamwork	1 Significant Strength	1 Significant Strength
Technical Capability	2 Significant Strengths	1 Significant Strength
Innovation and Vision	2 Significant Strengths	2 Significant Strengths
Program Management	1 Strength	1 Strength
Architecture Maintenance	1 Strength	1 Strength
Comprehensive Presence	1 Strength	1 Strength
Past Performance	1 Strength	1 Strength
<b>Price</b>	<b>\$134,269,366</b>	<b>\$110,692,127</b>

AR, Exhs. 10.2 and 10.3, Final SSEB Consensus Reports for CSC and SAIC, respectively; Exh. 11.1, Price Panel Report.

The SSEB’s final report summarized its qualitative findings for each proposal. For CSC, the SSEB began by noting that the firm’s “minimal resources” for data engineers could pose a risk that might need to be addressed if CSC were awarded the task order. The SSEB stated that CSC should be prepared to provide up to [DELETED] additional data engineers in order to successfully complete the task to standard and maintain schedule. AR, Exh. 10.1, Final SSEB Report, at 1. The price panel report described the agency’s price analysis.

The CO (the SSA) and the contracts specialist prepared an award recommendation memorandum based on these reports. The memorandum summarized the SSEB’s findings, including its identification of a potential risk in CSC’s technical proposal stemming from CSC having proposed a relatively low number of data engineers. AR, Exh. 12.1, Award Recommendation Memorandum at 7. Regarding price, the memorandum indicated that, if award were made to CSC and additional data engineers were needed, the cost impact to the government would be minimal because the increased level of effort would only be needed for the first year. Id. at 12. The memorandum found the proposals technically equal. In light of CSC’s lower price, the memorandum recommended award to CSC. Id. at 15-16.

The SSA’s award decision acknowledged the reports prepared by the SSEB and the price panel, as well as the award recommendation memorandum, and concluded that CSC offered the best value to the government. AR, Exh. 12.2, SSA Award Determination Memorandum, at 3. SAIC filed this protest after receiving a debriefing. SAIC primarily argues that DIA improperly evaluated technical/management proposals; failed to conduct a price realism analysis of CSC’s proposal; and failed to conduct a reasonable source selection decision. SAIC also argues that the solicitation failed to accurately reflect the scope of the

agency's requirements. For the reasons discussed below, we sustain the protest in part and deny it in part.<sup>3</sup>

## DISCUSSION

### Technical/Management Evaluation

SAIC argues that CSC should have been assessed a weakness based on the fact that it proposed to perform the requirements using large numbers of uncleared personnel--personnel without security clearances. The protester also argues that DIA failed to reasonably consider the risks associated with the fact that CSC proposed "minimal resources" for data engineers. SAIC contends that, if DIA had properly evaluated these areas, CSC's proposal would have been rated no higher than "acceptable." SAIC also argues that DIA improperly evaluated its proposal because its strengths should have been significant strengths and, as a result, its proposal should have been rated "outstanding" under the technical/management factor.

The evaluation of an offeror's proposal is a matter within the agency's discretion. VT Griffin Servs., Inc., B-299869.2, Nov. 10, 2008, 2008 CPD ¶ 219 at 4; IPlus, Inc., B-298020, B-298020.2, June 5, 2006, 2006 CPD ¶ 90 at 7, 13. In reviewing a protest of an agency's evaluation of proposals, our Office will examine the record to determine whether the agency's judgment was reasonable and consistent with the stated evaluation criteria and applicable procurement statutes and regulations. Shumaker Trucking & Excavating Contractors, Inc., B-290732, Sept. 25, 2002, 2002 CPD ¶ 169 at 3. While we will not substitute our judgment for that of the agency, we will sustain a protest where the agency's conclusions are inconsistent with the solicitation's evaluation criteria, undocumented, or not reasonably based. DRS ICAS, LLC, B-401852.4, B-401852.5, Sept. 8, 2010, 2010 CPD ¶ 261 at 4-5. For the reasons discussed below, we find that DIA unreasonably evaluated CSC's proposal, but have no basis to question its evaluation of SAIC's proposal.

