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## Decision

**Matter of:** Noblis, Inc.  
**File:** B-414055  
**Date:** February 1, 2017

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Nora K. Adkins, Esq., and Amy B. Pereira, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. Protester was not misled or treated unequally by the agency where all offerors were provided the same information and were permitted to structure their proposals to best address the solicitation requirements based on their own business judgment.
2. Protest challenging the agency's cost realism calculations and methodology is denied where the agency's use of the standard deviation methodology was reasonable and any errors in the agency's calculation of the standard deviation did not prejudice the protester.
3. Protest challenging the agency's assessment of performance risk is denied where the solicitation advised all offerors that the results of the cost realism analysis could be used by the source selection authority to assess performance risk and the agency reasonably assessed performance risk based upon the agency's concern about the protester's low labor rates in a highly competitive labor market.
4. Protest challenging the agency's best-value tradeoff decision is denied where the agency's decision was reasonable and in accordance with the solicitation's criteria.

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### DECISION

Noblis, Inc., of Falls Church, Virginia, protests the award of a contract to Vencore, Inc., of Chantilly, Virginia, by the General Services Administration (GSA), Federal

Acquisition Service, on behalf of the National Oceanic and Atmospheric Administration (NOAA), pursuant to request for proposals (RFP) No. ID01150067 for systems engineering and technical support services supporting the National Environmental Satellite, Data, and Information Service (NESDIS). The protester challenges multiple aspects of the agency's evaluation and source selection decision.

We deny the protest.

## BACKGROUND

The NESDIS is responsible for the implementation of new flight and ground systems and the modification of existing systems needed to operate environmental satellites, and to collect, process, distribute, and archive satellite data for the nation's civilian environmental satellite (spacecraft and sensor) program. RFP, Statement of Work (SOW), at 5. The systems include computers, communications, radio frequency equipment, and the associated hardware and software. Id. The NESDIS is also responsible for performing similar work on cooperative missions with other United States government agencies, foreign governments, and organizations. Id. The NESDIS is responsible for the information technology architecture and security of all computer systems processing environmental data and supporting both operational and administrative functions of the systems. Id.

On April 26, 2016, GSA issued the solicitation pursuant to Federal Acquisition Regulation (FAR) part 15 procedures to acquire system engineering and technical support services in support of the NESDIS for a 1-year base period and four 1-year options. Id. at 3, 8. The RFP anticipated the award of a cost-plus-fixed-fee contract on a best-value tradeoff basis based on five evaluation factors: corporate capability; key personnel qualifications; management capability; past performance; and cost. Id. at 45, 53, 56. The solicitation provided that the non-cost evaluation factors, which were listed in descending order of importance, when combined, were more important but not significantly more important than cost. Id. at 53.

Under the corporate capability factor, offerors were required to detail the services proposed to perform all requirements of the contract; detail their corporate capability performing services that are similar to the scope and magnitude of the services proposed; and detail how their corporate capability relates to the services proposed for performing the contract. Id. at 48. The agency planned to evaluate an offeror's corporate capability to assess: the offeror's understanding of government requirements; the quality of the proposed services; and the likelihood of successfully performing the prospective contract. Id. at 54. Under the key personnel qualifications factor, offerors were required to provide a written narrative from each of the four key personnel detailing his or her respective education, knowledge, skills, ability, and current or prior experience providing the services proposed here. Id. at 49. The agency planned to evaluate the proposed key

personnel's education, knowledge, skill, and abilities to assess their understanding of government requirements; the quality of the proposed services; and the likelihood of successful performance. Id. at 55.

Under the management capability factor, offerors were required to submit a staffing plan, transition plan, and subcontract management plan. Id. at 49. The agency planned to evaluate an offeror's management capability to assess their understanding of government requirements; the quality of the proposed services; and the likelihood of the offeror successfully performing the prospective contract. Id. at 56. Finally, under the past performance factor, offerors were required to identify past or current contracts for efforts similar to the requirements here. Id. at 49. The agency planned to evaluate the currency and relevance of the past performance information, source of the information, context of the data, and the general trends in an offeror's past performance. Id. at 53.

