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## Decision

**Matter of:** NetCentrics Corporation

**File:** B-412305.4; B-412305.5

**Date:** June 6, 2016

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Carl J. Peckinpugh, Esq., and Brian F. Wilbourn, Esq., SRA International, Inc., an intervenor.

William H. Butterfield, Esq., Department of Homeland Security, United States Coast Guard, for the agency.

Pedro E. Briones, Esq., and Noah B. Bleicher, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

Protest challenging the agency's price evaluation and best-value award decision is denied where the record shows that the evaluation and source selection decision were reasonable and consistent with the terms of the solicitation.

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### DECISION

NetCentrics Corporation, a small business located in Herndon, Virginia, protests the establishment of a blanket purchase agreement (BPA) with SRA International, Inc., of Fairfax, Virginia, under request for quotations (RFQ) No. HSCG79-15-Q-PTG002, issued by the Department of Homeland Security, U.S. Coast Guard, for technology enterprise support services. Among other issues, NetCentrics challenges the Coast Guard's evaluation of vendors' levels of effort and staffing mixes, as well as the source selection decision.

We deny the protest.

### BACKGROUND

The RFQ was issued pursuant to Federal Acquisition Regulation (FAR) subpart 8.4 to vendors holding contracts under General Services Administration (GSA) Multiple Award Schedule 70, Category 132-51, Information Technology Professional Services, and provided for the establishment of a BPA for a 6-month base period,

four option years, and a 6-month option period. RFQ at 1. The RFQ also provided for the issuance of three initial fixed-price BPA calls (i.e., task orders) concurrent with the establishment of the BPA, and the solicitation advised that the majority of BPA calls would be issued on a fixed-price basis, but that some calls could be issued on a labor-hour or time-and-materials basis. Id.; RFQ amend. 2, attach. 5, at 4; see attach. 2f, Questions & Answers No. 25, at 4. In general terms, the RFQ sought quotations for enterprise information technology (IT) lifecycle management services to support the Coast Guard's IT, network, and telecommunications infrastructure, among other things. See RFQ amend. 6, attach. 1a, BPA Performance Work Statement (PWS); amend. 3, at 8; Contracting Officer Statement at 1.

Vendors were informed that the BPA would be established on a best-value basis considering the following evaluation factors in descending order of importance: technical approach, management approach, past performance, and price.<sup>1</sup> See RFQ at 1. The solicitation included separate performance work statements for the BPA overall and for each of the three initial BPA calls. RFQ amend. 6, attach. 1a, BPA PWS; amend. 3, attach. 1b, Call No. 1 PWS; amend. 4, attachs. 1c-1d, Call Nos. 2 & 3 PWS.

Vendors were instructed to submit separate technical, past performance, and price quotations. RFQ amend. 4, attach. 2a, at 3. With regard to price, for each performance period and each BPA call, vendors were to quote fully-loaded, fixed-price labor rates (for both on-site and off-site labor) for 28 required labor categories, using pricing spreadsheets provided with the solicitation.<sup>2</sup> Id. at 5; attach. 2c, Labor Pricing Matrix; RFQ amend. 2, attach. 2b, BPA Call Pricing Template. Vendors were to identify their proposed number of hours for each labor category, the corresponding GSA schedule labor category, and all assumptions, as well as identify any discounts offered (which were encouraged) off the vendor's

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<sup>1</sup> The technical approach factor contained two equally important subfactors: system support, and personnel qualifications and expertise. RFQ at 2. The management approach factor also included two equally important subfactors: management plan, and quality control and risk management. Id. at 2-3. The RFQ also stated that the non-price evaluation factors, when combined, were significantly more important than the price evaluation factor. Id. at 1.

<sup>2</sup> The RFQ provided workload estimates based on historical data for a 1-year period and current hardware levels. RFQ amend. 6, attach. 1a, PWS, app. C, Workload Estimates. The RFQ stated that estimates were to be used for evaluation only and were not intended to guarantee that the numbers used for evaluation would actually be experienced. Id. at 1.

GSA labor rates.<sup>3</sup> See RFQ amend. 4, attach. 2a, at 5; attach. 2c, Labor Pricing Matrix; RFQ amend. 2, attach. 2b, BPA Call Pricing Template. The RFQ stated that labor rates were fixed and could not be increased during the life of the BPA.<sup>4</sup> RFQ amend. 4, attach. 2a, at 5.