SAIC argues that DIA improperly failed to consider CSC's proposal of "large numbers" of uncleared personnel as a risk or weakness because it indicates that the firm does not understand the ORION program. SAIC acknowledges that the TOR did not prohibit offerors from proposing a mix of cleared and uncleared

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<sup>3</sup> Because we sustain SAIC's challenge of the agency's evaluation, and recommend that DIA make a new source selection decision based on the results of a new evaluation, we need not address SAIC's arguments concerning the source selection decision. Additionally, although our decision does not address all of SAIC's arguments, we have fully considered each of them and conclude that the remaining arguments do not provide a basis to sustain the protest.

personnel. However, SAIC asserts that where, as here, the awardee will need access to a significant level of [DELETED] systems, materials, and information, it was incumbent upon the agency to consider CSC's extensive use of uncleared personnel to perform the work.

SAIC explains that the ORION program is deployed on a [DELETED] network and is intended for use by cleared personnel. The [DELETED] systems at issue here all reside at [DELETED] government facilities and the awardee will be required to perform work on such systems at such sites routinely. SAIC states that, while uncleared personnel could participate in early development activities, only fully cleared staff would be permitted to participate in integration, test, and deployment activities on a [DELETED] system. DIA does not contest SAIC's characterization of the program's [DELETED] nature. DIA's only response, which appears to agree with SAIC, is that part of the task order can be conducted outside of a [DELETED] facility prior to introduction of the systems into the [DELETED] networks. Id. The record, as discussed below, shows that DIA believed CSC's use of "large numbers" of uncleared personnel was an issue it needed to consider, but it also shows that DIA failed to meaningfully consider the matter.

In its price proposal, CSC indicated that it intended to use "large numbers" of uncleared personnel in performance of the contract. Specifically, its price proposal read as follows:

By using a large numbers of [uncleared] individuals in our proposed solution, CSC is able to propose skilled individuals without having to include the salary premiums normally associated with cleared personnel in our proposed price. [DELETED]

CSC truly believes that using highly qualified [uncleared] personnel has enabled us to propose the lowest executable price without introducing additional risk to the ORION Analytics effort.

AR, Exh. 7.2, CSC Initial Price Proposal at 1-2.

CSC's price proposal does not specify how many or which of its proposed personnel were to be uncleared, and is otherwise silent on the matter.

In its report on the price evaluation, the price panel included the following statement indicating that the SSEB found acceptable CSC's use of uncleared personnel:

CSC's proposed solution is to utilize a large number of [uncleared] individuals, while ensuring that critical personnel have [DELETED] clearances. The use of [uncleared] personnel was briefed as acceptable by the requiring activity and the SSEB was fully aware that CSC's proposal utilized [uncleared] personnel.

AR, Exh. 11.1, Price Panel Report, at 3.

There is no contemporaneous record of the SSEB's consideration of this issue, however, and, even if the SSEB were "fully aware" of CSC's approach, as the price panel report suggests, there is no evidence of the SSEB's views on the matter.

In responding to the protest, the agency asserts that the SSEB confirmed that CSC's mix of cleared and uncleared workers was "appropriate," citing a statement made by the CO in response to the protest. Specifically, the CO explained that upon realizing that CSC's price was significantly below the government cost estimate, the CO:

[r]eviewed the amount and type of labor CSC had stated would be conducted by personnel without [DELETED] clearances (which was allowed). The labor for these individuals is often significantly lower than personnel with [DELETED] clearances. The CO then provided the SSEB with those sections of the CSC proposal where uncleared personnel were used in order to assure the SSEB considered this mix a viable solution. The SSEB noted that the level of CSC's use of uncleared personnel was acceptable.

CO's Statement at 6.

As discussed below, we find that the CO's Statement does not reasonably comport with the underlying record.<sup>4</sup>

First, as noted by SAIC in its comments, the CO could not have reviewed the "amount and type of labor CSC had stated would be conducted by noncleared personnel," because no such information exists in CSC's proposal. Second, the CO could not have provided the SSEB with any sections of CSC's proposal "where uncleared personnel were used" because, aside from the price proposal, which only generally indicates CSC's utilization of "large numbers" of uncleared individuals, there are no such sections.<sup>5</sup> Third, there is no contemporaneous evidence that the

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<sup>4</sup> DIA also asserts that, even if CSC's proposal were rated lower, the SSA could have come to the same award decision. See Agency Legal Memorandum at 13-14. We do not give this post-hoc argument raised in response to the protest any weight. See Boeing Sikorsky Aircraft Support, B-277263.2, B-277263.3, Sept. 29, 1997, 97-2 CPD ¶ 91 at 15.