With respect to costs, the solicitation required offerors to submit a cost narrative, which detailed the processes used to develop the estimated cost and fee, and cost details, which consisted of the proposed cost elements and the fee. Id. at 46. The offerors were required to provide their cost details in an excel spreadsheet (cost spreadsheet) provided by the agency. Id. The cost spreadsheet stipulated/fixed the labor categories and hours for purposes of evaluation. Agency Report (AR), Tab 6, attach. J-1, Cost Spreadsheet. A separate RFP attachment defined the labor categories listed in the cost spreadsheet. AR, Tab 6, attach. J-3, Labor Category Definitions. Offerors were required to include the costs of direct labor, indirect costs, subcontracts, travel (stipulated), other costs (stipulated), and the proposed fixed fee for completing all requirements of the contract. RFP at 46-47. The solicitation provided that pricing shall be provided at the quantities shown for all labor categories in the cost spreadsheet. Id. at 48. The RFP also advised that the proposed prices would be used to create a ceiling rate for each labor category. Id.

The solicitation stated that the agency would evaluate cost proposals for completeness, compliance with the RFP instructions, price reasonableness, and cost realism. Id. at 53. In evaluating cost realism, the RFP provided that the agency would assess whether the estimated proposed cost elements reflect a clear understanding of the requirements; are realistic for the work to be performed; and are consistent with the methods of performance and materials described in the offeror's technical proposal. Id. The cost realism analysis would be used to adjust an offerors' proposed cost to the most probable cost, which would be used to evaluate offers for award. Id. The solicitation also advised that the results of the cost realism analysis could be considered by the source selection authority in assessing performance risk. Id. at 56.

The agency received proposals from seven offerors. AR, Tab 19, Source Selection Decision (SSD), at 2. The proposals of Noblis and Vencore were evaluated as follows:

	<b>Noblis</b>	<b>Vencore</b>
<b>Corporate Capability</b>	Very Good	Very Good
<b>Key Personnel</b>	Very Good	Outstanding
<b>Management Capability</b>	Outstanding	Outstanding
<b>Past Performance</b>	High Confidence	High Confidence
<b>Total Proposed Price</b>	[DELETED]	[DELETED]
<b>Total Evaluated Price</b>	\$93,632,380	\$113,071,603

AR, Tab 14, Source Selection Evaluation Board (SSEB) Report, at 39; Tab 15, Cost Report, at 3.

Based on the agency’s assessment of the relative strengths, deficiencies, significant weaknesses, and risks of the proposals, the source selection authority (SSA) selected the proposal of Vencore as the best-value offer. AR, Tab 19, SSD at 1. In making this determination, the SSA found that Noblis’ proposal was overall “very good,” but that Vencore’s proposal was technically superior. Id. at 3. The SSA noted that Noblis’ proposal was evaluated as moderate to high risk of cost growth or failure of performance due to its labor category costing structures, while Vencore’s proposal represented the highest likelihood of successful contract performance. Id. at 3-4. The SSA concluded that Noblis’ offer, as one of the lowest-priced proposals, could not provide the best value in light of the technically superior competing offers and the agency’s desire to give greater weight to the non-cost factors over cost. Id. On October 17, Vencore was awarded the contract.

Noblis received notice of the award and a debriefing. This protest followed.

## DISCUSSION

Noblis challenges multiple aspects of the agency’s evaluation and source selection decision. The protester contends that the agency misled Noblis and treated it unequally. The protester also alleges that the agency’s evaluation relied upon multiple unstated evaluation factors, the cost realism evaluation was unreasonable, the assessment of performance risk was improper, and the best-value tradeoff decision was unreasonable and inadequately documented. Although we do not specifically address all of Noblis’ numerous allegations, we have fully considered all of them and find that they do not provide a basis on which to sustain the protest.<sup>1</sup>

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<sup>1</sup> For example, the protester asserts that four of Vencore’s proposed labor categories failed to meet the minimum educational and experience requirements of the RFP. The agency responds that it reasonably concluded that Vencore’s proposal met the minimum labor category requirements because Vencore

(continued...)

## Misleading Information and Unequal Treatment

Noblis asserts that it has unique insights into the necessary qualifications for the workforce needed to successfully support the NESDIS because it is essentially the incumbent providing these services.<sup>2</sup> In this regard, Noblis argues that even though it understood that a higher level of education and experience was needed to successfully perform the contract, the agency misled it into submitting a low-cost proposal, which matched the RFP's education and experience requirements, and treated it unequally when it rated its proposal lower than proposals submitted by other offerors. As explained below, we find no basis to sustain the protest.

Noblis contends that its unique insights arose from its decades-long support to NOAA. Most recently, Noblis explains that it held a blanket purchase agreement (BPA) with NOAA as a prime contractor under Noblis' GSA schedule contract for MOBIS (Mission Oriented Business Integration Services). The most recent work accomplished by Noblis under this BPA was to provide program and project management services for the NESDIS. Thus, Noblis argues that its work under this BPA is a significant portion of the work included in the current systems engineering and technical support services solicitation.

