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Decision

Matter of: Raytheon Company

File: B-414062.3

Date: February 21, 2017

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Wade L. Brown, Esq., and Jacqueline Jorgensen, Esq., Department of the Army, for the agency.

Gabriel D. Soll, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging an agency's evaluation of an awardee's proposal and the agency's best-value selection decision are denied where the record demonstrates that the agency's evaluation was reasonable and consistent with the terms of the solicitation.

DECISION

Raytheon Company, of Dulles, Virginia, protests the award of a contract to Alion Science and Technology Corporation, of Burr Ridge, Illinois, under request for proposals (RFP) No. W56HZV-15-R-0069, issued by the Department of the Army, Army Materiel Command, for a maintenance and engine replacement program intended to extend the useful life of certain Army watercraft. Raytheon challenges the agency's evaluation of Alion's technical and cost proposals and the best-value determination in making the award.

We deny the protest.

BACKGROUND

On September 18, 2015, the Army issued RFP No. W56HZV-15-R-0069, seeking proposals to provide the service life extension program and certain maintenance

services for the Army's Landing Craft Utility (LCU) 2000 vessel.¹ RFP at 5. The program was intended to extend the useful life of LCU vessels, which otherwise would end in 2017, for up to 10 years. The extension in usefulness would be achieved primarily by replacing the various engines that provide power to the vessel (referred to as the "repower requirement"). Memorandum of Law (MOL) at 1; RFP at 88. The RFP contemplated the award of a single two-year indefinite-delivery/indefinite-quantity contract with both fixed-price and cost-reimbursement contract line items. RFP at 5.

The stated objective of the contract is to complete the maintenance and repower requirements on one LCU vessel. Id. at 86. The repower requirement included the design, development, and integration of a new engine suite that provides the various power requirements for the LCU. Id. at 88. The power supply consisted of two main engines, two ship's service diesel generators² (SSDGs), an emergency generator, and a bow thruster engine. Agency Report (AR), Tab 4, RFP, Attach. 0001, at 1.

The RFP specified that the contractor would be responsible for replacing the SSDGs with generators that would, at minimum, match the generative capacity of the existing engines, but would also be able to supply the anticipated electrical needs for the LCU. RFP at 88; AR, Tab 4, RFP Attach. 0001, at 5. The RFP stated that the generator proposed must have the ability to provide the anticipated power requirement and a reserve capacity of 10-20 percent when operating on one generator. AR, Tab 4, RFP, Attach. 0001, at 6. Prospective offerors were required to estimate the electrical needs of the LCU based on references provided with the RFP; however, the calculation of the estimates also had to account for other modifications proposed. Id. at 5-6.

The RFP provided a list of Government Furnished Information (GFI) that would be provided to the contractor, which included vessel drawings and other engineering information owned by the government. RFP at 108; AR, Tab 5, RFP, Attach. 0003. The GFI list identified a study that was performed by the Naval Surface Warfare Center related to the repower requirements of the LCU (the "Navy study"). AR, Tab 5, RFP, Attach. 0003, at 2; Protest, Attach. 2. The GFI list stated that the Navy study was provided "for informational purposes only" and warned that "[t]he study and its recommendations may be out of date. Under no circumstances should the study or its recommendations be considered an inducement or encouragement for

¹ A landing craft utility vessel is used to transport troops and equipment, including land vehicles from amphibious assault ships to the shore.

² Ship's service generators function as a ship's electrical plant and provide the electrical capacity for operation of all amenities on board.

the selection of any particular engines, generators, or manufacturers to meet the [repower modifications requirement].” Id.

The RFP described the technical evaluation of proposals as the “technical maturity” factor. RFP at 210. Offerors were to complete a matrix provided with the RFP entitled “Technical Maturity Rubric,” to indicate whether the proposal met the high-level RFP requirements and where substantiating data for each item would be found within the proposal. Id. at 197; AR, Tab 6, RFP, Attach. 0020. The substantiating data was to include “technical information, documentation, test data, rationale, or other data . . . relevant to the specific characteristics of the offeror’s self-assessment assertions.” Id. The agency’s evaluation was to consider the proposed approach and associated potential risks “based on the extent and credibility of the Technical Maturity data provided.” Id. 210.

Award was to be based on the proposal offering the best value, considering the following four evaluation factors: technical maturity, cost/price, past performance, and small business participation. Id., at 208. The RFP provided the relative weight of these factors as follows: technical maturity would be more important than cost/price; cost/price would be slightly more important than past performance; past performance was to be significantly more important than small business participation; and, the non-cost/price factors, when combined, were to be considered significantly more important than cost/price. Id. 210.

