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## Decision

**Matter of:** Engility Corporation

**File:** B-413120.3; B-413120.4; B-413120.5; B-413120.6

**Date:** February 14, 2017

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James Y. Miyazawa, Esq., Department of the Navy, for the agency.

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### DIGEST

1. Protest challenging the agency's conduct of discussions is denied where the record provides no basis on which to conclude that discussions were not meaningful or otherwise improper.
  2. Protest challenging the agency's evaluation of protester's past performance is denied where the agency reasonably took into account the offeror's performance on the incumbent contract.
  3. Protest challenging the agency's evaluation of protester's technical proposal is denied where the evaluation was reasonable and consistent with the solicitation, and without prejudice to the protester as a result of the alleged errors.
  4. Protest challenging the agency's cost realism evaluation is denied where the record demonstrates that the agency's conclusions were reasonable.
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### DECISION

Engility Corporation, of Chantilly, Virginia, protests the issuance of a task order to Booz Allen Hamilton, Inc. (BAH), of McLean, Virginia, under request for proposals (RFP) No. N3237B-15-R-6800, issued by the Department of the Navy for acquisition

management, program management, and logistics support services.<sup>1</sup> Engility argues that the agency's evaluation of proposals and resulting selection decision were improper.

We deny the protest.

## BACKGROUND

The Naval Sea Systems Command, Maritime Surveillance Systems Program Office, is responsible for the acquisition, design, development, integration, testing, and life cycle support of maritime surveillance systems (MSS). RFP attach. 3, Performance Work Statement (PWS) at 1; Contracting Officer's Statement/Memorandum of Law (COS/MOL) at 1. The Navy's MSS includes fixed surveillance systems, surveillance towed array sensor systems, and low frequency active systems that contribute to target surveillance, detection, classification, and localization of threat submarines and other targets of interest in littoral regions and open ocean areas of national interest. RFP attach. 3, PWS at 1. To achieve its missions, the Maritime Surveillance Systems Program Office developed the support services PWS, which defined the agency's requirements for acquisition management, program management, and logistics support services in 12 specific task areas. Id. at 1-2.

The RFP was issued on September 22, 2015, pursuant to Federal Acquisition Regulation (FAR) subpart 16.5, to holders of Contractor Support Services indefinite-delivery, indefinite-quantity (IDIQ) contracts.<sup>2</sup> The solicitation provided for the issuance of a cost-plus-fixed-fee task order for a base year with four 1-year options. RFP at 1. In general terms, the RFP required offerors to provide qualified personnel to successfully perform all PWS tasks.<sup>3</sup> RFP attach. 3, PWS, at 3. The RFP established that task order award would be made on a best value tradeoff basis, based on four evaluation factors in descending order of importance: past

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<sup>1</sup> Various documents in the record refer the offeror here as "TASC," or "TASC, An Engility Company." Insofar as Engility acquired TASC during the procurement, the protest was filed with our Office by Engility. Engility Protest at 1 n.2. There is no dispute here about the relationship between TASC and Engility.

<sup>2</sup> The RFP was subsequently amended two times. Unless stated otherwise, all citations are to the final version of the solicitation.

<sup>3</sup> As detailed below, the RFP also provided offerors with a table of "Desired Labor Categories and Annual Hours by Worksite," which specified the labor categories, labor hours, and work site locations (i.e., contractor or government) that offerors were required to propose for each performance period. RFP at 5-6. For example, for the base year, offerors were to propose a total of 89,280 hours, or 46.5 full time equivalent (FTE) employees, in 42 specified labor categories to augment the Navy's program office workforce. Id.

performance; technical approach; key personnel experience; and cost. RFP at 11. The past performance factor consisted of two equal subfactors: meeting technical/schedule requirements; and managing contracted effort. Id. at 2. The technical approach factor consisted of three equal subfactors: systems engineering; program management & acquisition support; and integrated logistics support. Id. The key personnel experience factor consisted of four equal key personnel positions: senior program manager; senior systems engineer; integrated logistics engineer; and senior financial manager. Id. at 3-4; RFP amend. 2, at 2.

Three offerors, including BAH and incumbent Engility, submitted proposals by the closing date. A technical evaluation board (TEB) evaluated the noncost proposals using various adjectival rating schemes set forth in the RFP. For past performance, the TEB assessed the relevance of each offeror's prior efforts, as well as whether the performance provided: substantial confidence; satisfactory confidence; limited confidence; no confidence; or unknown confidence (neutral). The technical and key personnel experience factors were evaluated as: outstanding; good; acceptable; marginal; or unacceptable. RFP at 9-11. A separate Navy cost evaluation board (CEB) evaluated offerors' cost submissions for realism. Id. at 8.

By January 19, 2016, the Navy completed its evaluation, with the ratings and costs of the BAH and Engility proposals as follows:

	<b>BAH</b>	<b>Engility</b>
<b>Past Performance</b>	Relevant/Substantial Confidence	Relevant/Satisfactory Confidence
Meeting Technical/Schedule Requirements	Relevant/Substantial Confidence	Relevant/Satisfactory Confidence
Managing Contracted Effort	Relevant/Substantial Confidence	Relevant/Satisfactory Confidence
<b>Technical Approach</b>	Outstanding	Good
Systems Engineering	Outstanding	Good
Program Management & Acquisition Support	Outstanding	Good
Integrated Logistics Support	Good	Good
<b>Key Personnel Experience</b>	Good	Good
Senior Program Manager	Good	Good
Senior Systems Engineer	Outstanding	Good
Integrated Logistics Engineer	Outstanding	Good
Senior Financial Manager	Good	Outstanding
<b>Overall</b>	Outstanding	Good
Proposed Cost	\$44,927,259	\$34,250,831
Evaluated Cost	\$44,966,878	\$36,334,565

Agency Report (AR), Tab 7, TEB Report (Initial Proposals), at 5; Tab 8, CEB Report (Initial Proposals) at 6.

On April 13, the agency source selection authority (SSA) concluded that Engility’s lower technically-rated, lower cost proposal represented the best value to the government, all factors considered. AR, Tab 9, Source Selection Decision, Apr. 13, 2016, at 2. The Navy awarded the task order to Engility on April 28.

On May 10, after receiving a notice of task order award and a debriefing, BAH filed a protest with our Office (BAH also filed a supplemental protest on June 20). On June 24, the agency notified our Office that it planned to take corrective action by conducting discussions with all offerors, inviting the submission of final proposal revisions (FPR), evaluating offerors’ FPRs, and making a new source selection decision based on its reevaluation. Navy Letter to GAO, June 24, 2016, at 1. We then dismissed the BAH protest as academic.

The agency thereafter conducted discussions, and offerors submitted their FPRs by July 14. The Navy TEB and CEB evaluated offerors’ FPRs, with the final evaluation ratings and costs of the BAH and Engility revised proposals as follows:

	<b>BAH</b>	<b>Engility</b>
<b>Past Performance</b>	Relevant/Substantial Confidence	Relevant/Limited Confidence
Meeting Technical/Schedule Requirements	Relevant/Substantial Confidence	Relevant/Limited Confidence
Managing Contracted Effort	Relevant/Substantial Confidence	Relevant/Limited Confidence
<b>Technical Approach</b>	Outstanding	Good
Systems Engineering	Outstanding	Good
Program Management & Acquisition Support	Outstanding	Good
Integrated Logistics Support	Good	Good
<b>Key Personnel Experience</b>	Good	Good
Senior Program Manager	Good	Acceptable
Senior Systems Engineer	Outstanding	Outstanding
Integrated Logistics Engineer	Outstanding	Good
Senior Financial Manager	Good	Outstanding
<b>Overall</b>	Outstanding	Acceptable
<b>Proposed Cost</b>	\$37,209,204	\$33,896,971
<b>Evaluated Cost</b>	\$40,582,883	\$38,894,197

AR, Tab 21, TEB Report (FPRs), at 5; Tab 22, CEB Report (FPRs) at 5.

