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Decision

Matter of: L-3 Army Sustainment LLC

File: B-415349.2, B-415349.3

Date: January 3, 2018

Craig A. Holman, Esq., Kara L. Daniels, Esq., Stuart W. Turner, Esq., Amanda J. Sherwood, Esq., and Nathaniel E. Castellano, Esq., Arnold & Porter Kaye Scholer LLP; W. Jay DeVecchio, Esq., and R. Locke Bell, Esq., Morrison & Foerster LLP, for the protester.

Samantha S. Lee, Esq., Richard B. O’Keeffe, Jr., Esq., Cara L. Lasley, Esq., and William A. Roberts, III, Esq., Wiley Rein LLP, for M1 Support Services, the intervenor. Lieutenant Colonel Andrew J. Smith, Captain Douglas A. Reisinger, and Captain Harry M. Parent, Department of the Army, for the agency.

Glenn G. Wolcott, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency’s reliance on a calculation that quantified the benefits of an offeror’s proposed enhancements to the solicitation requirements was reasonable and consistent with the terms of the solicitation.
 2. Agency’s discussions were meaningful where the agency conducted multiple rounds of face-to-face discussions with each offeror, provided the agency’s internal evaluation documents to the offerors, and addressed each aspect of the agency’s evaluation of each proposal with the respective offerors.
 3. Protester’s assertion that the agency improperly evaluated the awardee’s past performance based on the magnitude of awardee’s prior contracts is not timely filed, and the agency’s evaluation of the protester’s past performance was reasonable and consistent with applicable statutes and regulations.
 4. Agency reasonably evaluated the realism of awardee’s cost/price.
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DECISION

L-3 Army Sustainment LLC, of Fort Rucker, Alabama, protests the Department of the Army’s award of a contract to M1 Support Services, of Denton, Texas, pursuant to

request for proposals (RFP) No. W9124G-17-R-0002 to provide aircraft maintenance and support services at Fort Rucker, Alabama.¹ L-3 protests virtually every aspect of the agency's source selection process, including challenges to the evaluation of technical proposals, the evaluation of past performance, the evaluation of cost/price, and the adequacy of discussions.

We deny the protest.

BACKGROUND

On December 15, 2016, the agency issued RFP No. W9124G-17-R-0002, seeking proposals to provide aircraft maintenance and logistical services to support flight training activities at Fort Rucker for a 1-year base performance period and nine 1-year option periods. The contract seeks to ensure the availability of between 480 and 650 rotary wing aircraft² to support flight training requirements for Army and Air Force aviators.³ AR, Tab 11, Acquisition Strategy, at 4. The estimated value of the contract over the 10-year period is approximately \$5 billion. Id. at 5.

The solicitation provided for a single contract award, made on a best-value tradeoff basis, and established the following evaluation factors: technical,⁴ cost/price,⁵ past

¹ L-3 is the incumbent contractor for this requirement.

² The aircraft include the Apache (AH-64D/E), Kiowa (OH-58A/C), Black Hawk (EH/UH-60A/L/M), Chinook (CH-47F), Creek (TH-67), Lakota (UH-72A), and Huey (TH-1H). Agency Report (AR), Tab 11, Acquisition Strategy, at 4.

³ The agency states: "This maintenance effort supports initial entry flight school training for an estimated 900 to 1,200 new Army aviation student pilots, 2,000 to 3,000 advanced/graduate Army aviators, and 60 Air Force student pilots in FY18 [fiscal year 2018] with similar numbers projected for the future." AR, Tab 83, Source Selection Comparison Analysis, at 1.

⁴ With regard to evaluation under the technical factor, the solicitation encouraged offerors to propose "enhancements" that exceeded the solicitation requirements and/or lowered risk, noting that if such proposed enhancements were determined beneficial to the government, they would be incorporated into the contract. AR, Tab 55, RFP, at 338. Offerors were advised that examples of "exceeding specified performance" included increased "capacity, capability, and availability." See, e.g., AR, Tab 65.2, L-3 Interim Evaluation, at 2.

⁵ The solicitation provided that the contract "will be a hybrid contract consisting of Firm Fixed Priced, Fixed Price Incentive (Firm Target), Cost Plus Fixed Fee, and Cost Reimbursable CLINs [contract line item numbers]." RFP at 337. Under L-3's prior contract, aircraft maintenance was priced on a cost-reimbursement basis; under this solicitation, aircraft maintenance is priced on a fixed-price basis. AR, Tab 64, Denial of L-3's Agency-Level Protest, at 10.

performance,⁶ and small business participation. The solicitation provided that the technical factor was significantly more important than each of the other factors, which were of equal importance, and that all of the non-cost/price evaluation factors combined were significantly more important than cost/price. AR, Tab 55, RFP at 335.

In March 2017, proposals were submitted by four offerors, including L-3 and M1. The offerors' proposals included aspects that each offeror considered to be enhancements to the solicitation's requirements, including several that could increase aircraft availability and levels of available flight hours. In May, the agency established a competitive range consisting of all 4 offerors and, thereafter conducted multiple rounds of discussions. As part of the discussions, the agency gave each offeror the agency's internal evaluation reports.