The agency received seven timely-submitted proposals, including Raytheon’s and Alion’s. MOL, at 3. Following an initial evaluation, the Source Selection Authority (SSA) determined that discussions should be conducted with all seven offerors. Id. The agency conducted discussions by providing offerors with evaluation notice-discussion forms that detailed specific negative evaluation findings and identified particular materials needed to improve the evaluation. After two rounds of discussions, final proposal revisions were submitted on August 31, 2016. MOL, at 3.

The Army evaluated Raytheon’s and Alion’s proposals as follows:

	Raytheon	Alion
Technical Maturity	Good	Outstanding
Evaluated Cost/Price	\$50,061,121	\$53,481,038
Past Performance	Substantial	Substantial
Small Business Participation	Marginal	Outstanding

Id. The SSA performed a best-value tradeoff and concluded that the benefits of Alion’s higher-rated proposal merited paying the associated cost premium. AR, Tab 10, Source Selection Decision Memorandum (SSDM), at 1, 27-28. The agency provided a debriefing to Raytheon on October 14, 2016, and this protest followed.

DISCUSSION

Technical Acceptability

Raytheon argues that the Army improperly evaluated Alion's proposal under the technical maturity factor in two ways. Protest at 8-9. The central fact underpinning both arguments is Alion's proposed use of the Caterpillar C9.3 generator in response to the SSDG requirement of the RFP. Id. Raytheon first argues that the Caterpillar generator does not meet the required electrical output and should have been considered technically unacceptable. Id. The protester next argues that Caterpillar recently began producing this generator and that the agency failed to evaluate the performance risks inherent in the use of such a new product. Id. at 9-10.

In reviewing a protest challenging an agency's evaluation of proposals, our Office will not reevaluate proposals nor substitute our judgment for that of the agency, as the evaluation of proposals is generally a matter within the agency's discretion. National Gov't Servs. Inc., B-401063.2 et al., Jan. 30, 2012, 2012 CPD ¶ 59 at 5. Rather, we review the record to determine whether the agency's evaluation was reasonable, consistent with the stated evaluation criteria, adequately documented, and consistent with applicable procurement statutes and regulations. Id.

In support of its contention that Alion's proposed Caterpillar generator does not generate the required electrical capacity, the protester presents its own calculations to argue that the generator needed to provide a minimum of 293.9kW of electrical power, which is more than 40kW greater than the performance expected from the Caterpillar generator. Protest at 8-9; Comments at 10-11. Raytheon points to a pre-solicitation market survey it conducted, showing the attributes of various available generators, and claims this is proof of the electrical capacity shortfall of the Caterpillar product. Comments at 11; AR, Tab 17, Raytheon Pre-Solicitation Market Survey. Raytheon also argues that the Navy study concluded that the solution offered by Raytheon was "the best option" for the LCU SSDG requirement. Protest at 8; Exhibit 2 at 2.

The agency responds that Alion's proposal met the solicitation's electrical power requirements, noting that the solicitation did not indicate a specific maximum electrical power requirement for the generators, other than specifying that the replacement generator must produce an electrical power greater than or equal to the existing generators.³ MOL at 14. Moreover, the agency asserts that the RFP did not require proposals to be evaluated in the manner described by the protester, and that it would have been improper to apply Raytheon's calculations to evaluate

³ In this regard, the agency also asserts that it did not provide all of the assumptions required for the development of an electrical power load analysis. MOL at 14.

Alion's proposal. Id. at 15-16. Similarly, the Army notes that the RFP referenced the Navy study only for informational purposes, and specifically disclaimed any endorsement therein. Id.

We agree that the Army was not required to evaluate proposals using the materials suggested by the protester as benchmarks. Further, the protester has not shown that the Army evaluated Alion's proposal inconsistently with the RFP. The Army was not required to consider the results of Raytheon's analysis to determine whether Alion's technical approach was sound. As the RFP announced that the agency would evaluate the soundness of the technical approach based on the substantiating data submitted with a proposal, to rely on any of the documents suggested by the protester in the evaluation of Alion's proposal would have been improper. See RFP at 210.