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(...continued)

committed, throughout its proposal, to meet and/or exceed the minimum requirements. See AR, Tab 10, Vencore Cost Proposal, at A-2 ("Our internal labor categories fully meet all the skills, experience, and certification requirements, 48% of our labor categories exceed the minimum skill levels and experience."). The agency also contends that the table found in Vencore's proposal that maps to Vencore's internal labor categories, upon which Noblis' bases its allegation, does not demonstrate that Vencore will not meet the minimum requirements. Rather, the agency explains that the labor category mapping table demonstrates the minimum education and experience level for Vencore's internal labor categories and not staffing that Vencore will provide. In this regard, the agency asserts that Noblis disregards the plain language in Vencore's proposal, which states that Vencore will meet and/or exceed the requirements. We find nothing unreasonable about the agency's conclusions. The Mangi Env'tl. Group, Inc., B-401783, Nov. 20, 2009, 2009 CPD ¶ 231 at 3 (In reviewing protests challenging an agency's evaluation of proposals, our Office does not reevaluate proposals, but rather examines the record to determine whether the agency's judgment was reasonable and in accord with the stated evaluation criteria and applicable procurement laws and regulations.).

<sup>2</sup> Noblis notes that the systems engineering and technical support services effort is new and Noblis is not the incumbent as a technical matter. Nonetheless, Noblis asserts that the term incumbent is applicable here as the work is, on the whole, work that Noblis is currently performing.

Based on its prior experience, Noblis argues that before submitting its proposal it was aware of the need for personnel under the solicited labor categories to have the necessary education and experience to satisfy the requirements of the work. However, Noblis contends that given the cost realism requirements of the solicitation, it was also aware that it would be a challenge to propose prices that were both competitive and realistic, and that would support the hiring of personnel with the education and experience necessary to satisfy the statement of work. In an attempt to address the problems it saw in the RFP, Noblis submitted a question to the agency prior to the closing date for receipt of proposals, which asked:

a. Would the Government please consider adding educational requirements for all levels of Engineer, Scientist, and Technician?

b. Would the Government please consider expanding the years of experience requirements for the Engineer, Scientist and Technician categories, for example:

Engineer 1: 0-2 years  
Engineer 2: minimum of 5 years  
Engineer 3: minimum of 8 years  
Engineer 4: minimum of 12 years  
Engineer 5: minimum of 18 years

AR, Tab 29, Question and Answers, at 3. The agency answered “[t]here are no changes to Attachment J3 [labor categories].” Id.

In light of the agency’s response, Noblis states that it prepared its technical and cost proposals in accordance with the solicitation’s requirements and the agency’s answers to questions. Noblis asserts that while its proposal provided realistic pricing for the required labor categories, the proposal also acknowledged the risk in this approach, and provided a note of caution to the agency. In this regard, Noblis’ proposal provided:

Based on our understanding of the work that is currently being performed across NOAA that will fall under the upcoming SETS contract, we see a huge risk around the current set of labor categories. With impending NOAA Satellite launches in the fall, new data streams that need to be integrated this year, advanced technical target architectures to be defined, etc., as well as the requirements by some of the current organizations and programs that staff being interviewed and hired must have technical degrees plus years of similar experience, we believe that current NOAA programs and future milestones will be at a high level of risk without more criteria around engineering, technical and scientific positions.

We believe much of the current work cannot be accomplished by junior and semi-skilled staff who have no educational requirements or zero to three years of experience. For example, there are currently no education requirements or certification requirements associated with critical, heavily weighted, positions such as engineering, technician and scientist. We also believe there should be more than a three year span of experience differentiation between the lower three levels of these three labor category families in order to supply NOAA with a broad range of experience across these disciplines.

AR, Tab 9, Noblis Cost Narrative, at 3. Noblis also provided a table identifying some of the highly credentialed employees currently performing the work for NESDIS. Id. However, Noblis did not propose these individuals for any labor categories. Id.