<sup>5</sup> The CO does not indicate that the SSEB actually reviewed CSC's price proposal. Rather, in response to SAIC's document request, DIA stated that the CO gave the SSEB a document with quotes from CSC's proposal and asked the SSEB to review the cleared/uncleared personnel mix proposed by CSC, but did not save the  
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SSEB “noted that the level of CSC’s use of uncleared personnel was acceptable,” and, more important, the record does not show how the SSEB could have identified CSC’s level of use of uncleared personnel or its mix of cleared/uncleared personnel based on the general statements in CSC’s price proposal. Despite two opportunities to respond to the protester’s allegations, DIA has not provided any statement from any SSEB member concerning what the SSEB knew or concluded concerning CSC’s use of “large numbers” of uncleared personnel.

Rather, in response to SAIC’s comments, the CO provided a supplemental statement in which he concedes that CSC’s proposal did not “specifically dictate the number of personnel or specific labor categories that will be cleared versus uncleared.” Supp. CO Statement at 3. The CO explains that he identified passages in CSC’s proposal as areas where “the use of uncleared personnel or [DELETED] became apparent,” which “indicated” to him “a use of uncleared resources,” and that he provided these passages to the SSEB. Id.

CSC’s technical/management proposal, however, does not contain any passages that “indicate” CSC’s use of uncleared personnel. Indeed, the CO also concedes that, “standing alone, these sections do not convey the use or extent of use of uncleared personnel.” Id. Thus, even if the CO had given sections of CSC’s price proposal to the SSEB, and even if the SSEB had found CSC’s use of uncleared personnel acceptable in principle (an assertion for which there is no contemporaneous evidence), DIA has not shown it was even possible for the SSEB to ascertain the extent to which CSC proposed to use uncleared personnel. As a consequence, DIA’s claim that it had “adequate information by which to identify risk, assess risk, and conclude that there was no risk to successful performance” based on CSC’s proposal of “large numbers” of uncleared personnel is unsupported. Accordingly, we conclude that DIA did not reasonably consider CSC’s proposed use of “large numbers” of uncleared personnel to perform the solicitation requirements in evaluating CSC’s proposal, and sustain the protest on this basis. Id.

SAIC also argues that DIA improperly failed to evaluate CSC’s proposal of “minimal resources” for data engineers as a weakness. SAIC asserts that CSC’s failure to propose adequate data engineers, particularly when combined with the fact it proposed large numbers of uncleared personnel who would be unable to provide services capable of meeting all of the requirements under the TOR, represents a significant risk that amounted to a weakness.

The record, however, reflects that the SSEB identified this issue as a potential risk. SAIC’s focus on whether the issue is considered a risk or a weakness is immaterial;

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document. Comments at 32 n.17. The CO’s supplemental statement, described below, appears to reconstruct the information that he allegedly provided the SSEB.



the essence of the evaluation is reflected in the evaluation record itself--the actual evaluation findings--and not the adjectival descriptions of those findings. See Chapman Law Firm, LPA, B-293105.6 et al., Nov. 15, 2004, 2004 CPD ¶ 233 at 5. What's more, the SSA did characterize this issue as a "weakness," and considered that any associated increase in price would have only a minimal impact on CSC's position as the lowest-priced offeror.<sup>6</sup> The SSA found that the savings to the government outweighed the risk. AR, Exh. 12.2, SSA Award Decision Memorandum, at 2. We have no basis to question the reasonableness of the agency's consideration of this issue.

Turning to the evaluation of its own proposal, SAIC argues that each of its strengths under the technical/management factor should have been evaluated as significant strengths and that its proposal should have been rated "outstanding." As a general matter, adjectival descriptions and ratings serve only as a guide to, and not a substitute for, intelligent decision-making. See Chapman Law Firm, LPA, B-293105.6 et al., supra. The essence of the evaluation is reflected in the evaluation record itself--the actual evaluation findings--and not the adjectival descriptions. We have considered SAIC's arguments as to each of the areas it challenges and find them without merit. We address one example here.

The SSEB evaluated SAIC's proposal as having a strength under the program management subfactor because its ability was "greater than the minimum required" to transition from the existing contract and accomplish the task. AR, Exh. 10.3, Final SSEB Consensus Report for SAIC, at 5-6. The SSEB stated that SAIC's sound program management and ability to recruit cleared personnel would enable the program to succeed, and that its proposal showed SAIC's "proven management approach and agile development methods that are currently in use" show its ability to successfully deliver projects on time and budget. Id. at 6. SAIC argues that the SSEB's comment that its proven management approach and development methods show its ability to "successfully deliver" projects on time and budget show that it merited a significant strength. As DIA points out, this language in no way demonstrates that SAIC's proposal did any more than exceed the minimum requirement and represent added value, the definition of a strength here. We have no basis to conclude that the agency acted unreasonably in assigning SAIC a strength, as opposed to a significant strength, for this aspect of its proposal.