The agency technical evaluators also identified strengths, weaknesses, and risks in the offerors’ proposals in support of the ratings assigned, while the cost evaluators prepared a detailed narrative for its cost realism analysis. AR, Tab 21, TEB Report (FPRs), at 6-21; Tab 22, CEB Report (FPRs), at 5-18.

On October 26, the agency SSA reviewed and accepted the TEB's and CEB's revised evaluation findings and ratings.<sup>4</sup> AR, Tab 23, Source Selection Decision, Oct. 26, 2016, at 1-4. The SSA determined that BAH's technical advantages--especially BAH's superior performance confidence assessment under the most important factor, past performance--outweighed Engility's cost advantage, and concluded that BAH's quotation represented the best value to the government, all factors considered. Id. at 5.

After the reevaluation, the Navy awarded the task order award to BAH on October 28. After providing Engility with notice of task order award and a debriefing, this protest followed.<sup>5</sup>

## DISCUSSION

Engility's protest raises numerous issues regarding the Navy's evaluation of the offerors' proposals and resulting best value tradeoff determination. First, Engility alleges that the agency's discussions with it were improper. Engility also contends the agency's evaluation of the protester's proposal under the past performance, technical approach, and key personnel experience factors--essentially every proposal shortcoming identified by the agency evaluators--was improper. The protester further alleges that the agency's cost realism evaluation of both offerors was unreasonable. Engility also contends the agency's best value tradeoff decision failed to adequately justify the selection of BAH's higher cost proposal.<sup>6</sup> Had the

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<sup>4</sup> The agency SSA here was different than the one who made the initial selection decision. Compare AR, Tab 9, Source Selection Decision, Apr. 9, 2016, at 2, with Tab 23, Source Selection Decision, Oct. 26, 2016, at 5.

<sup>5</sup> The awarded value of the task order at issue exceeds \$10 million. Accordingly, at the time this protest was filed on November 7, 2016, this procurement was within our jurisdiction to hear protests related to the issuance of orders under multiple-award IDIQ contracts awarded under the authority of Title 10, 10 U.S.C. § 2304(e)(1)(B); see National Defense Authorization Act for Fiscal Year 2017, Pub. L. 114-328, 130 Stat. 2000, § 835 (amending jurisdictional threshold to \$25 million for protests of orders placed under IDIQ contracts awarded under authority of Title 10, effective December 23, 2016).

<sup>6</sup> Engility also protested that BAH's proposal relied on an impermissible "bait and switch" of certain key personnel, Engility Supp. Protest, Nov. 14, 2016, at 7-10, but subsequently withdrew this protest ground. Engility Email to GAO, Feb. 1, 2017. Engility also protested that the Navy's evaluation of BAH's past performance was unreasonable. Engility Supp. Protest, Nov. 14, 2016, at 3-5. As the agency addressed this assertion in its report to our Office, COS/MOL at 37-40, and Engility did not respond in its comments, Engility Comments, Dec. 19, 2016, passim, we consider this issue to have been abandoned and will not consider it further. See (continued...)

agency performed a proper evaluation and best value tradeoff decision, Engility argues, it would have been selected for award. We have reviewed all the protester's issues and arguments and, although we not address them all, find they do not provide a basis on which to sustain the protest.

#### Discussions with Engility

Engility protests the agency's conduct of discussions. Specifically, the protester alleges that the Navy failed to conduct meaningful discussions with Engility with regard to the offeror's past performance, technical approach, and cost proposals. Engility also contends that the discussions were, because of their limited nature, misleading as to the extent of the agency's concerns. Engility further asserts that the Navy's discussions with it were prejudicially unequal.

The regulations concerning discussions under FAR part 15, which pertain to negotiated procurements, do not, as a general rule, govern task and delivery order competitions conducted under FAR subpart 16.5, such as the procurement for the task order here. M.A. Mortenson Co., B-413714, Dec. 9, 2016, 2016 CPD ¶ 361 at 8. In this regard, FAR § 16.505 does not establish specific requirements for discussions in a task order competition; nonetheless, when exchanges with the agency occur in task order competitions, they must be fair and not misleading. Id. In our decisions discussing an agency's obligations in conducting discussions under FAR part 15, we have held that an agency may not mislead an offeror--through the framing of a discussion question or a response to a question--into responding in a manner that does not address the agency's concerns, or misinform the offeror concerning a problem with its proposal or about the government's requirements. Id. at 8-9. However, in the context of both FAR part 15 and 16 procurements, we have also held that agencies are not required to "spoon-feed" an offeror during discussions; rather, agencies need only lead offerors into the areas of their proposals that require amplification or revision in order for the discussions to be meaningful. Clark/Caddell Joint Venture, B-402055, Jan. 7, 2010, 2010 CPD ¶ 21 at 7.

The RFP was silent as to whether the agency would conduct discussions, and the Navy's initial task order award to Engility was made without holding discussions with any offerors. As stated above, following the initial award to Engility, BAH filed a protest with our Office. BAH later filed a supplemental protest which alleged, among other things, that the Navy's selection of Engility was flawed because Engility had submitted a noncompliant proposal. AR, Tab 31, BAH Supp. Protest, at 9. Specifically, BAH alleged that although the RFP expressly mandated that

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(...continued)

Remington Arms Co., Inc., B-297374, B-297374.2, Jan. 12, 2006, 2006 CPD ¶ 32 at 4 n.4.

detailed cost information (i.e., direct and indirect rates) be submitted for all proposed subcontractors, Engility had only provided the required cost information for 2 of its 11 subcontractors.<sup>7</sup> Id. at 9-10. In light of Engility's materially deficient proposal, BAH argued, the Navy could not make award to Engility. Id. at 11.

The Navy thereafter elected to take corrective action, to include conducting discussions with all offerors. The agency's discussions with Engility concerned the missing subcontractor cost information. Specifically, the agency stated that

Section 3(f) of the [RFP] specifies that "if a subcontractor is proposed, offerors shall provide justification and cost analysis ...for each subcontractor" . . . . Your cost proposal contains a chart listing eleven subcontractors, but only provides cost information for [DELETED] and [DELETED]. This section of your cost proposal does not appear to comply with the requirement that offerors provide cost information for all subcontractors.

AR, Tab 11, Navy Discussions with Engility at 1.

The Navy also held discussions with BAH, which were as follows: "[t]he Government has identified no deficiencies, significant weaknesses or adverse past performance information to which you have not yet had an opportunity to respond." AR, Tab 29, Navy Discussions with BAH.

Of significance here, following the initial task order award to Engility (and before taking corrective action in response to the BAH protest and holding discussions), the Navy provided post-award debriefings to both BAH (the unsuccessful offeror) and Engility (the successful offeror). AR, Tab 30, BAH Initial Award Debriefing, at 1-11; Tab 10, Engility Initial Award Debriefing, at 1-6. The Engility debriefing consisted of providing it with a verbatim copy of its portion of the TEB's evaluation report, which included the assessed ratings, strengths, weaknesses, and risks under all noncost factors. Id., Tab 10, Engility Initial Award Debriefing, at 1-6.