As a result of Noblis' approach, the agency concluded that the proposal presented moderate to high risk of cost growth or failure of performance due to its labor category costing structures. AR, Tab 19, SSD, at 3-4. In reaction to this assessment, Noblis argues that the agency misled it into submitting a low-cost proposal and treated it unequally when it rated its proposal lower than proposals submitted by other offerors.<sup>3</sup>

It is a fundamental principle of government procurement that competition must be conducted on an equal basis; that is, offerors must be treated equally and be provided with a common basis for the preparation of their proposals. Lockheed Martin Corp., B-411365.2, Aug. 26, 2015, 2015 CPD ¶ 294 at 14. However, if the solicitation provides a common basis on which to submit proposals, offerors' differing approaches that merely reflect the differing business judgments of competing offerors in a best-value procurement do not provide a basis for our Office

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<sup>3</sup> The protester also contends, throughout its protest, that the agency held Noblis to a higher standard by referencing its performance and labor rates on its prior BPA. We find unobjectionable the agency's reference to this information as it was Noblis that relied upon such information in its technical and cost proposal. For example, and as stated above, Noblis touted its prior performance as the "incumbent" and also criticized the agency's labor category education and experience requirements based on this experience. Thus, we find that the agency properly considered the information within Noblis' proposal in reaching its evaluation judgments and did not evaluate Noblis' proposal using unstated evaluation criteria. The protester's disagreement with these judgments does not provide us with a basis to sustain the protest. See HP Enter. Servs., LLC, B-410212.2, Jan. 26, 2015, 2015 CPD ¶ 54 at 9 (A protester's disagreement with an agency's judgment, by itself, is insufficient to establish that the agency acted unreasonably.).

to object to the agency's evaluation. CAE USA, Inc., B-293002, B-293002.2, Jan. 12, 2004, 2004 CPD ¶ 25 at 15.

With respect to Noblis' allegation that it was misled by the agency to submit a low-cost proposal, we find no merit in the protester's argument. The RFP identified labor category requirements for offerors, the definitions of these categories were provided as an attachment to the RFP. The solicitation did not mandate low-cost offers, nor did it prohibit offerors from exceeding the minimum labor category requirements or structuring their cost proposals using higher-cost labor. Rather, the solicitation permitted differing approaches in the context of a best-value procurement where award would be made on a best-value tradeoff basis, which considered non-cost factors to be more important than cost.

On this basis, we find that Noblis' exercise of its business judgment, as to how best to meet the agency's requirements and cost its proposal, in no way suggests that it was misled by the agency. In this regard, the onus was on Noblis to choose how to structure its proposal in order to be competitive.

With respect to Noblis' claim that it was treated unequally, the solicitation, as well as the questions and answers, were published on the Federal Business Opportunities (FedBizOpps) website and all firms had equal access to this information. Accordingly, we find no basis to support the protester's claims that it was treated differently because all offerors were provided the same information. See LCPtracker, Inc.; eMars, Inc., B-410752.3 et al., Sept. 3, 2015, 2015 CPD ¶ 279 at 6 (agency did not engage in disparate treatment where the solicitation and answers to questions provided the same information to all firms). Again, the solicitation permitted differing approaches which put the burden on offerors to choose how to best structure their proposal. After making a business decision to provide a low-cost solution, Noblis cannot now argue that it was treated unequally based upon its decision. Moreover, nothing in the record demonstrates unequal treatment. To the extent that the protester is essentially arguing that it was unreasonable for the agency to refuse to modify the solicitation to remove the risk of poor performance, as pointed out by Noblis in its proposal, these arguments are untimely challenges to the terms of the solicitation. 4 C.F.R. § 21.2(a)(1).

### Cost Realism

Noblis argues that the agency failed to evaluate whether the direct labor rates proposed by offerors were realistic and instead relied on a mechanical application of a standard deviation methodology. Noblis also argues that Vencore's use of



multiple rates per labor category skewed the standard against which Noblis was evaluated, resulting in a flawed and unreasonable cost realism analysis.<sup>4</sup>

As discussed above, the contract was to be awarded on a cost-plus-fixed-fee basis, and provided for the evaluation of the realism of offerors' proposed costs. RFP at 45, 53. When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. FAR §§ 15.305(a)(1), 15.404-1(d); Nat'l Gov't Servs., Inc., B-412142, Dec. 30, 2015, 2016 CPD ¶ 8 at 8. 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. FAR § 15.404-1(d)(1); Noridian Admin. Servs., LLC, B-401068.13, Jan. 16, 2013, 2013 CPD ¶ 52 at 4. In assessing cost realism, an agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or to verify each item; rather, the evaluation requires the exercise of informed judgment by the contracting agency. AdvanceMed Corp.; TrustSolutions, LLC, B-404910.4 et al., Jan. 17, 2012, 2012 CPD ¶ 25 at 13. Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. Jacobs COGEMA, LLC, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

The solicitation required offerors to enter their cost details on the agency's cost spreadsheet. RFP at 46. The spreadsheet identified 32 stipulated labor categories and assigned labor hours for each category. RFP, attach. J1, Cost Spreadsheet. The spreadsheet also provided separate rows for on-site and off-site hours for each category not listed as key personnel. Id. For example, the project manager labor category was assigned 13,160 on-site hours and 1,880 off-site hours. Id. Offerors were to enter a labor rate for each row on the spreadsheet, which would be used as a ceiling rate during performance of the contract. RFP at 48.