The record shows that the evaluators considered Alion's calculations of estimated electrical load and concluded that Alion's proposed generator would meet the RFP's requirements. See AR, Tab 31c, Final Evaluation of Alion Technical Maturity, at 8-9. The evaluation materials here show that a weakness was initially assessed for the power generation capacity of the selected generators, based largely on the type of power rating described in the proposal. Id. at 9. During discussions, however, Alion clarified the terms used in its analysis and provided additional information from Caterpillar to verify the electrical capacity of the proposed generator. AR, Tab 24m, END-ALION-TM-0005-A Response. Ultimately, the evaluators concluded that the substantiating data for Alion's proposal was sound, that the weakness had been eliminated, and that the risk of the proposed generator failing to meet the RFP's requirements was low. AR, Tab 31c, Final Evaluation of Alion Technical Maturity, at 9.

Similarly, we conclude that the Army was not required to evaluate proposals by relying on the Navy study. As described above, the Navy study was referenced in the GFI list with the express disclaimer that it should not be viewed as encouraging the selection of any particular generator (or manufacturer) to meet the requirements of this contract. AR, Tab 5, RFP, Attach. 0003, at 2. Further, the RFP reiterated the requirement for offerors to analyze the repower requirements and propose according to the conclusions reached. See Id.; See also RFP at 210. As the RFP required offerors to include the calculations that informed their proposals, and anticipated evaluating both analysis and solution, to vary from that approach would have been contrary to the evaluation scheme.

Next, Raytheon alleges that the agency failed to properly evaluate the performance risk associated with Alion's proposed use of a new product offered by Caterpillar. Protest at 9-10. Raytheon argues that because the generator was a new product, the agency should have considered Caterpillar's manufacturing capability. Id. Raytheon also argues that the agency should have required test results demonstrating the actual capabilities of the generator once in "full rate production,"

alleging that the data that was available for these generators at the time proposals were submitted was preliminary and that the products pose potential risk of falling short of the expected electrical capacity. Id. The Army responds that the RFP did not announce the intention to evaluate the manufacturing capabilities of suppliers or subcontractors. MOL at 16-17.

Again, our Office does not reevaluate proposals, but reviews the record to determine whether the agency's evaluation was reasonable and consistent with the stated evaluation criteria. National Gov't Servs. Inc., supra. The solicitation announced that the evaluation would generally consider, based on the extent and credibility of the technical maturity data provided, an "offeror's understanding of the requirement, the soundness of the offeror's technical approach, and performance risk." RFP at 210. Raytheon's protest does not establish that the agency failed to comply with the solicitation requirements. Rather, the evaluation record demonstrates that, consistent with the solicitation requirements, the Army considered specific substantiating data in reaching its reasonable determinations, including consideration of the level of risk to successful performance posed by Alion's proposed solution. See AR, Tab 31c, Alion Technical Maturity Evaluations (Final Evaluation).

Best-value Determination

Raytheon alleges that the best-value determination was improper because it failed to justify the cost premium associated with Alion's proposal.⁴ Protest at 11-12. The agency defends the SSA's best-value tradeoff, asserting that it was based on meaningful distinctions between the proposals showing that the agency followed the RFP's stated evaluation factors, and gave them the appropriate weight. MOL at 5-11.

In a best-value procurement, such as this, it is the function of the SSA to perform a price/technical tradeoff to determine whether one proposal's technical superiority is worth a higher price. General Dynamics--Ordnance & Tactical Sys., B-401658, B-401685.2, Oct. 26, 2009, 2009 CPD ¶ 217 at 8. Selection officials are afforded 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. ADNET Sys., Inc., B-413033, B-413033.2, Aug. 3, 2016, 2016 CPD ¶ 211 at 17. When 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,

⁴ We have reviewed all of the related grounds of protest and find that none of them provide a basis to sustain the protest.

despite the higher price, so long as the tradeoff decision is properly justified and otherwise consistent with the stated evaluation and source selection scheme. Id.; Federal Acquisition Regulation §§ 15.101-1(c), 15.308. 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. Id.

Here, we find the SSA's best-value determination and source selection decision unobjectionable. The record shows that in documenting the tradeoff, the SSA comparatively assessed Raytheon's and Alion's proposals, analyzed the various findings of the technical evaluations, and justified her decision that the merits of Alion's proposal were worth its additional cost. See AR, Tab 10, SSDM, at 21-28. The SSA did not place undue importance on the technical maturity evaluation, but rather considered it as the most importance factor, consistent with the RFP's terms. Id.; RFP at 210. As required, the SSA justified the price premium associated with Alion's proposal by noting the specific features, especially those relating to the higher technical maturity evaluation, which increased the SSA's confidence in Alion's ability to perform the contract with a lower risk of failure. Id. at 28.

The protest is denied.

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General Counsel