After the discussions were concluded, the Navy instructed offerors to submit their FPRs by July 14. The Navy also placed no limits on what offerors could change in their revised proposals. See AR, Tab 11, Navy Discussions with Engility at 1-2. Consequently, Engility's FPR could (and did) address the missing subcontractor cost information raised in discussions, as well as other proposal shortcomings of which it became aware in the initial post-award debriefing. In submitting its FPR, Engility altered, among other things, its past performance references, sections of its

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<sup>7</sup> The CEB found that Engility's initial proposal provided cost information for only those subcontractors that were allocated to perform some portion of the required direct labor hours. AR, Tab 8, CEB Report (Initial Proposals), at 7, 9-10.

technical approach proposal, and its cost proposal. The TEB subsequently evaluated Engility's FPR, and identified various weaknesses and risks in the offeror's proposal. Similarly, the CEB assessed Engility's FPR cost submission for realism and found that upward cost adjustments (about \$5 million, or 15 percent) were warranted.

Engility argues that the agency's discussions with it were not meaningful, as the discussions were limited to only the missing subcontractor cost information and failed to also raise other negative aspects (e.g., adverse past performance information, cost realism adjustments) present in the offeror's initial proposal. The Navy asserts that its discussions with Engility were meaningful because it provided Engility with all required information (i.e., significant weaknesses, deficiencies). The agency also argues that Engility knew of the nonsignificant weaknesses in its initial proposal from the post-award debriefing Engility received prior to discussions being held as part of the reevaluation, and that Engility's final evaluation weaknesses as to past performance resulted from new information (i.e., a new reference) which the offeror introduced in its FPR.

When an agency engages in discussions with an offeror, the discussions must be "meaningful," that is, sufficiently detailed so as to lead an offeror into the areas of its proposal requiring amplification or revision. Hanford Env'tl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 8. In this regard, FAR § 15.306(d)(3) states that the discussions must address "deficiencies, significant weaknesses, and adverse past performance information to which the offeror has not yet had an opportunity to respond." FAR § 15.306(d)(3). The contractor officer is also encouraged--but not required--to discuss other aspects of the offeror's proposal that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposal's potential for award. A contracting officer is not required to discuss every area where the proposal could be improved in order for the discussions to be meaningful, and the precise content of discussions is largely a matter of the contracting officer's judgment. See FAR § 15.306(d)(3); American States Utilities Servs., Inc., B-291307.3, June 30, 2004, 2004 CPD ¶ 150 at 5.

We find the Navy's discussions with Engility were meaningful, because the agency provided the offeror with all required information. The record reflects that, as a result of the earlier BAH protest, the Navy determined that the subcontractor cost information missing from Engility's proposal constituted a material omission. The agency's subsequent discussions with Engility raised this one material deficiency and provided Engility with an opportunity to address it in its FPR. The record also reflects that the agency found no other deficiencies, significant weaknesses, or adverse past performance information to which the offeror had not previously had an opportunity to respond in Engility's initial proposal, nor had the protester alleged



any.<sup>8</sup> We have previously found that there is no requirement that an agency inform an offeror during discussions that its price may be too high, where the offeror's price is not considered excessive or unreasonable. Southeastern Kidney Council, B-412538, Mar. 17, 2016, 2016 CPD ¶ 90 at 4; Uniband, Inc., B-289305, Feb. 8, 2002, 2002 CPD ¶ 51 at 11. We, likewise, believe there is no requirement that an agency inform an offeror during discussions that its cost (or price) may be too low, where the offeror's cost is not so unrealistically low as to be ineligible for award --which was not the case here. In sum, although the contracting officer could have discussed other aspects of the offeror's proposal, there was no requirement that he do so, and we will not substitute our views for matters within the contracting officer's judgment. See InfoPro, Inc., B-408642.2, B-408642.3, Dec. 23, 2014, 2015 CPD ¶ 59 at 9.

Engility also contends that the Navy's discussions were misleading. By limiting discussions to only the missing subcontractor cost information, the protester argues, Engility believed the agency had no other concerns regarding the offeror's proposal. We disagree. Discussions are misleading when the agency misleads an offeror into responding in a manner that does not address the agency's concerns, or misinforms the offeror concerning a problem with its proposal or about the government's requirements, M.A. Mortenson Co., *supra*, none of which the protester asserts. Further, Engility's assertion that anything less than complete discussions must be considered misleading would thereby necessitate the "spoon feeding" of offerors, which we have held agencies are not required to do. See id. Lastly, we fail to see how Engility was misled by the limited nature of the Navy's discussions when the offeror was fully aware--as a result of its initial post-award debriefing--that the agency had concerns regarding Engility's proposal that were not part of the discussions conducted.

We also find no merit in Engility's assertion that the agency's discussions were unequal. The record reflects that the Navy's discussions with each offeror were limited to significant weaknesses, deficiencies, and adverse past performance information which an offeror had not previously had an opportunity to address. In the case of Engility, this meant its failure to submit required subcontractor cost information, while in the case of BAH, this meant the Navy raised no issues in discussions. The crux of the protester's argument here is that the Navy's initial, post-award debriefings were unequal--that BAH learned a greater amount about Engility as the initial awardee--and that the Navy failed to remedy this information disparity as part of the subsequent corrective action. Engility Protest at 13 n.9. We disagree.

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<sup>8</sup> While Engility argues that the Navy's discussions failed to include adverse past performance information, Engility does not dispute that it had already been provided an opportunity to address the adverse information. There is simply no requirement that the agency provide an offeror with a "second bite at the apple" here.

As a preliminary matter, the record reflects that the discussions conducted by the Navy as part of its reevaluation were entirely separate from the initial post-award debriefings provided to offerors. Further, what Engility essentially challenges is the scope of the Navy's corrective action, the details of which are generally within the sound discretion and judgment of the contracting agency. Alliant Enter. JV, LLC, B-410352.4, Feb. 25, 2015, 2015 CPD ¶ 82 at 3. Moreover, insofar as Engility requested that the Navy provide it with the technical ratings and costs of other offerors as part of the corrective action, and the agency refused, see AR, Tab 12, Engility Letter to Contracting Officer, at 1-2; Tab 13, Navy Letter to Engility, at 1-3, we find Engility's challenge to the scope of the agency's corrective action now to be untimely. See Domain Name Alliance Registry, B-310803.2, Aug. 18, 2008, 2008 CPD ¶ 168 at 7.

#### Past Performance Evaluation of Engility

Engility argues that the agency's evaluation of the offeror's past performance was unreasonable. Specifically, the protester alleges that it was improper for the agency evaluators to take into account a performance assessment report that they knew the offeror had disputed. Engility maintains that the partial redaction of one of its subcontractor's performance assessment reports also did not support the assignment of weaknesses by the agency. Lastly, the protester argues that even assuming the agency's consideration of its adverse past performance report was proper, the overall assignment of a "limited confidence" rating was unreasonable and contrary to the terms of the solicitation. As detailed below, we find no merit to the protester's arguments, and no basis on which to sustain the protest.