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<sup>4</sup> Noblis also contends that the agency did not have sufficient information to conduct its realism analysis. In this regard, the protester alleges that the agency compared direct labor rates without considering the skill sets offered by the firms. To the extent this is not an untimely challenge to the terms of the solicitation, we find no merit to Noblis' allegations. The agency's realism analysis reviewed the offerors' cost narrative/basis of estimate which, as required by the solicitation, detailed the processes used to develop the estimated cost and fee. AR, Tab 15, Cost Report, at 4. With respect to Vencore specifically, the agency reviewed the firm's labor category mapping to ensure that the proposed staffing met the agency's requirements. Id. at 11; Tab 17, Contracting Officer (CO) Post Evaluation Report, at 10; Legal Memorandum at 19. Thus, we find that the agency had sufficient information to conduct its cost realism evaluation.

Offerors were also permitted to enter additional rows into the cost spreadsheet as necessary to reflect multiple rates under the same labor category. In this regard, the agency clarified during the question and answer period that while every cost element of Attachment J1 has a ceiling rate, offerors could add rows to Attachment J1 to show all cost elements. AR, Tab 29, Questions and Answers, at 1. The agency also added “[s]imply stated, every line (row) on Attachment J1 that is a labor category, has a ceiling rate.” Id. Similarly, another firm asked if an offeror chose to add rows to attachment J1, whether a ceiling rate would be established for each row, or is there only one ceiling rate per labor category. The agency provided that “[a] ceiling rate is established for each of the rows of Attachment J1.” Id.

The agency’s cost realism analysis focused primarily on the cost of labor (labor rate realism) because the solicitation stipulated the labor categories, the hours for the labor categories, the amounts for travel, and other direct costs. AR, Tab 15, Cost Evaluation, at 5. The agency’s realism analysis considered the basis of the offerors’ direct rates (i.e. estimating methodology, understanding of requirements, realistic vis-à-vis the requirements, and consistency with the non-cost proposal); labor escalation; comparison to the agency’s cost estimate; and uncompensated overtime. Id. at 4. In this regard, the agency considered the unique estimating systems, estimating methodology, and unique performance process as detailed in the cost proposal that the offeror used for developing the estimated cost for each cost element necessary for performing the contract. Id. at 5.

Based on the highly competitive nature of the acquisition, which the agency concluded provided good data for analyzing the estimated costs of each labor category, the agency chose to use one standard deviation from the mean of each labor category to develop the minimally realistic labor costs per labor category. Id. To accomplish this analysis, the agency began by computing the mean and median of the unburdened cost (salary) of the prime contractor’s direct labor (labor rate). Id. Then, the agency calculated the standard deviation for each labor category. Id. The agency found labor rates that were lower than one standard deviation from the mean to be unrealistically low, and adjusted those rates upward to the mean minus the standard deviation (the “minimum deviation”) for that category if the proposal (cost narrative/basis of estimate) did not support such a low labor category rate. Id. at 5-6. In this regard, the agency considered actual salaries proposed by the offerors to be per se realistic and did not adjust those rates. Id. at 6.

With respect to Noblis, the agency’s review of the stipulated labor categories and labor hours first concluded that Noblis proposed all categories and hours. Id. at 9. The agency also noted that Noblis’ proposal asserted that there was risk in the education and years of experience provided per labor category because Noblis believed that the solicitation’s labor category descriptions mapped to a skill set well below the staffing mix of Noblis’ current BPA. Id. The agency assigned risk to this aspect of Noblis’ proposal because “Noblis contends the skill set is below its incumbent effort.” Id. In conducting its realism assessment, the agency adjusted

13 of the 32 labor category rates proposed by Noblis. Id. The agency found these rates to be more than one standard deviation below the minimum deviation and adjusted the rates to the minimum deviation. Id. The agency also noted that Noblis did not provide actual salary data for any non-key personnel labor categories and that Noblis' cost narrative did not support the lower labor rates. Id. The total amount of the upward adjustment to Noblis' proposed costs was \$[DELETED].

With respect to Vencore, the agency's review of the stipulated labor categories and labor hours also concluded that Vencore proposed all categories and hours. Id. at 11. The agency's realism assessment found one labor category rate that fell below the minimum deviation. The total amount of the upward adjustment to Vencore's proposed costs was \$[DELETED].