The solicitation provided that price quotations would be evaluated for completeness, price reasonableness, and total evaluated price (TEP). RFQ at 3. With respect to completeness, the RFQ stated that the agency would review whether a quotation included the required BPA pricing and labor spreadsheets. See id. With respect to price reasonableness, the RFQ stated that quotations would be evaluated in accordance with FAR subpart 8.4. Id. With respect to TEP, the RFQ stated that a quotation's TEP would be calculated as the sum of the proposed prices for all performance periods for all three BPA calls, plus an additional \$20 million for future BPA calls.<sup>5</sup> See id.; RFQ amend. 5, at 2. Vendors were cautioned against submitting a quotation that contained unbalanced pricing, and the RFQ stated that the agency would analyze quotations to determine whether they were unbalanced with respect to separately priced line items or subline items. RFQ at 3-4.

The Coast Guard received 11 quotations and after completing evaluations, the agency made award to NetCentrics on September 30, 2015. See Agency Report (AR), Tab M, Source Selection Decision (SSD), at 5-7. Two vendors filed protests with our Office challenging the initial award to NetCentrics and in response, the Coast Guard advised the parties that it would take corrective action by reevaluating quotations, conducting a new best-value tradeoff determination, and making a new source selection decision. See AR, Tab B, Notice of Corrective Action. We subsequently dismissed the protests as academic. General Dynamics Info. Tech., Inc.; GovPlace, Inc., B-412305 et al., Oct. 29, 2015 (unpublished decision).

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<sup>3</sup> For example, vendors were to propose labor rates and hours for a Computer Systems Analyst (Labor Category 005) with a Bachelor's degree, 3 years of relevant experience, and an entry-level vendor certification. RFQ amend. 4, attach. 2c, Labor Pricing Matrix. Vendors were permitted to propose labor categories with additional years of experience in lieu of the educational degrees and certifications specified for the 28 required labor categories. See id., Allowable Substitutions.

<sup>4</sup> The RFQ provided not-to-exceed amounts for government travel for each BPA call, and vendors could also quote other direct costs as required by the vendor's technical approach (and for which pricing was available through the vendor's GSA schedule contract.) See RFQ amend. 4, attach. 2a, at 5; RFQ amend. 2, attach. 2b, BPA Call Pricing Template.

<sup>5</sup> The three BPA calls included the same performance period as the overall BPA. RFQ at 1; RFQ amend. 3, attach. 1b, Call No. 1 PWS, at 3; amend. 4, attach. 1c, Call No. 2 PWS, at 3; attach. 1d, BPA No. 3 PWS, at 2.

In taking corrective action, the Coast Guard sought revised quotations, including from NetCentrics and SRA, which were evaluated as follows:

|             | Technical Approach | Management Approach | Past Performance       | Total Evaluated Price <sup>6</sup> |
|-------------|--------------------|---------------------|------------------------|------------------------------------|
| NetCentrics | Acceptable         | Acceptable          | Significant Confidence | \$46,873,929                       |
| SRA         | Acceptable         | Acceptable          | Significant Confidence | \$36,616,128                       |

AR, Tab M, SSD, at 9. Quotations were evaluated by separate technical, past performance, and price evaluation teams (TET, PPET, and PET, respectively). The TET and PPET prepared separate reports documenting the evaluators' assessments of strengths and weaknesses in quotations, their findings, and their assignment of adjectival ratings. See AR, Tabs J-K, TET & PPET Reports. The PET also prepared a detailed report documenting its evaluation of price quotations. See AR, Tab L, PET Report.

Of relevance here, the PET found SRA's quotation complete, reasonably priced compared to the other quotations and the independent government cost estimate (IGCE), and consistent with SRA's GSA schedule prices. Id. at 18-19. The PET also found that SRA was among the three vendors that offered significant discounts off its GSA labor rates, that SRA proposed appropriate labor categories for the BPA overall and for each BPA call, and that its price was consistent with SRA's technical approach. See id. The evaluators found no indication of unbalanced pricing in SRA's quotation.<sup>7</sup> Id. at 19.

