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Comptroller General
of the United States

United States Government Accountability Office
Washington, DC 20548

Decision

Matter of: IT Professionals, Inc.

File: B-411204

Date: June 10, 2015

Shyam Pai, IT Professionals, Inc., the protester.
Tracey L. Sasser, Esq., and Antonier L. White, Esq., Department of Education, for the agency.
Paul N. Wengert, Esq., and Tania Calhoun, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest that agency misevaluated protester's proposal as unacceptable is denied where the record shows that the evaluation was reasonable and consistent with evaluation criteria in solicitation.

DECISION

IT Professionals, Inc. (ITP), of Ashburn, Virginia, a small business, protests the award of a contract to DigitalSpec, LLC, of Fairfax, Virginia, under request for proposals (RFP) No. ED-FSA-14-R-0017, issued by the Department of Education for a wide variety of management support services to assist the Federal Student Aid (FSA) Technology Office in managing the agency's virtual data center, in Washington, D.C. RFP at 6. ITP argues that the agency misevaluated its proposal as unacceptable and thus made an unreasonable source selection decision.

We deny the protest.

BACKGROUND

On June 25, 2014, the agency issued the RFP as a commercial item solicitation, seeking fixed-price proposals to provide services related to six core task areas, and three optional task areas, for a base year and four option years. Agency Report (AR) at 1; RFP at 1, 43-44. The RFP was set aside for competition by firms participating in the Small Business Administration's Section 8(a) Program. RFP at 44-45, 52.

Award was to be made to the firm whose proposal was evaluated as the best value under three factors: technical approach, past performance, and price. When combined, technical approach and past performance were to be more important than price. RFP at 70. Under the technical approach factor, the RFP identified four subfactors, including understanding of the requirement. Id. at 71. Among other things, the understanding of the requirement subfactor advised offerors that the evaluation would consider whether the proposed approach reflected an appropriate “level of understanding of the breadth, scope and complexity of the work.” Id. To be considered for award, an adjectival rating of at least “good” was required under the technical approach factor and each of its subfactors. Id. at 70.

After receiving and evaluating initial proposals, the agency opened discussions. During the first round of discussions, the contracting officer asked ITP to focus on more efficient approaches so that it could offer a more favorable price. Comments, attach. 2, E-mail Discussions from Contracting Officer to ITP, Sept. 19, 2014, at 1-2. In a succession of proposal revisions in the following days, ITP reduced its price, first by proposing to cut staffing by 1 full-time equivalent (FTE), AR Tab 7-1, ITP Revised Proposal Transmittal E-mail, Sept. 22, 2014, at 1, and then by 3 more FTEs. See AR Tab 7-3, ITP Revised Proposal, Sept. 25, 2014, vol. I, at 2.

On January 6, 2015, a new contracting officer sent a final round of discussions questions, asking ITP to explain how reducing its staffing level to 12.5 FTEs would be sufficient to perform the work. The inquiry noted specifically that the reductions were by 50 percent or more from the level of effort the agency had estimated for three of the core six task areas. Supplemental AR Tab B, item 1, Discussions E-mail, Jan. 6, 2015, at 1; AR Tab 4, item a¹, Attachment to Discussions E-mail, at 1.

The January 6 discussions letter also set forth an amendment to the RFP:

PLACE OF PERFORMANCE: The Government initially planned that support performed under this acquisition would be provided on-site at FSA [Federal Student Aid] Headquarters in Washington, DC. Due to space constraints[,] all work will be performed off-site and no Government equipment will be provided; therefore the contractor will

¹ The initial AR included multiple documents under each exhibit tab. Although some were separately numbered (such as in Tab 7, hence our citation to Tab 7-1), others were not. We have assigned a letter to each of those (e.g., “AR Tab 4, item a”), based on the order in which it appeared. The Supplemental AR identified its exhibit tabs using letters. We have used numbers to identify the individual documents within each tab (e.g., “Supplemental AR Tab B, item 1”).

be responsible for all necessary resources . . . to perform the required support.