Noblis challenges the agency's use and calculation of the standard deviation methodology. Noblis argues that the use of the standard deviation resulted in an unreasonable mechanical threshold for the determination of unrealistic rates, and that the agency failed to consider the offerors' unique approaches.

Where, as here, a solicitation provides a cost model that specifies the labor mix and level of effort for offerors' proposals--thereby making offerors responsible for proposing costs based on their own rates, but not for proposing differing technical approaches--an agency may reasonably evaluate the rates proposed for those established labor categories based on other data, such as the rates proposed by other offerors. See CSI, Inc.; Visual Awareness Techs. and Consulting, Inc., B-407332.5 et al., Jan. 12, 2015, 2015 CPD ¶ 35 at 10. As a result, we do not find the agency's use of the standard deviation methodology as a tool for determining the realism of the offerors' proposed labor rates to be per se objectionable. In this regard, the agency's use of the standard deviation was not a mechanical threshold because the agency conducted additional analysis once the labor rate was determined to be lower than the minimum deviation. The record demonstrates that the agency considered information in the offeror's proposal, including its cost narrative, prior to ultimately making a cost adjustment. See MPRI, Div. of L-3 Serv., Inc.; LINC Gov't Servs., B-402548 et al., June 4, 2010, 2011 CPD ¶ 108 at 7 (agency's comparison of each offeror's proposed rates to the average of the rates proposed by all offerors, along with its requirement that offerors further justify rates that were lower than one standard deviation below that average, provided a reasonable tool in performing a cost analysis).

Next, Noblis argues that the agency's calculation of the standard deviation was flawed and favored Vencore because the agency's calculations used multiple labor rates per labor category from Vencore's proposal, which skewed the results of the minimum deviation analysis.

As explained above, the solicitation permitted offerors to add additional rows to the cost spreadsheet to represent cost elements under each labor category. In

addition, the cost spreadsheet divided each non-key personnel labor category into on-site and off-site rows. Each row was also assigned a designated amount of labor hours. For example, the project manager labor category was assigned 13,160 labor hours for on-site work, and 1,880 hours for off-site work.

Noblis proposed two labor rates for each non-key personnel labor category to represent both on-site and off-site hours. Vencore structured its cost proposals in the same manner for a majority of the labor categories. That is, Vencore provided a labor rate for on-site hours and off-site hours per labor category. However, for six labor categories, Vencore mapped the agency's labor category to more than one Vencore labor category.<sup>5</sup> For example, Vencore mapped the agency's [DELETED] labor category to [DELETED] Vencore levels of [DELETED].<sup>6</sup> In its cost spreadsheet, Vencore priced its [DELETED]. AR, Tab 10a, Vencore Cost Spreadsheet. Noblis' cost spreadsheet provided a \$[DELETED] labor rate for a [DELETED] whether the work was on-site or off-site. AR, Tab 9a, Noblis Cost Spreadsheet.

Noblis asserts that the agency's use of Vencore's multiple labor rates (for example those for [DELETED]) for six labor categories skewed the standard deviation calculation for those categories. We agree. The agency's calculation of the mean and standard deviation, on which it based its assessment of realism and its most probable cost adjustment for these categories, was unreasonable. However, we find no basis to sustain the protest because Noblis cannot demonstrate that it was competitively prejudiced.

Competitive prejudice is an essential element of a viable protest; where a 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, even if deficiencies in the procurement are found. DynCorp Int'l LLC, B-411465, B-411465.2, Aug. 4, 2015, 2015 CPD ¶ 228 at 12-14.

In its comments on the agency report, Noblis presents its expert's analysis of the offerors' labor rates. Based on this analysis, Noblis asserts that had the agency properly calculated the mean and standard deviation, Noblis' most probable cost adjustment would have been reduced by \$[DELETED] and the agency would have adjusted only 9 of Noblis' labor category rates (instead of 13). Noblis further asserts

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<sup>5</sup> Vencore proposed multiple rates for the following labor categories: [DELETED]. AR, Tab 10a, Vencore Cost Detail.

<sup>6</sup> Vencore's proposal provided that [DELETED] of its [DELETED] categories exceed the RFP required skills and experience. AR, Tab 10, Vencore Cost Narrative, at A-5.

that the SSA would not have concluded that its proposal presented a moderate to high risk of performance had the agency only adjusted 9 labor category rates. We have reviewed the protester's analysis and expert testimony and find that Noblis has failed to demonstrate that it was competitively prejudiced by the agency's faulty calculations.