The source selection authority (SSA) for the procurement reviewed the evaluation results, conducted an integrated assessment of quotations, and performed a

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<sup>6</sup> The TEP calculations exclude the \$20 million for future work. See AR, Tab M, SSD, at 24.

<sup>7</sup> With respect to NetCentrics, the price evaluators also found its quotation complete, reasonably priced compared to other quotations and the IGCE, and consistent with NetCentrics' GSA schedule prices. AR, Tab L, PET Report, at 14-16. The PET noted that NetCentrics offered discounts [DELETED] percent off its GSA labor rates, that NetCentrics proposed appropriate labor categories for the BPA overall and for each BPA call, and that its price was consistent with NetCentrics' technical approach. See id. Like SRA, the evaluators found no indication of unbalanced pricing in NetCentrics' quotation. Id. at 15.

best-value tradeoff, as described below. AR, Tab M, SSD, at 24-30. The SSA determined that SRA provided the best value to the Coast Guard, and the agency established a BPA with SRA with a ceiling value of \$54.6 million. Id. at 30-31. This protest followed.

## DISCUSSION

NetCentrics protests the Coast Guard's evaluations and best-value tradeoff decision. Although NetCentrics generally alleges that the agency unreasonably evaluated quotations under the non-price evaluation factors, the protester's primary substantive argument relates to the Coast Guard's price evaluation of SRA's proposed labor rates, level of effort, and labor mix, as discussed below.<sup>8</sup> While we do not specifically discuss each of the parties' various arguments, we have considered all of the protester's contentions and find none furnishes a basis to sustain the protest.

### Evaluation of SRA's Price Quotation

NetCentrics argues that the Coast Guard, as part of its price evaluation, failed to assess each vendor's (including SRA's) proposed level of effort and labor mix as required by FAR subpart 8.4. See Protester's Comments at 3, 5-6. Relying primarily on our decision in Advanced Tech. Sys., Inc., B-296493.6, Oct. 6, 2006, 2006 CPD ¶ 151, NetCentrics contends that the Coast Guard's price evaluation contains only brief, conclusory statements regarding vendors' technical approaches, but does not demonstrate that the agency actually considered vendors' levels of effort and labor mixes. Id. at 5-6. According to NetCentrics, "SRA's pricing clearly shows [that] SRA intends to use employee labor categories with less stringent qualifications[,] . . . is loading significant hours in labor categories with less stringent

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<sup>8</sup> For example, the extent of NetCentrics' challenge to the evaluation of its technical quotation is that the Coast Guard's post-corrective action reevaluation did not result in a higher technical rating for NetCentrics, even though, according to the protester, its revised quotation reflected improvements and refinements that merited a superior rating. See Protester's Comments at 6-7. NetCentrics, however, does not otherwise identify any aspect of the evaluation record to support its argument that the agency misevaluated the protester's technical quotation. See generally id. Moreover, as stated below, evaluation ratings, whether numeric, color or adjectival, are but guides to, and not substitutes for, intelligent decision making; they do not mandate automatic selection of a particular quotation. See Buckley & Kaldenbach, Inc., B-298572, Oct. 4, 2006, 2006 CPD ¶ 138 at 3. Thus, NetCentrics challenge to its evaluation ratings lacks merit. In any event, based on our review of the record, we find the Coast Guard's non-price evaluations unobjectionable.

requirements[, and] SRA has loaded many of its FTEs [full time equivalent] in junior to mid-level position[s] at lower hourly rates.”<sup>9</sup> Id. at 3-4.

Where an agency conducts a formal competition pursuant to FAR subpart 8.4 for the establishment of a BPA, we will review the agency’s actions to ensure that the evaluation was reasonable and consistent with the solicitation and applicable procurement statutes and regulations. See InTec, LLC, B-408178.4, Feb. 12, 2014, 2014 CPD ¶ 109 at 3. Subpart 8.4 of the FAR provides that when an agency issues an RFQ to vendors holding Federal Supply Schedule contracts, for the establishment of a BPA for services requiring a statement of work as here, the ordering agency must consider the level of effort and the mix of labor proposed to perform, and determine that the proposed price is reasonable. FAR § 8.405-3(b)(2)(vi).