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<sup>6</sup> DIA did not document its finding that this matter would have a "minimal impact" on CSC's price. Using the fixed labor rates in its price proposal, CSC calculates that the addition of [DELETED] more data engineers for the first year of the contract would add just over \$[DELETED] million to the firm's total price. CSC Comments at 5 n.5.

## Price Evaluation

SAIC argues that DIA improperly failed to conduct the price realism analysis required by the solicitation and that, if it had conducted such an analysis, it would have found significant risks in CSC's proposal. DIA counters that the solicitation did not require a price realism analysis, but only a price reasonableness analysis.

As a general matter, when awarding a fixed-price contract, an agency is only required to determine whether offered prices are fair and reasonable. Federal Acquisition Regulation (FAR) § 15.402(a). An agency's concern in making a price reasonableness determination focuses primarily on whether the offered prices are too high, as opposed to too low, because it is the contractor and not the government that bears the risk that an offeror's low price will not be adequate to meet the costs of performance. Sterling Servs., Inc., B-291625, B-291626, Jan. 14, 2003, 2003 CPD ¶ 26 at 3.

Price realism need not necessarily be considered in evaluating proposals for the award of a fixed-price contract, because these contracts place the risk of loss upon the contractor rather than the government. However, an agency may include in a solicitation a provision which provides for a price realism evaluation for the purpose of assessing whether an offeror's low price reflects on its understanding of the contract requirements. General Dynamics One Source, LLC; Unisys Corp., B-400340.5, B-400340.6, Jan. 20, 2010, 2010 CPD ¶ 45 at 9. Where a solicitation provides for a price realism evaluation, the depth of an agency's evaluation in this regard is a matter within the sound exercise of the agency's discretion. Citywide Managing Servs. of Port Washington, Inc., B-281287.12, B-281287.13, Nov. 15, 2000, 2001 CPD ¶ 6 at 4-5. In reviewing protests challenging price realism evaluations, our focus is on whether the agency acted reasonably and in a manner consistent with the solicitation's requirements. General Dynamics One Source, LLC; Unisys Corp., *supra*.

Although the TOR did not state that prices would be evaluated for realism per se, it effectively provided for such an evaluation where it established that DIA would evaluate price proposals to determine whether proposed prices were "compatible with the scope of effort, are not unbalanced, and are neither excessive nor insufficient for the effort to be accomplished," and that "[t]his may be grounds for eliminating a proposal from competition on the basis that the offeror does not understand the requirement." TOR Instructions at ¶ 4. Analyzing whether an offeror's fixed price is so low that it reflects a lack of understanding of solicitation requirements is the crux of a price realism evaluation, and by informing offerors that their proposals would be evaluated in this regard, the TOR established that the agency would, in essence, assess offerors' prices for realism. Flight Safety Servs. Corp., B-403831, B-403831.2, Dec. 9, 2010, 2010 CPD ¶ 294 at 5.

Having concluded that the TOR contemplated a price realism evaluation, the question becomes whether DIA properly evaluated CSC's price in light of this provision. The record reflects that DIA took steps in this regard but that those steps fell short.

Notwithstanding DIA's argument that it was not required to evaluate CSC's price for realism, the CO appears to have been concerned that CSC's total proposed price was low when compared to the government estimate of approximately \$163.5 million. The CO states that he took three steps to address this issue.

First, the CO states that he directed the SSEB to conduct an additional analysis of the number of hours and labor categories in each proposal, and to determine if they were sufficient to meet the RFP's requirements. CO Statement at 6; CO Supplemental Statement at 2. As a consequence of this review, the SSA considered the SSEB's risk finding associated with CSC having proposed "minimal resources" for data engineers, and quantified this risk in terms of the potential price impact associated with increasing the level of effort for CSC's data engineers.

Second, the CO states that he reviewed the labor categories and rates submitted by both firms. CO Statement at 6; CO Supplemental Statement at 2. The CO's statement is supported by the price panel report. AR, Exh. 11.1, Price Panel Report, at 3. Nearly all of CSC's proposed labor categories were categories under the SITE contract. CSC's rates were compared to the ceiling values established by that contract and found to be equal to or below the negotiated ceiling values. Id. SAIC has given us no basis to question this aspect of the agency's evaluation.