First, we do not agree with the protester's calculations of a new mean and standard deviation because these calculations rely on only the lowest labor rate proposed by Vencore for each labor category. In much the same way as the agency's use of all of Vencore's rates arguably skewed the calculations upward, the protester's proposed approach of simply using Vencore's lowest rate would similarly skew the analysis downward. As a result, we do not accept the protester's assertion that the agency's analysis improperly adjusted its price upward by \$[DELETED], or its assertion that only 9 of the 13 labor category rates adjusted by the agency were properly adjusted.<sup>7</sup> Because we find that the protester's proposed alternative calculations do not present an accurate assessment of the necessary most probable cost adjustment, the protester has not established that the cost realism adjustment resulted in a prejudicial error--one that could have affected the protester's prospect for award.

Moreover, even assuming that some limited cost adjustment would be necessary to account for the agency's error, the record does not demonstrate that Noblis was prejudiced. In this regard, in accordance with the solicitation's stated evaluation scheme, which provided for a cost/technical tradeoff and stated that technical merit was more important than cost, the agency chose Vencore's higher-technically rated proposal explaining that Vencore's evaluated technical advantages were worth the associated cost premium. The agency concluded that the "near guarantee of successful performance without Government intervention is worth the price premium." AR, Tab 17, CO Post Evaluation Report, at 9. While the agency also recognized the lower cost of Noblis' proposal, the agency did not find the offer to present the best value because of the moderate to high risk of cost growth or failure of performance due to its labor category costing structures. *Id.* at 8; AR, Tab 19, SSD, at 3. Thus, even accepting the protester's assertion that a proper analysis would have resulted in adjustment to only 9 of its labor category rates--rather than 13--this does not alleviate the proposal's moderate to high risk of performance. Indeed, Vencore's proposal, which the SSA determined to present low risk had only one labor category rate adjusted.<sup>8</sup> AR, Tab 17, CO Post Evaluation Report, at 8. Thus, we find no basis to sustain this protest ground.<sup>9</sup>

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<sup>7</sup> Noblis' labor rates were adjusted by the agency in only three of the six categories where Vencore provided multiple rates: [DELETED]. AR, Tab 15e, Rate Comparison.

<sup>8</sup> The record also demonstrates that another offeror with a \$2 million upward cost adjustment and eight adjusted labor categories was deemed by the agency to have  
(continued...)

## Performance Risk

The protester contends that it was improper for the SSA to consider performance risk beyond making a cost realism adjustment. In this regard, the protester complains that the agency penalized it twice when it upwardly adjusted the protester's proposed costs to account for the firm's low labor rates and when the SSA considered the firm's low labor rates as evidence of the protester's performance risk. In the protester's view, the agency's cost adjustment represents the cost of erasing any risk in Noblis' alleged low labor rates.

We disagree. The agency's upward adjustment of Noblis' proposed costs did not erase the performance risk associated with low labor rates. As provided for in the solicitation, the agency used the results of the cost analysis to consider performance risk. The agency concluded that Noblis' proposed labor category costing structures created a risk to performance. AR, Tab 19, SSD, at 3. In this regard, the agency remarked on the specialized labor required to perform the solicited services, and noted that labor rates that are low compared to competitive averages, historical data, and the government estimate, lead to vacancies going unfilled and work not being performed. AR, Tab 17, CO Post Evaluation Report, at 10; Tab 19, SSD, at 3. On this record, we find no basis to conclude that it was unreasonable for the agency to find that a risk to performance remained, even after Noblis' labor rates were adjusted to a more realistic level in the cost realism analysis.<sup>10</sup> See Serv-Air, Inc.; Kay and Assocs., Inc., B-258243 et al., Dec. 28, 1994, 96-1 CPD ¶ 267 at 10-11 (finding no "double penalty" resulted from an

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(...continued)

moderate to high risk due to its labor category costing structure. AR, Tab 15, Cost Report, 9-10; Tab 19, SSD, at 3.

<sup>9</sup> Noblis also argues that the agency mechanically increased its proposed labor rates without considering the protester's unique solution. Aside from this general assertion, however, the protester does not explain how its technical or cost proposal demonstrated that its proposed labor rates were realistic. Indeed, Noblis stated repeatedly that low labor rates would not be sufficient to maintain highly-qualified staff, and even provided a chart in its proposal to demonstrate the incumbent level of education and experience. Moreover, based on our review of the record, we find that the agency considered the protester's technical proposal and cost narrative and reasonably concluded that the proposal did not adequately support the realism of Noblis' proposed rates. AR, Tab 15, Cost Report, at 9.