The task order competition here was conducted pursuant to FAR subpart 16.5. Our Office will examine an agency's evaluation of an offeror's past performance only to ensure that it was reasonable and consistent with the stated evaluation criteria and applicable statutes and regulations, since determining the relative merit of an offeror's past performance is primarily a matter within the agency's discretion. TeleCommunication Sys., Inc., B-413265, B-413265.2, Sept. 21, 2016, 2016 CPD ¶ 266 at 7; American Envtl. Servs., Inc., B-406952.2, B-406952.3, Oct. 11, 2012, 2013 CPD ¶ 90 at 5. The evaluation of past performance, by its very nature, is subjective, and we will not substitute our judgment for reasonably based evaluation ratings; an offeror's disagreement with an agency's evaluation judgments, by itself, does not demonstrate that those judgments are unreasonable. Cape Envtl. Mgmt., Inc., B-412046.4, B-412046.5, May 9, 2016, 2016 CPD ¶ 128 at 8-9.

The RFP instructed offerors to provide up to three past performance references for the prime contractor and for all major subcontractors, demonstrating the successful

performance of same or similar types of services within the past 3 years.<sup>9</sup> RFP at 1-2. The solicitation also established that the agency would evaluate offerors' past performance using two subfactors: meeting technical/schedule requirements; and managing contracted effort. Id. at 2.

Engility, in its FPR, submitted a total of five past performance references; three for itself and one each for non-major subcontractors [DELETED] and [DELETED]. AR, Tab 14, Engility FPR, Vol. I, Past Performance, at 1. One of the past performance references for Engility itself was its incumbent contract, referred to by the parties as "Contract 7229."<sup>10</sup> Engility's FPR also included contractor performance assessment reports (CPAR) for each of its past performance references (for Contract 7229, Engility stated that the CPAR for the period ending December 31, 2015, was located with the cognizant contracting officer). Id., attach. 1, Engility CPARs, at 1-17.

Relevant to the protest here, on April 4, 2016, the Navy prepared a CPAR report regarding Engility's 2015 performance of Contract 7229. AR, Tab 16, 2015 CPAR (Initial), at 1-6. Although the agency found the contractor's overall performance to be satisfactory, it found that Engility's performance during 2015 was marginal, and did not meet various contract requirements, in the quality of product/service, schedule, and small business utilization areas. Id. On July 15, Engility submitted its response to the 2015 CPAR, disputing the assigned ratings as well as underlying findings, and recommending a higher overall assessment. AR, Tab 17, Engility Response to 2015 CPAR, at 1-21.

On September 30, the Navy issued a revised 2015 CPAR for Contract 7229. AR, Tab 18, 2015 CPAR (Revised), at 1-6. The agency found Engility's performance to be satisfactory overall and in all evaluation areas, although the agency also found that Engility had demonstrated the following issues in performance: inconsistencies with its ability to develop and prepare acquisition documents; a lack of quality control; the inability to provide personnel with the appropriate security clearance credentials to perform the necessary cost estimating tasks; and the lack of appropriate labor skill mix. Id. at 2-5. The agency also found that although Engility had made some minor internal adjustments with personnel, these corrective actions made little observable improvement in contractor performance with acquisition documentation. Id. at 2.

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<sup>9</sup> The RFP defined "major subcontractor" as one performing \$5 million or more of the total contract effort. RFP at 1.

<sup>10</sup> Engility's incumbent Contract 7229 was not one of the past performance references the offeror included in its initial proposal, see AR, Tab 4, Engility Initial Proposal, Vol. I, Past Performance, at 1-5, but one that the offeror only first included in its FPR.

The 2015 CPAR was not the only assessment that existed regarding Engility's performance of its incumbent contract (Contract 7229). For 2013, the agency rated Engility's performance as satisfactory as to quality, cost control, schedule, business relations, and management, and very good as to security. AR, Tab 19, 2013 CPAR, at 1-2. For 2014, the agency found Engility's performance to be marginal as to both quality of product/service and security, and satisfactory as to cost control, schedule, business relations, and management. AR, Tab 20, 2014 CPAR, at 1-2. The record reflects that there was no response from Engility to either the agency's 2013 or 2014 performance assessments of Contract 7229.

The TEB completed its evaluation of offerors' FPRs on August 24. AR, Tab 21, TEB Report (FPRs), at 1. When evaluating Engility's past performance, the TEB considered the information provided by the offeror in its proposal as well as the 2013-2015 CPAR reports for Contract 7229. Id. at 16. The evaluators found all of Engility's references to be relevant, and identified various strengths under both the past performance subfactors. Id. at 16-17. However, the TEB also identified weaknesses in Engility's past performance, including as follows:

Multiple CPARS (3 of 5) of the prime Offeror included "Marginal" and "Satisfactory" ratings that specifically address their inability to meet technical and schedule requirements. These ratings were from the same contract number over multiple years of performance. One of the prime Offeror's CPARS stated that the Offeror "did not provide coordinated and consistent program management support in order to meet program office needs" and "there continued to be a lack of quality and timeliness in briefing package development." The CPAR also indicated the Offeror's tools to measure and manage program cost, schedule, performance, and risk were "not effectively implemented and an overall marginal performance was exhibited."

Id. at 16.

The TEB thereafter concluded that, based on Engility's widely-varied performance ratings (marginal to exceptional) and continued issues with ability to meet program milestones, there was a low expectation that the offeror would successfully perform the required work. Id. at 16-17. As a result, the TEB rated Engility's past performance as limited confidence. Id. at 17. The record also reflects that when making her source selection decision on October 26, the SSA "considered the initial [2015] CPAR, [Engility]'s response to it, and the revised CPAR." AR, Tab 23, Source Selection Decision, Oct. 26, 2016, at 3 n.1.

We find the Navy's past performance evaluation of Engility to be reasonable and consistent with the stated evaluation criteria. The agency evaluators properly considered both the relevance and the quality of the past performance references that Engility included in its FPR, and reasonably found that multiple CPAR reports

for the incumbent contract evidenced the offeror's inability to meet technical and schedule requirements and program milestones. Based on the inconsistent performance assessments of Engility's references, the TEB reasonably concluded that there was a low expectation that the offeror would successfully perform the required work here.

Engility argues that the Navy's past performance evaluation was unreasonable, and that the "primary criticism" of the offeror's past performance was a performance assessment which the agency knew Engility had formally disputed. We disagree. First, the record reflects that it was not only Engility's 2015 performance, but rather, the quality of its performance on the incumbent contract over 3 consecutive years, that significantly concerned the evaluators. The TEB found that "[m]ultiple CPARS (3 of 5) of the prime Offeror included 'Marginal' and 'Satisfactory' ratings," AR, Tab 21, TEB Report (FPRs), at 16, and this is supported by Engility's 2013-2015 CPARS for Contract 7229.<sup>11</sup> Second, an agency may properly consult a CPAR even if it has been challenged. We have previously held that an agency's past performance evaluation may be based on a reasonable perception of inadequate performance, regardless of whether the contractor disputes the agency's interpretation of the underlying facts, the significance of those facts, or the significance of the contractor's corrective actions. Duluth Travel, Inc., B-410967.3, June 29, 2015, 2015 CPD ¶ 207 at 5; CMJR, LLC d/b/a Mokatron, B-405170, Sept. 7, 2011, 2011 CPD ¶ 175 at 6. There is simply no prohibition on an agency considering adverse past performance information merely because the protester chooses to challenge it. Moreover, the record reflects that the SSA subsequently considered both Engility's response and the revised 2015 CPAR prior to making her source selection decision. AR, Tab 23, Source Selection Decision, Oct. 26, 2016, at 3 n.1. Engility's disagreement with the agency's judgment in this area is not sufficient to establish the agency acted unreasonably. See CMJR, LLC d/b/a Mokatron, supra.