As an initial matter, we find NetCentrics’ reliance on our decision in Advanced Tech. Sys. Inc., supra, misplaced. In that decision, our Office found that the evaluation record indicated a complete lack of support for the agency’s determination that the awardee’s proposed level of effort and labor mix were sufficient to perform the PWS requirements. Advanced Tech. Sys. Inc., supra, at 9. In light of the significant differences between the awardee’s and the protester’s levels of effort, we found that the contracting officer’s conclusory statements in the record and the lack of documentation were not adequate to demonstrate that the agency reasonably considered the awardee’s level of effort and labor mix.<sup>10</sup> Id. at 10; see also NikSoft Sys. Corp., B-406179.2, Aug. 14, 2012, 2012 CPD ¶ 233 at 7-8, citing Advanced Tech. Sys. Inc., supra, at 9-10 (sustaining protest where conclusory statements in record were not adequate to demonstrate that agency reasonably considered whether the protester’s level of effort and labor mix were insufficient to perform the BPA call, in light of significant and dramatically different levels of effort and labor mixes between awardee’s and protester’s quotations).

However, unlike our decision in Advanced Tech. Sys. Inc. (and NikSoft Sys. Corp.), and contrary to NetCentrics’ assertion, the evaluation record here is not based on

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<sup>9</sup> NetCentrics complains that for BPA Call Nos. 1 and 2, for example, SRA proposed [DELETED] for the RFQ’s Computer Systems Analyst labor category, which the protester suggests is inconsistent with the solicitation’s educational, experience, and certifications requirements for that labor category. See Protester’s Comments at 3-4; AR, Tab H.2, SRA Final Revised Proposal, attach. 2b, Call Nos. 1 & 2, GSA Labor Mapping; attach. 2c, Labor Pricing Matrix.

<sup>10</sup> In Advanced Tech. Sys. Inc., unlike here, the awardee’s proposed level of effort and labor mix were also significantly different between its own prior and current proposed levels of effort and labor mix for the identical requirements. Advanced Tech. Sys. Inc., supra, at 10.

conclusory statements, but includes the price evaluators' documented comparisons of vendor levels of effort and labor mixes to the other vendors and to the agency's IGCE. Significantly, the contemporaneous record documents that the PET compared--for each BPA call and for each performance period--each vendors' proposed labor categories, number of hours, and labor rates, to the Coast Guard's IGCE for each labor category, hours, and rates, as well as to the other vendors' proposed categories, hours, and rates. AR, Tab L, PET Report, attachments. Furthermore, unlike our decisions in Advanced Tech. Sys, Inc. and NikSoft Sys. Corp., NetCentrics and SRA did not propose dramatically different levels of efforts or labor mixes. Indeed, NetCentrics concedes that both vendors proposed "very similar" numbers of FTEs. Protester's Comments at 4. In fact, the record reflects that the differences between NetCentrics' and SRA's proposed labor hours for each BPA call are relatively minor.<sup>11</sup> See AR, Tab L, PET Report, attachments.

The record here also indicates that the PET assessed SRA's fully-burdened labor rates by comparison to its GSA labor categories and labor rates, and to the vendor's proposed technical approach. AR, Tab L, PET Report, at 18-19. Moreover, the record indicates that the PET reviewed SRA's submitted crosswalk between its proposed BPA labor categories and the RFQ requirements, and concluded that the labor categories quoted were in accordance with the minimally required labor categories identified in the RFQ. Id. at 19. The record also indicates that the PET reviewed SRA's proposal of an additional 25 labor categories, which the PET found accorded with SRA's technical approach. Id. at 18. The record further shows that the TET specifically evaluated (and assigned strengths for) the qualifications and expertise of SRA's proposed senior level managers and subject matter experts, as well as SRA's significant number of personnel with security clearances on staff. AR, Tab J, TET Report, attach. 3, SRA Narrative, at 2.

Although the PET may not have documented its evaluation of vendor levels of effort and labor mixes to the extent that NetCentrics would have preferred, the record here provides no basis to sustain NetCentrics' protest of the agency's price evaluations. As noted above, the procurement here was conducted under FAR subpart 8.4, which provides for a streamlined procurement process with minimal documentation requirements when establishing a BPA. FAR § 8.405-3(a)(7). In our view, the Coast Guard has met this standard here.<sup>12</sup>

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<sup>11</sup> For example, for the base period of BPA Call No. 1, SRA proposed [DELETED] labor hours, while NetCentrics proposed [DELETED] hours; for the base period of BPA Call No. 3, SRA proposed [DELETED] hours, while NetCentrics proposed [DELETED] hours. AR, Tab L, PET Report, attachments.