Id. at 1.

ITP, DigitalSpec, and the third offeror submitted final proposal revisions (FPR) on January 9. In its FPR, ITP explained that it “continue[d] to believe that our original proposed 16.5 FTE headcount is correct for the expanded requirement in this SOW,” and yet the firm also stated that it was further cutting its staffing level, to 11 FTEs. AR Tab 7, item e, ITP FPR Discussions Responses, at 2. ITP explained that a combination of competitive pressure and FSA’s focus on obtaining a better value had resulted in ITP “decid[ing] to take more risk to ourselves” by reducing the staffing level. Id. In the pricing volume, ITP’s FPR also specified four assumptions, one of which was that “our staff will work at FSA’s location, and FSA will provide the resources for us, such as a cube, computers, phones, email accounts, etc.” AR Tab 7, item b, ITP FPR Pricing volume, at 4.

The contracting officer, contracting specialist, and source selection evaluation board chair met to evaluate the FPRs. The group concluded that ITP’s approach merited a rating of moderate risk for four reasons: the firm’s staffing level was too low, key personnel labor hours had been reduced, the candidate for a key personnel labor category was not identified by name, and ITP had requested four “hoteling” workspaces at the FSA site. AR, Tab 4, item b, Memorandum of Discussions, Jan. 21, 2015, at 1. For DigitalSpec, in contrast, the group concluded that the firm’s FPR provided an adequately-staffed low-risk proposal that complied with the new requirement for off-site performance. Id.

On February 23, the contracting officer prepared a source selection decision, discussing the strengths and weaknesses of each proposal under the non-price factors.² Supplemental AR Tab F, Price Negotiation Memorandum Award Determination, at 4-9. The contracting officer assessed ITP’s proposal as unacceptable and unsatisfactory, principally because of the firm’s stated assumption that its staff would work on-site using government equipment. Id. at 7.

The contracting officer then compared the FPRs of DigitalSpec and the third offeror, and concluded that DigitalSpec’s proposal was higher-rated and offered a significantly lower price. He selected DigitalSpec for award on that basis. Id. at 11.

² We note that the record reflects that the contracting officer prepared a decision that eliminated ITP’s proposal from the competitive range as unacceptable on January 21. Supplemental AR Tab H, Competitive Range Determination, at 5. Nevertheless, ITP was not notified at the time, and ITP’s FPR was still considered, and ultimately rejected, in the February 23 award determination.

On March 2, the contracting officer notified ITP that the contract had been awarded to DigitalSpec. Protest attach. 2, Letter from Contracting Officer to ITP, Mar. 2, 2015, at 1. ITP then requested a debriefing, which the contracting officer provided in writing. AR Tab 6, Debriefing Letter, Mar. 6, 2015, at 1.

ANALYSIS

ITP argues that its proposal was misevaluated. ITP maintains that the assumption in its FPR that the agency would provide on-site workspace and equipment was a “clerical error” that was “disproportionately magnified” in the evaluation. Comments at 2; see also Protest at 1. ITP also argues that its lower staffing should have been found acceptable. Protest at 2.

The agency argues that it reasonably evaluated ITP’s FPR as unacceptable for two reasons.³ First, ITP expressly stated that the proposal was based on an assumption that the firm would be given on-site workspace and equipment, contradicting the amended terms of the RFP, which provided that only off-site performance would be acceptable. Contracting Officer’s Statement at 4-5; Supplemental AR at 3-4. Second, ITP reduced the staffing level proposed in its FPR to such a low level that its approach posed an unacceptably high risk of unsuccessful performance. Id. at 4.