Engility also argues that it was improper for the agency to find, as a weakness, the fact that the CPAR for a proposed subcontractor was partially redacted. In its proposal, Engility included a CPAR for proposed subcontractor [DELETED]. AR, Tab 14, Engility FPR, Vol. I, Past Performance, attach. 1, CPARs, at 15-17. The CPAR, as submitted by Engility, contained only adjectival ratings regarding the subcontractor's performance and redacted the accompanying narrative. Id. at 16-17. The TEB identified the lack of a written narrative here to be a weakness. AR, Tab 21, TEB Report (FPRs), at 16-17. We find the assigned weakness to be reasonable, as the evaluators were unable to discern what, if anything, supported the performance assessment here. Moreover, the record clearly reflects that this

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<sup>11</sup> In fact, the TEB's finding that three of five CPARs for Engility included marginal and satisfactory ratings remained unchanged even after issuance of the revised 2015 CPAR for the incumbent contract.

was considered to be a minor weakness that did not affect the overall assessment of Engility's past performance. Id.

Lastly, Engility argues that the Navy gave disproportionate weight to Engility's performance of the incumbent contract, and unreasonably double- or triple-counted the negative findings. Protest at 18 n.16. In support thereof, Engility points to the favorable performance assessments for its remaining references. We find this amounts to mere disagreement with the weight to be given to the reference here. See Metson Marine Servs., Inc., B-299705.2, July 20, 2007, 2007 CPD ¶ 160 at 7. First, there is no doubt that the Contract 7229 reference was very relevant to the work to be performed here, as it was the same work. Moreover, Engility's marginal and/or satisfactory performance existed over multiple years. There is nothing improper with the agency taking the duration of an offeror's past performance into account when considering its degree of relevance. See Nova Techs., B-403461.3, B-403461.4, Feb. 28, 2011, 2011 CPD ¶ 51 at 4; SWR, Inc.--Protest & Costs, B-294266.2 et al., Apr. 22, 2005, 2005 CPD ¶ 94 at 6. We also see nothing unreasonable about the agency's conclusion that a performance problem, occurring every year for 3 years, is three problems, and not one problem improperly counted three times. In short, although Engility disagrees with the agency's judgment regarding the significance of its persistent performance shortcomings on the incumbent contract, its disagreement does not render the agency's judgments unreasonable.

#### Evaluation of Engility's Key Personnel and Technical Approach

Engility protests the agency's evaluation of its proposal in the key personnel and technical approach areas. Engility argues that agency's evaluation was in various ways improper, and that the assigned weaknesses were unwarranted. Although we do not address all issues raised, we find Engility's assertions provide no basis on which to sustain the protest. Among other things, the record reflects that Engility was not prejudiced by the alleged errors in the evaluation of its proposal under these criteria.

#### Key Personnel Evaluation

Engility protests the Navy's evaluation of certain key personnel, specifically the senior program manager and integrated logistics engineer positions. The protester contends that the assessed weaknesses were related to minor informational "informalities," or were based on unstated evaluation criteria. Engility Protest at 31-32. Engility also contends that, in evaluating its key personnel, the agency's treatment of its proposal was unequal to the treatment of other offerors. Engility Supp. Protest, Dec. 19, 2016, at 36-43. Had the Navy conducted a proper evaluation, Engility alleges, it would have been rated as outstanding for each key personnel position and thus outstanding overall.

The RFP established four key personnel positions, with desired education and experience requirements for each. RFP at 3-4. For example, for the integrated logistics engineer position, the solicitation stated that the desired education and experience was a bachelor's degree and 3 years of experience in various integrated logistics engineering areas, including Logistics Requirements Funding Plans (LRFP) and Configuration Status Accounting Reports (CSAR). Id. at 4. The RFP instructed offerors to submit resumes for all key personnel, and stated that the agency would evaluate "the degree to which the proposed personnel meet the desired education and experience requirements." Id. at 3.

Engility's FPR contained the required key personnel resumes. AR, Tab 14, Engility FPR, Vol. III, Key Personnel, at 1-8. The TEB, when evaluating Engility's senior program manager, identified strengths for exceeding both the desired education and experience requirements. AR, Tab 21, TEB Report (FPRs), at 19. However, the TEB also identified as a weakness that the "[r]esume timeline [was] confusing and there are overlapping dates. . . . According to the resume, the Offeror worked for multiple companies (2 or 3) concurrently. Furthermore, there is an unexplained gap from Aug 2013 to June 2014 in the Offeror's employment."<sup>12</sup> Id. Based on the identified strengths and shortcomings, the TEB rated Engility's senior program manager as acceptable. Id. at 19.

With regard to Engility's integrated logistics engineer, the TEB identified strengths for exceeding both the desired education requirement and the experience requirements in various specified areas. Id. However, the TEB also identified as a weakness the lack of desired LRFP and CASR experience. Id. at 20. The TEB found that although the resume included a summary table stating that the individual had 8 years of experience in these two areas, nothing in the individual's detailed employment history supported or demonstrated the claimed experience. Id.

Engility does not dispute that its senior program manager's employment dates overlapped, or that there was an unexplained gap in the individual's experience history. Rather, the protester argues that the overlapping employment dates amounted to a minor informality that did not provide any reasonable cause for concern, and that the solicitation did not indicate that the agency would consider employment gaps when evaluating an individual's qualifications.

The evaluation of proposals in a task order competition, including the determination of the relative merits of proposals, is primarily a matter within the contracting agency's discretion, because the agency is responsible for defining its needs and the best method of accommodating them. URS Fed. Servs., Inc., B-413333, Oct. 11, 2016, 2016 CPD ¶ 286 at 6. Our Office will review evaluation challenges to

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<sup>12</sup> The TEB also identified the individual's recent frequent job changes, and the possibility of instability in the senior program manager position, as a risk. Id. at 20.

task order procurements to ensure that the competition was conducted in accordance with the solicitation and applicable procurement laws and regulations. Id. A protester's disagreement with the agency's judgment, without more, is not sufficient to establish that an agency acted unreasonably. Id.

It is an offeror's responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates compliance with the solicitation requirements and allows a meaningful review by the procuring agency. See International Med. Corps, B-403688, Dec. 6, 2010, 2010 CPD ¶ 292 at 7. Agencies are not required to infer information from an inadequately detailed proposal, or to supply information that the protester elected not to provide. Optimization Consulting, Inc., B-407377, B-407377.2, Dec. 28, 2012, 2013 CPD ¶ 16 at 9 n.17; see Affolter Contracting Co., Inc., B-410878, B-410878.2, Mar. 4, 2015, 2015 CPD ¶ 101 at 7. Moreover, as a general matter, when evaluating proposals in a task order competition, an agency properly may take into account specific, albeit not expressly identified, matters that are logically encompassed by, or related to, the stated evaluation criteria. M.A. Mortenson Co., *supra*, at 5, 8; Science Applications Int'l Corp., B-406899, Sept. 26, 2012, 2012 CPD ¶ 282 at 5, 12.

We find the evaluation of Engility's senior program manager to be reasonable. Although Engility argues that the overlapping employment dates had no impact upon the individual possessing the required experience, we find the agency evaluators could reasonably consider the individual's confusing employment history --supposedly working at multiple companies simultaneously--when assessing the individual's employment experience. Similarly, although not expressly stated in the RFP, we find that the consideration of gaps in an offeror's employment experience, especially the recent one possessed by Engility's senior program manager here, was logically encompassed by the stated experience criterion.<sup>13</sup> See Facility Servs. Mgmt., Inc., B-402757.6, B-402757.7, Feb. 10, 2011, 2011 CPD ¶ 62 at 4 (finding agency could properly take into account the recency of experience when assessing an individual's qualifications).