<sup>12</sup> To the extent that NetCentrics asserts that SRA's low price indicates that it does not understand the requirement or presents a significant risk of not being able to perform the work, we agree with the Coast Guard that NetCentrics' assertions reflect the protester's mistaken belief that the agency was required to perform

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While NetCentrics disagrees with the Coast Guard's price evaluations, including the agency's evaluation of SRA's proposed level of effort and labor mix, we conclude that the evaluations were reasonable and consistent with the terms of the solicitation and applicable procurement laws and regulations.<sup>13</sup>

#### Best-Value Determination

NetCentrics also challenges the SSA's best-value tradeoff decision. Specifically, the protester argues that the source selection decision was based on "unreasonable and fundamentally flawed [adjectival] ratings." Protester's Comments at 7. NetCentrics also claims that the SSA only made conclusory statements in her best-value analysis. See Supp. Protest at 6.

Where, as here, a solicitation provides for the establishment of a BPA on a best-value basis, it is the function of the SSA to perform a price/technical tradeoff; that is, to determine whether one quotation's technical superiority is worth its higher price, and the extent to which one is traded for the other is governed only by the test of rationality and consistency with the stated evaluation criteria. InnovaTech, Inc., B-402415, Apr. 8, 2010, 2010 CPD ¶ 94 at 6-7. Where a price/technical tradeoff is made, the source selection decision must be documented, and the documentation must include the rationale for any tradeoffs made, including the benefits associated with additional costs. Id.

We find the agency's source selection decision here unobjectionable. First, the protester's focus on adjectival ratings is misplaced. As part of the source selection process, the evaluation ratings of vendor quotations, whether numeric, color or adjectival, are but guides to, and not substitutes for, intelligent decision making; they do not mandate automatic selection of a particular quotation. See Buckley & Kaldenbach, Inc., supra. Moreover, contrary to NetCentrics' assertion, the SSA's best-value determination and source selection decision were not based solely on the vendors' assessed evaluation ratings. Rather, the record shows that the SSA conducted a detailed, integrated assessment of quotations considering each

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a price realism analysis. Here, the RFQ did not contemplate a price realism evaluation. Specifically, the solicitation did not contain an express provision for a price realism analysis, nor did it advise vendors that quotations could be rejected on the basis of low prices; accordingly, a price realism analysis was neither required nor permitted. See ERIMAX, Inc., B-410682, Jan. 22, 2015, 2015 CPD ¶ 92 at 7-8.

<sup>13</sup> Insofar as NetCentrics complains that the PET failed to document its analysis of unbalanced pricing, the protester, despite having access to SRA's quotation, identifies no aspect of SRA's line items that were supposedly unbalanced. See Protester's Comments at 6. Thus, we find this argument unavailing.



vendor's various strengths and weaknesses under each evaluation factor. See AR, Tab M, SSD, at 24-30.

For example, the SSA recognized that NetCentrics demonstrated technical experience in a number of areas, including cyber security and data management, and that its organizational structure and quality assurance management would expedite Coast Guard projects and prove beneficial to the government. See id. at 26, 28-29. However, in her final analysis of the competing quotations, the SSA determined that none offered strengths that distinguished the quotations from SRA's in a way that would be worth the higher prices. See id. at 30. Given what the SSA referred to as a lack "of any significant distinguishing advantage in the Technical, Management, and Past Performance areas" of the quotations, and because SRA offered better past performance than the sole lower-priced vendor, we find no basis to object to the SSA's determination that SRA's quotation represented the best value to the Coast Guard. See, e.g., TeleCommunication Sys., Inc., B-408269.2, Dec. 13, 2013, 2013 CPD ¶ 291 at 5-6.

In sum, NetCentrics' challenges to the Coast Guard's price evaluation and source selection decision reflect little more than the protester's disagreement with the agency's judgments, which does not establish that the agency acted unreasonably or provide a basis to sustain its protest. See ERIMAX, Inc., supra, at 9.

The protest is denied.

Susan A. Poling  
General Counsel