In reviewing a protest challenging an agency’s evaluation, our Office does not reevaluate the proposal; rather, we review the agency’s evaluation to determine whether it was reasonable and consistent with the solicitation, as well as applicable statutes and regulations. ASRC Research & Tech. Solutions, LLC, B-406164, B-406164.3, Feb. 14, 2012, 2012 CPD ¶ 72 at 8; see also Halfaker & Assocs., LLC, B-407919, B-407919.2, Apr. 10, 2013, 2013 CPD ¶ 98 at 6. It is an offeror’s responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates compliance with the solicitation. Mike Kesler Enters., B-401633, Oct. 23, 2009, 2009 CPD ¶ 205 at 2-3. On the record before us, we have no basis to object to the agency’s evaluation of ITP’s FPR as unacceptable.

ITP’s express assumption that the agency would provide workspaces and equipment for on-site performance directly conflicted with the agency’s instructions during the final round of discussions. Compare AR Tab 4, item a, Attachment to Discussions E-mail, at 1 (amending RFP) with AR Tab 7, item b, ITP FPR Pricing volume, at 4 (ITP pricing assumptions). As a result, the agency reasonably found ITP’s approach was unacceptable. ITP provides no credible basis to question the agency’s judgment in this regard, and the firm’s claim that the assumption was a

³ Although, as described above, the group reviewing the FPRs listed four flaws in ITP’s FPR, during the protest the agency and protester appear to agree that only these two are relevant to the evaluation of ITP’s FPR as unacceptable.

clerical error (or that the importance of the assumption was exaggerated in the evaluation) is not persuasive. We recognize that ITP's FPR included only what were labeled as off-site labor rates, but we do not think the evaluators could reasonably disregard such a clearly-expressed assumption to the contrary. Since the FPR expressly took exception to the agency's requirement for off-site performance, the evaluation of the proposal as unacceptable was reasonable.

As described above, the new contracting officer explained to ITP that its proposed reduced staffing level appeared to lower the level of effort by at least 50 percent in three of the six core task areas from the level that ITP itself had originally proposed, and asked the firm to explain how the staffing level was appropriate. In response, ITP lowered its staffing level further in its FPR while also describing the original, much higher level, as "correct" for the work required by the RFP. AR Tab 7, item e, ITP FPR Discussions Responses, at 2. The evaluation scheme in the RFP provided for the agency to consider the offeror's technical approach, and to assess the offeror's understanding of the breadth, scope, and complexity of the work. RFP at 70-71. It was thus consistent with the RFP for the agency to assess whether ITP's proposed staffing appeared too low to perform the required work.

We also find that the evaluation of the staffing level in ITP's FPR was reasonable. ITP itself expressed its view in its FPR that a higher level of staffing was "correct" for the required work than what ITP was proposing. After being questioned during the final round of discussions about whether its staffing level was sufficient, ITP made another reduction in its staffing level.⁴ ITP justified its staffing reductions on competitive pressure and a desire to satisfy the agency, and acknowledged that it "decided to take more risk to ourselves." AR Tab 7, item e, ITP FPR Discussions Responses, at 2. Given ITP's own statement that a higher staffing level was

⁴ To the extent that the protest can be read to argue that ITP was misled to reducing its staffing level by the initial contracting officer's discussions, Comments at 1-2, the record does not support this claim. The record shows that ITP was encouraged to seek a creative approach to provide a better value than its incumbent contract, not to simply cut its staffing level. See Comments, attach. 2, E-mail Discussions from Contracting Officer to ITP, Sept. 19, 2014, at 1-2. In addition, ITP lowered its staffing still further in its FPR, after a final round of discussions in which the new contracting officer expressed a concern that the low staffing level was not justified.

“correct,” and that the firm was taking a risk by proposing significantly fewer FTEs, we see no basis to question the agency’s evaluation of ITP’s FPR as unacceptable.

The protest is denied.⁵

Susan A. Poling
General Counsel

⁵ Since we find no basis to question the evaluation of ITP’s proposal as unacceptable, ITP is not an interested party to challenge the award to DigitalSpec. As a result, we do not address ITP’s challenges to DigitalSpec’s ability to perform, or the source selection rationale.