Engility also argues that the weakness assessed to its integrated logistics engineer was improper, and points to a table in the individual's resume which represented that the person had 8 years of experience in the LRFP and CSAR areas. However, the TEB reasonably found that individual's actual job history, which was detailed in the submitted resume, did not support the claimed experience in these areas. We

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<sup>13</sup> We find Engility's assertion of disparate treatment--insofar as its senior program manager individual allegedly possessed superior education and experience credentials to those proposed by other offerors--to be without merit. Here Engility selectively chooses the information on which it bases its argument, looking only at the identified strengths in each instance and ignoring the fact that the assigned ratings were based on an overall assessment of strengths, weaknesses, and risks.



find nothing improper with the agency evaluators reasonably considering the extent to which the summary of alleged qualifications was actually supported by the other information in the offeror's proposal. We also find no evidence of disparate treatment as the protester alleges--the experience summary submitted by BAH's integrated logistics engineer was supported by the experience in the individual's work history. AR, Tab 6, BAH FPR, Vol. III, Key Personnel, at 5.

### Technical Approach Evaluation of Engility

Engility also protests the Navy's technical approach evaluation. The TEB identified a total of 17 strengths and 7 weaknesses in Engility's technical approach proposal, and rated the firm as good under each subfactor and good overall. AR, Tab 21, TEB Report (FPRs), at 17-19. BAH's technical approach, by contrast, was rated as outstanding overall. Id. at 7-9. Engility challenges the weaknesses assigned here and argues that it should also have been rated as outstanding, thereby "reduc[ing] if not completely eliminat[ing] any discriminators in favor of BAH over Engility" under this evaluation factor. Engility Protest at 32. We need not decide, however, whether the agency's evaluation of Engility's technical approach was unreasonable because we find that Engility has not demonstrated that it was prejudiced here.

Competitive prejudice is an essential element of a viable protest; where the protester fails to demonstrate that, but for the agency's actions, it would have had a substantial chance of receiving the award, there is no basis for finding prejudice, and our Office will not sustain the protest. Swets Info. Servs., B-410078, Oct. 20, 2014, 2014 CPD ¶ 311 at 14; Lockheed Martin Integrated Sys., Inc., B-408134.3, B-408134.5, July 3, 2013, 2013 CPD ¶ 169 at 8; see Statistica, Inc. v. Christopher, 102 F.3d 1577 (Fed. Cir. 1996).

As a preliminary matter, the record reflects that the agency evaluators found the challenged shortcomings in Engility's technical approach were minor ones. The shortcomings did not alter the TEB's view that Engility's proposal met or exceeded all RFP requirements, and that the advantages and strengths outweighed the weaknesses, thereby resulting in a "good" overall rating. AR, Tab 21, TEB Report (FPRs), at 17-19. Further, in contrast to Engility's assertion that elimination of its challenged weaknesses would reduce and/or eliminate any technical approach advantage possessed by BAH, the record reflects that the SSA placed no reliance on BAH's superior technical approach when making her best value determination. The SSA instead found that it was BAH's superiority over Engility under the most important factor, past performance, where BAH was rated two levels higher, that made BAH's proposal technically superior overall and the best value to the government. In sum, even without the technical approach weaknesses which

Engility disputes, the record reflects that the SSA would still have found BAH remained technically superior to Engility overall, and the best value.<sup>14</sup>

### Cost Realism Evaluation of Engility

Engility also challenges the agency's cost realism evaluation of its proposal. The protester argues that the agency's evaluation of Engility's direct labor rates and option-year escalation rates was unreasonable and resulted in unwarranted upward adjustments to the offeror's proposed cost. As detailed below, we find no merit to Engility's various challenges to the agency's cost realism evaluation.

When an agency evaluates proposals for the award of a cost-reimbursement contract or task order, an offeror's costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. FAR §§ 16.505(b)(3); 15.305(a)(1); BlueWater Fed. Solutions, Inc., B-413758, Dec. 12, 2016, 2016 CPD ¶ \_\_ at 6; TeleComm. Sys., Inc., supra, at 10. Consequently, an agency must perform a cost realism analysis to determine the extent to which an offeror's proposed costs are realistic for the work to be performed.<sup>15</sup> FAR §§ 15.404-1(d)(1), 16.505(b)(3); Solers Inc., B-409079, B-409079.2, Jan. 27, 2014, 2014 CPD ¶ 74 at 4. An agency's cost realism analysis requires the exercise of informed judgment, and we review an agency's judgment in this area only to see that the cost realism analysis was reasonably based and not arbitrary. TeleComm. Sys., Inc., supra. The analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the agency's conclusions about the most

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<sup>14</sup> We also find Engility's assertion that the Navy's reevaluation irrationally resulted in "disappearing strengths" and "phantom weaknesses" to be without merit, and its reliance on our decision in eAlliant, LLC, B-407332.6, B-407332.10, Jan. 14, 2015, 2015 CPD ¶ 229, is misplaced. Engility Protest at 21. In eAlliant, we found that where the same SSA reviews significantly different evaluation results of essentially the same proposal, submitted by the same offeror, under the same solicitation, it was incumbent upon the SSA to reconcile or explain the starkly different evaluation conclusions. eAlliant, LLC, supra, at 11-12 (citing CIGNA Gov't Servs., LLC, B-401062.2, B-401062.3, May 6, 2009, 2010 CPD ¶ 283). Here, however, the record reflects that Engility's FPR differed markedly from its initial proposal--Engility made changes to its proposal in every evaluation area, including the outright substitution of one of its past performance references--and a different SSA reasonably reached different conclusions about the merits of this revised proposal.

<sup>15</sup> The end product of a cost realism analysis is the total estimated cost (i.e., "most probable cost") that the agency realistically expects to pay for the offeror's proposed effort, and it is the estimated cost, and not the offeror's proposed cost, that must be the basis of the agency's source selection determination. Innovative Test Asset Solutions, LLC, B-411687, B-411687.2, Oct. 2, 2015, 2016 CPD ¶ 68 at 14 n.19.

probable costs for an offeror's proposal are reasonable and realistic in view of other cost information reasonably available to the agency at the time of its evaluation. Id.

As stated above, the RFP included a table that specified the labor categories and staffing levels that offerors were required to use in their submissions--a total of 479,040 hours in 42 labor categories over the 5-year performance period.<sup>16</sup> RFP at 5-6. The RFP also specified the "other direct costs" (i.e., travel, materials) that offerors were to use in their proposals. Id. at 7. Consequently, offerors' cost proposals were essentially limited to the submission of unburdened direct labor rates, burdened labor rates, escalation, and fee. Id. at 7-8.

In its FPR, Engility utilized the RFP-required labor categories and staffing levels. AR, Tab 15, Engility FPR, Vol. IV, Cost Proposal, at 2-5. Engility's cost proposal also included a table which cross-referenced the RFP's labor categories to the offeror's internal labor categories (e.g., T02, T03). Id., Appendix B, Labor Category Cross Reference, at 1-2. Engility's internal labor categories were broad in scope and each encompassed a wide range of labor positions. For example, the record reflects that Engility cross-referenced the 42 RFP-required labor categories to five of its internal labor categories. Id. Further, Engility's internal labor categories were not made up exclusively of the RFP-required ones, but included other labor positions as well. See id., Appendix D, Escalation Validation, at 1-2.