Third, again, the CO states that the CO and/or the SSA acting as the CO:

[r]eviewed the amount and type of labor CSC had stated would be conducted by personnel without [DELETED] clearances (which was allowed). The labor for these individuals is often significantly lower than personnel with [DELETED] clearances. The CO then provided the SSEB with those sections of the CSC proposal where uncleared personnel were used in order to assure that the SSEB considered this mix a viable solution. The SSEB noted that the level of CSC's use of uncleared personnel was acceptable.

CO Statement at 6; CO Supp. Statement at 2.

We have already found that the record does not support this account. DIA clearly recognized that CSC's proposal of "large numbers" of uncleared personnel was an issue it needed to consider because, among other things, it may have been the principal reason for CSC's much lower price. However, DIA has not shown that it even had the information to consider whether CSC's low price based on this approach reflected on its understanding of the TOR's requirements. Therefore,

under the circumstances, we conclude that DIA's failure to adequately consider this matter rendered its price realism evaluation of CSC's proposal unreasonable.

#### Alleged Solicitation Defects

SAIC argues that the competition was fundamentally flawed because the TOR did not accurately reflect the scope of agency's actual requirements, which only became apparent when DIA issued the task order at a price significantly below the estimated price range established by the agency. In this regard, SAIC contends that, during the run-up to this procurement, DIA stated that its budget for the program was \$50 million per year, or between \$95 and \$105 million for a base and one option year. Since the TOR included two option years, SAIC asked, "Given that the period of performance is now 3 years, is the estimated price range now \$145 M – \$155 M?" The agency's response was, "Your assumption is correct." Amend. No. 1, at 5. SAIC states that it relied on this estimated price range to represent the required level of effort because the TOR did not clearly define the scope of work. SAIC asserts that issuance of the task order at a price well below the estimated price range must have meant that the requirements changed. We do not agree.

The estimated price range was just that, an estimated price range that reflected DIA's budget for the program. Offerors were not required to propose pricing within this range, and neither SAIC nor CSC did so. The record shows that CSC's proposed level of effort was within [DELETED], and that the major driver of its lower price was its lower labor rates. There is no evidence that DIA's requirements changed.

In a related matter, SAIC argues that it understood the above exchange regarding the agency's estimated price to define the scope of work inclusive of a plug figure of \$3 million per year for other direct costs (ODCs). SAIC states that, with this understanding, it proposed a price for labor and ODCs in the base year of \$[DELETED], just shy of DIA's estimated budget of \$50 million.<sup>7</sup>

The CO states that he advised all offerors that the entire amount of the committed funds for the base year of the program, estimated at between \$45 and \$50 million, would be placed on the awardee's contract. CO Statement at 3. The CO then

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<sup>7</sup> According to SAIC, the fact that CSC's task order included ODCs in an amount more than six times the amount of the ODC plug number means DIA's ODC requirements changed. SAIC alleges, with no support, that DIA decided it needed a reduced level of effort and more ODCs but did not advise offerors of this change. However, as DIA explains, the fact that CSC proposed a solution with a lower price permitted it to place more of its available budget on ODCs to meet its requirements for materials. SAIC has not persuaded us that those requirements have changed.

stated that all offerors were aware that any additional committed funds would be placed not on the labor CLIN of any contract, but on the ODC CLIN. Id.

SAIC claims the CO's intention to place additional committed funds on the ODC CLIN created a latent ambiguity in the TOR because SAIC believed the \$50 million estimated price defined the level of effort. SAIC states that had it known it could use a lower level of effort, it "could have submitted a highly competitive proposal." Protest at 17. Again, however, the estimated price range was not a price target as SAIC's argument would suggest. SAIC's alleged interpretation of the estimated price range, and its decision to price its proposal to "back out" of that range, is therefore unreasonable.

## RECOMMENDATION

We recommend that DIA reevaluate proposals in a manner that is consistent with the solicitation's evaluation criteria, and properly document its evaluation. Upon completion of the reevaluation, DIA should perform and document a new price/technical tradeoff analysis. If CSC's proposal is not found to reflect the best value to the government, DIA should terminate for the convenience of the government CSC's contract and award to the offeror whose proposal is determined to be the best value to the government. We also recommend that SAIC be reimbursed its costs of filing and pursuing the protest. Bid Protest Regulations, 4 C.F.R. § 21.8(d)(1) (2012). The protester's certified claims for such costs, detailing the time expended and costs incurred, must be submitted directly to the 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.

Lynn H. Gibson  
General Counsel