<sup>10</sup> We also find no support in the record for Noblis' allegation that the assessment of performance risk equated to the use of an unstated evaluation factor. The solicitation clearly stated that the results of the cost realism analysis may be considered in assessing performance risk. RFP at 56.

agency upwardly adjusting the protesters rates for cost realism purposes while at the same time concluding that those rates, which the protester proposed to pay, would present a high risk that the firm would not be able to retain a qualified, skilled work force).

## Best Value

Noblis challenges the agency's best-value tradeoff decision. The protester asserts that the agency did not consider the advantages of its low-cost offer and failed to adequately document its rationale for choosing Vencore's higher-cost offer.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results, and their judgments are governed only by the tests of rationality and consistency with the stated evaluation criteria. Client Network Servs., Inc., B-297994, Apr. 28, 2006, 2006 CPD ¶ 79 at 9. Where, as here, a solicitation provides for a tradeoff between cost/price and non-cost factors, the agency retains discretion to make award to a firm with a higher technical rating, despite the higher price, so long as the tradeoff decision is properly justified and otherwise consistent with the stated evaluation and source selection scheme. FAR §§ 15.101-1(c), 15.308; ADNET Sys., Inc., B-413033, B-413033.2, Aug. 3, 2016, 2016 CPD ¶ 211 at 17. In reviewing an agency's source selection decision, we examine the supporting record to determine if it was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement statutes and regulations. The SI Organization, Inc., B-410496, B-410496.2, Jan. 7, 2015, 2015 CPD ¶ 29 at 14. There is no need for extensive documentation of every consideration factored into a tradeoff decision; rather, the documentation need only be sufficient to establish that the agency was aware of the relative merits and price of the competing proposals and that the source selection was reasonably based. Terex Gov't Programs, B-404946.3, Sept. 7, 2011, 2011 CPD ¶ 176 at 3.

We find, contrary to the protester's arguments, that the agency's best-value tradeoff was reasonable, consistent with the solicitation, and well documented. The record demonstrates that the agency considered Noblis' evaluated cost advantage but also noted concerns with its low-cost approach. AR, Tab 19, SSD, at 3-4. For example, the SSD noted that Noblis' proposal was one of the three lowest-priced offerors and was considered very good overall. Id. The SSD also noted that Noblis' proposal reflected moderate to high risk of cost growth or failure of performance. Id. The SSD concluded that none of the lower-priced offerors, including Noblis, could provide best value in light of the technically superior competing offerors and the agency's stated intent and desire to give greater weight to the non-cost factors over cost. Id.

The record also demonstrates that the agency articulated the reasons why Vencore's evaluated technical advantages were worth the associated cost premium.

See AR, Tab 17, CO Post Evaluation Report, at 8-9. For example, the agency concluded that Vencore’s proposal included a “litany of systems engineering strengths,” quality work, outstanding experience of its proposed program manager, an “overall breadth of experience across legacy and new NESDIS systems coupled with a strong focus on IT security,” and “past performance that leaves virtually no doubt that Vencore will successfully perform the contract.” Id. Thus, the agency concluded that the “near guarantee of successful performance” was worth the price premium and represented the highest likelihood of success. Id. see also, Tab 19, SSD, at 3-4. Based on the record, we think that the SSA reasonably concluded that Noblis’ cost advantage did not outweigh Vencore’s technical superiority. This judgment is consistent with the RFP’s evaluation scheme, which provided for a cost/technical tradeoff and stated that technical merit was more important than cost.<sup>11</sup> We find nothing unreasonable in the agency’s assessments and conclusions; accordingly, we find no merit in the protester’s challenge to the agency’s best-value tradeoff decision.<sup>12</sup>

The protest is denied.

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General Counsel

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<sup>11</sup> Noblis also argues that the best-value tradeoff decision improperly considered the non-cost factors as “significantly more important” than cost, rather than “more important” than costs, as required by the solicitation. Based on our review of the evaluation record, we find no support for Noblis’ allegation. See AR, Tab 19, SSD, at 2-3 (“[t]he [n]on-[c]ost [e]valuation factors, when combined, are more important, but not significantly more important than [c]ost”; “the Government’s stated intention and desire to give greater weight to the [n]on-[c]ost [f]actors over [c]ost/[p]rice”).

<sup>12</sup> Protester also contends that the agency’s best-value tradeoff decision included an improper down-select, which resulted in Noblis’ proposal not being included in the tradeoff decision. We find the record demonstrates that the agency conducted and documented a reasonable tradeoff that included Noblis’ proposal. AR, Tab 19, SSD, at 1-4.