Engility based its proposed direct labor rates on a 2016 forward pricing rate recommendation (FPRR)<sup>17</sup> issued by the Defense Contract Management Agency (DCMA) for Engility's internal labor categories.<sup>18</sup> Id., Appendix C, DCMA FPRR Letter, at 2. Engility's FPRR rates were not specific to any particular geographic location, but rather, applied companywide. Id. Further, Engility's FPRR rates were

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<sup>16</sup> The solicitation, however, generally provided no description for any of the mandated labor categories: there were no minimum education requirements, no minimum experience requirements, and no description of duties and responsibilities for any of the RFP labor categories other than the key personnel. Thus, while the RFP required, for example, offerors to propose two senior acquisition management analysts--and to submit a cross-reference list between RFP-specified labor categories and internal labor categories--it provided no instruction on how offerors were to determine the qualifications for the required positions. RFP at 5, 8.

<sup>17</sup> A FPRR is a set of rates unilaterally issued by the administrative contracting officer for use by the Government in negotiations or other contract actions when a forward pricing rate agreement has not been established with a contractor. FAR §§ 2.101, 42.1701.

<sup>18</sup> Engility took its 2016 FPRR rates for its internal labor categories, and adjusted each upward by [DELETED] percent for the base contract period and each option year.

essentially composites of the different labor rates grouped together within each internal labor category. Specifically, “[e]ach Engility direct labor bid rate represents the average hourly rate of all Engility personnel within that particular category.” AR, Tab 15, Engility FPR, Vol. IV, Cost Proposal, at 4. Further, although Engility was the incumbent contractor for the work being performed here, and had proposed various incumbent employees, Engility did not base its direct labor rates upon existing payroll data. See id. at 3-4.

The CET, when evaluating Engility’s cost proposal, was aware that the offeror had based its direct labor rates on the 2016 FPRR for its internal labor categories. AR, Tab 22, CET Report (FPRs), at 14. However, the cost evaluators also analyzed available 2015 Engility salary information for the San Diego area, where the work here was to be performed. Id. at 15. The CET was able to consider 23 different labor rates, which fell into four of the five internal labor categories which Engility had proposed. Id. The CEB found that Engility’s actual rates for 2015 averaged \$4.68 per hour higher than the offeror’s proposed starting rates for 2016, as follows:

Number of Rates	[Engility] Labor Category	[Engility 2016] Proposed	2015 Actual	Delta
2	A02	[\$[DELETED]]	[\$[DELETED]]	\$4.70
3	T02	[\$[DELETED]]	[\$[DELETED]]	\$6.03
7	T03	[\$[DELETED]]	[\$[DELETED]]	\$1.43
11	T04	[\$[DELETED]]	[\$[DELETED]]	\$6.54
<b>23</b>	<b>Average</b>	<b>\$36.73</b>	<b>\$41.41</b>	<b>\$4.68</b>

Id. (table formatted as in original)

The CEB concluded that, absent any discussion in Engility’s proposal about utilizing different employees, the offeror’s 2015 actual direct labor rates for each internal labor category proposed represented a more realistic “starting point” for its cost realism analysis. Id.

The CEB also reviewed Engility’s escalation rate, [DELETED] percent annually, and found it to be unsupported and unrealistic. Id. Specifically, the agency evaluators found that Engility’s proposed rate of [DELETED] percent was substantially lower than the escalation rate which Engility had represented to DMCA ([DELETED] percent annually), the 3-year average escalation rate computed by the CEB for Engility’s San Diego employees ([DELETED] percent annually), and the IHS Global Insight Escalation rate (approximately 2.7 percent annually).<sup>19</sup> Id. at 5, 14-15; see

<sup>19</sup> IHS Global Insight is an annual forecast of various labor markets. The CEB used the IHS Global Insight forecast for professional, scientific, and technical wages and salaries in its cost evaluation.

also AR, Tab 15, Engility FPR, Vol. IV, Cost Proposal, Appendix C, DMCA FPRR Letter, at 2 (“[f]or proposals with performance periods beyond 2016, Engility advised [that] the company used an escalation factor of [DELETED]% . . .”). The CEB then elected to use the IHS Global Insight rate instead.<sup>20</sup>

We find the Navy’s cost realism evaluation of Engility to be reasonable and consistent with the stated evaluation criteria. As a preliminary matter, as set forth above, Engility’s internal labor categories each represented broad groupings of labor positions that encompassed both the labor categories required by the RFP here as well as other, unrelated labor positions. Similarly, Engility’s FPRR rates for its internal labor categories represented rate averages “of all Engility personnel within that particular category,” AR, Tab 15, Engility FPR, Vol. IV, Cost Proposal, at 4; again both those labor categories required by the RFP and otherwise. Engility’s proposal also did not state that the specific individuals proposed, including incumbent employees, would be paid at its FPRR rates.

The agency evaluators analyzed the cost elements in Engility’s proposal and reasonably found the offeror’s actual 2015 labor rates, involving four of the five internal labor categories utilized by Engility here, were substantially higher than the offeror’s proposed direct labor rates. The evaluators also considered the fact that Engility’s 2015 salary information was for the San Diego area, where the work here was to be performed. The CEB reasonably concluded that this salary data was more realistic than Engility’s proposed FPRR rates for the labor categories required here, and utilized this actual salary data as the basis for the adjustments to the offeror’s proposed direct labor rates.

Engility argues the agency’s adjustments to its direct labor rates were unwarranted. Engility contends that it had provided 2015 salary information for certain individuals employed in the San Diego area only for the purpose of validating its proposed escalation factor. Based on a few, isolated salaries, the protester argues, it was unreasonable for the agency to recalculate new average direct labor rates for four of Engility’s five internal labor categories. We disagree.

As a preliminary matter, Engility does not dispute the fact that the 2015 salary data included in its proposal was higher--more than \$4.50 an hour on average--than its 2016 proposed rates for the same internal labor categories. Further, there is no dispute that Engility’s FPRR rates were applicable companywide, whereas the actual salary data considered by the CEB was for the specific geographic location where the work here was to be performed. We find the fact that Engility only intended that its actual salary data be used to validate its escalation rate did not

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<sup>20</sup> The record reflects that the CEB utilized the IHS Global Insights escalation rate in all instances where offerors did not have labor inflation as part of their FPRR. Id. at 5.

preclude the agency from otherwise relying on it where appropriate. As set forth above, Engility's FPRR rates represented averages of all the different labor rates that the firm grouped together into its internal labor categories, and not the rates that the offeror would necessarily pay for any of the labor categories required here. Accordingly, we find the agency's consideration of Engility's actual cost data, when determining the realism of the offeror's proposed direct labor rates, to be reasonable.

We also find the agency's adjustment of Engility's escalation rate to be reasonable. The cost evaluators reasonably found Engility's proposed rate was not supported, as the offeror claimed, by actual salary information, and was in conflict with both the firm's previous representation to DCMA and the IHS Global Insight rate. While Engility argues that its escalation rate was fair, we find the agency's use of the IHS Global Insight rate for all offerors to be unobjectionable. Titan Corp., B-260557, June 18, 1995, 95-2 CPD ¶ 89; Oasis Sys., LLC; Quantech Servs., Inc., B-408227.10 et al., Apr. 28, 2016, 2016 CPD ¶ 124 at 10.

#### Cost Realism Evaluation of BAH

Engility also protests the agency's cost realism evaluation of BAH. The CEB found, when evaluating BAH's final cost proposal, that the offeror had utilized the RFP-required labor categories and staffing levels, and also verified the labor rates for 12 individuals proposed by name. AR, Tab 22, CEB Report (FPRs), at 5-7. For non-named individuals, however, the CEB found that the average labor rate percentiles used by BAH were not realistic for the junior, mid-level, and senior-level personnel proposed, thereby resulting in a \$3.3 million adjustment to the offeror's proposal. Id. at 5. Our review indicates that the agency's cost realism evaluation of BAH was reasonable.

Engility argues that the agency's cost evaluation of BAH was improper, insofar as the Navy failed to adequately take into account the substantial reduction in BAH's revised cost from the offeror's initial proposal. The protester points to the fact that BAH's FPR significantly reduced the experience levels of various labor categories. Engility also contends that having previously found BAH's initial \$45 million proposed cost to be realistic, the agency could not then also find BAH's lower revised cost to be realistic. We disagree. The record reflects that BAH, in its FPR, made reductions to the experience levels of its proposed various labor categories. AR, Tab 26, BAH FPR, Vol. IV, Cost Proposal, at 1 ("Booz Allen optimized the proposed staffing plan by reducing labor category experience to provide a more cost efficient solution . . ."). As set forth above, the RFP established no education and experience requirements for any of the RFP labor categories other than the key personnel, and no offeror challenged this patent ambiguity. Thus, BAH's decision to reduce the experience for its proposed labor categories did not run afoul of the solicitation, nor preclude the agency from finding BAH's revised direct labor rates to be realistic vis-à-vis the reduced experience levels of its proposed personnel.

Engility also argues that the agency's cost realism evaluation of BAH failed to conduct the required "cross-walk" between the awardee's cost and technical submissions. The protester argues that the cost realism evaluation was required to determine whether BAH's proposed costs were realistic in light of the unique methods of performance in the offeror's technical proposal. Engility Supp. Protest, Dec. 19, 2016, at 53; Engility Supp. Comments, Jan. 9, 2017, at 15. The agency argues that no such analysis was required as part of the cost realism evaluation of any offeror here, including BAH, because offerors were not permitted to propose unique methods of performance. Supp. COS/MOL at 6-7. We agree.

While the protester is correct that, in a typical cost realism evaluation setting, agencies are responsible for considering the realism of a firm's proposed costs in light of its unique technical approach, see e.g., TeleCommunication Sys., Inc., supra, at 11; that general rule is inapplicable here because of how the solicitation was structured. As discussed above, the RFP specified the labor categories and labor amounts (as well as other direct costs) that offerors were required to use in their cost submissions, and thus controlled all variables except direct and burdened labor rates, escalation rate, and fee. Thus, all of the offerors' cost proposals were based on an identical technical approach that was dictated by the terms of the RFP, and used the same labor categories and labor amounts. It was therefore not necessary for the agency's cost evaluation to take into consideration each offeror's "unique" technical approach here because the RFP did not allow offerors to propose any.<sup>21</sup> Energy Enter. Solutions, LLC; Digital Mgmt., Inc., B-406089 et al., Feb. 7, 2012, 2012 CPD ¶ 96 at 9-10; see Booz Allen Hamilton, Inc., B-412744, B-412744.2, May 26, 2016, 2016 CPD ¶ 151 at 10.

### Best Value Tradeoff

Lastly, Engility protests the agency's best value tradeoff determination. The protester argues that even assuming the underlying evaluation of proposals was reasonable, the agency failed to adequately justify the selection of BAH's higher cost proposal. We disagree.

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<sup>21</sup> We also find no merit in Engility's assertion that the Navy's evaluation of BAH's technical approach failed to properly consider the proposed use of less qualified personnel in the awardee's cost submission. Engility Supp. Protest, Jan. 9, 2017, at 19-20. As a preliminary matter, it is the realism of an offeror's cost proposal that must be assessed in light of the offeror's technical submission, see, e.g., Honeywell Tech. Solutions, Inc., B-400771, B-400771.2, Jan. 27, 2009, 2009 CPD ¶ 49 at 19; Magellan Health Servs., B-298912, Jan. 5, 2007, 2007 CPD ¶ 81 at 13, and not vice versa. Moreover, our review of the record indicates that those instances where BAH reduced its labor category qualifications in its FPR cost submission (generally for junior positions) did not alter the qualifications of named individuals within BAH's technical approach submission.

Where, as here, a procurement provides for issuance of a task order on a best-value basis, it is the function of the selection official to perform a cost/technical tradeoff, that is, to determine whether one proposal's technical superiority is worth its higher cost. TeleCommunication Sys., Inc., supra. An agency has broad discretion in making a tradeoff between cost and noncost factors, and the extent to which one may be sacrificed for the other is governed only by the tests of rationality and consistency with the solicitation's stated evaluation criteria. Id.; Portage, Inc., B-410702, B-410702.4, Jan. 26, 2015, 2015 CPD ¶ 66 at 19. The agency's rationale for any cost/technical tradeoffs made and the benefits associated with the additional costs must be adequately documented. FAR §§ 16.505(b)(1)(iv)(D), (b)(7)(i); see Lockheed Martin Integrated Sys., Inc., B-408134.3, B-408134.5, July 3, 2013, 2013 CPD ¶ 169 at 10. However, there is no need for extensive documentation of every consideration factored into a tradeoff decision. FAR § 16.505(b)(7); Lockheed Martin Integrated Sys., Inc., supra. Rather, the documentation need only be sufficient to establish that the agency was aware of the relative merits and costs of the competing proposals and that the source selection was reasonably based. Id.

The SSA, when making her cost/technical tradeoff determination, first reviewed the technical and cost evaluation findings as well as the relative importance of the solicitation's evaluation criteria. AR, Tab 23, Source Selection Decision, Oct. 26, 2016, at 1-4. The SSA then made the following determination:

It is true that BAH submitted the highest-priced proposal. However, its adjusted cost is only . . . 4.3% higher than [Engility] over the five year period. Because BAH received a rating of Relevant with Substantial Confidence in the most important factor [past performance], the government has a high degree of confidence that BAH will successfully perform the required effort. Significantly, the TEB noted that every CPAR offered by BAH noted BAH's ability to perform with little or no government oversight, and further noted the quality and timeliness of BAH's contract deliverables. Based on those findings, any additional costs of awarding to BAH will likely be offset by savings to the Government associated with reduced oversight and correction of contractor performance. Because the program office relies heavily on contractor support for day to day activities and needs a contractor to help meet program objectives, reduced costs of oversight (both in dollars and time) are significant. The proposal from BAH offers the highest confidence of successful performance. While . . . [Engility] received [a] rating[] of Acceptable – and can therefore theoretically meet the government's requirements – [its] proposal had a number of weaknesses that BAH's did not. This is especially true . . . , in light of the TEB's concerns about [Engility]'s performance as the incumbent contractor. The potential advantages offered by BAH – both in terms



of performance quality and reduced government oversight costs – are well worth the small cost premium of BAH's proposal.

Id. at 5.

We find that the agency's source selection decision was reasonable and consistent with the solicitation's evaluation criteria, and well-documented, i.e., the decision sets forth in extensive detail the SSA's rationale for the tradeoff between cost and noncost considerations in making the award decision. As the record demonstrates here, the SSA detailed why she believed BAH's past performance advantages clearly outweighed the additional costs, and adequately documented the rationale for this cost/technical tradeoff. As the SSA stated, "[t]he potential advantages offered by BAH--both in terms of performance quality and reduced government oversight costs--are well worth the small cost premium of BAH's proposal." Id.

The protest is denied.

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