On May 12, during the first round of face-to-face discussions with L-3, the agency noted that L-3 had proposed [redacted] enhancements, stating that the agency had considered each one and determined that none demonstrated "additional opportunity cost benefit to the Government," AR, Tab 40.7, Initial Technical Evaluation, at 14; thereafter, the agency provided follow-on evaluation notices (ENs) to L-3. AR, Tab 45, L-3 Evaluation Notices. In these ENs, the agency advised L-3 that, in proposing enhancements, L-3 should: (1) identify implementation costs, (2) propose contractually binding changes to the solicitation's acceptable quality level (AQL) metrics;⁷ and (3) suggest a monetized value related to the enhancements where feasible. Id. The agency provided similar instructions during its discussions with M1. See AR, Tab 51, Memorandum of Discussions with M1.

On May 19, L-3 provided its response to the follow-on ENs. With regard to L-3's proposed enhancements to increase available flight hours, L-3 calculated the monetized value of the additional flight hours by applying the hourly reimbursement rates published

⁶ The solicitation provided that each prior contract submitted for evaluation would first be assessed for relevancy, taking into consideration the "similarity [to this solicitation's requirements] of service/support, complexity, dollar value, contract type, and degree of subcontract/teaming," AR, Tab 55, RFP at 342; each contract was then assigned a rating of: relevant, somewhat relevant, or not relevant. After considering the relevance of each prior contract, the solicitation provided that the agency would assess the quality of an offeror's past performance record and assign a confidence rating of substantial confidence, satisfactory confidence, neutral confidence, limited confidence, or no confidence. Id. at 343-44.

⁷ The agency explains that "AQL or Acceptable Quality Levels are measurable outcomes that are included in the Performance Work Statement (PWS)," adding that "[r]evising an AQL to a more stringent level exceeds the basic requirement in the PWS." Contracting Officer's Statement, Oct. 25, 2017, at 11-12.

by the Department of Defense (DOD) for the various aircraft.⁸ See, e.g., AR, Tab 45.87, L-3 response to ENs, at 2.

On May 23, the agency again conducted face-to-face discussions with L-3, during which the agency reiterated the need for L-3 to include “the suggested monetized benefit” and “proposed contract language including measurable outcomes/AQLs” for proposed enhancements. AR, Tab 53, Memorandum of Discussions, at 1. On May 28, L-3 responded to the ENs, again quantifying the value of the additional flight hours it proposed by applying the DOD reimbursement rates. AR, Tab 45, L-3 Response to ENs.

On June 13, the agency provided L-3 with an interim evaluation report along with supporting evaluation documentation. AR, Tabs 65, 66. In its report, the agency incorporated L-3’s quantification of the benefit associated with additional flight hours, referring to that quantification as the “net monetized opportunity cost benefit value” (NMOCBV).⁹ AR, Tab 65.2, L-3 Interim Evaluation Report, at 1-5.

During the June 13 discussions, the agency also provided L-3 with the agency’s past performance evaluation report that addressed each of the contracts L-3 had submitted for evaluation. Among other things, this report advised L-3 that it had received “relevant” ratings for 3 contracts with approximate annual values of just over \$40 million; a “somewhat relevant” rating for a contract with an approximate annual value just over \$30 million; and “not relevant” ratings for several contracts with annual values near \$10 million.¹⁰ Contracting Officer’s Statement, Oct. 25, 2017, at 9; AR, Tab 65.3, L-3 Interim Evaluation, at 10-15, 16.

On June 28, the agency issued its request for final proposal revisions (FPRs); L-3’s and M1’s FPRs were submitted on or before July 5, and were thereafter evaluated as follows:

⁸ The DOD establishes reimbursable flight-hour rates that are applied when aircraft are used by other government agencies. See AR, Tab 45.135, DOD Reimbursement Rates, at 8-9.

⁹ An offeror’s proposed implementation costs for enhancements were subtracted in calculating the NMOCBV.

¹⁰ The solicitation defined a relevant contract as one “involv[ing] similar scope and magnitude of effort and complexities this solicitation requires”; a somewhat relevant contract as one “involv[ing] some of the scope and magnitude of effort and complexities this solicitation requires”; and a not relevant contract as one “involv[ing] little or none of the scope and magnitude of effort and complexities this solicitation requires.” AR, Tab 55, RFP at 343.

	Technical	Past Performance	Small Business Participation	Evaluated Cost/Price
L-3	Outstanding	Satisfactory Confidence	Outstanding	\$4.88 Billion
M1	Outstanding	Satisfactory Confidence	Outstanding	\$5.04 Billion

AR, Tab 86, Source Selection Decision Document (SSDD), at 3.

Although L-3 and M1 each received a rating of outstanding under the most important technical factor, the agency concluded that M1's proposal under this most important factor was superior to that of L-3. Among other things, the source selection authority (SSA) noted that M1's proposal offered 191,400 additional flight hours, with an associated NMOCBV of \$876.3 million, as compared to L-3's proposal offering 153,100 additional flight hours, with an associated NMOCBV of \$356.2 million.¹¹ SSDD at 14. Among other things, the SSA stated:

M1 provided innovative solutions to increase maintenance efficiency and effectiveness that included [redacted] to accomplish increased concurrency requirements without increasing risk. I concur with the Technical Team's evaluation that the combined concurrency rate changes appreciably exceed performance requirements and provide the most flexibility to the Government to meet training requirements.¹² The Technical Team evaluated and analyzed the concurrency rate increases in relation to the projected flight hour bands and projected aircraft and determined that the benefit of concurrency rate increases provide the USAACE [U.S. Army Aviation Center of Excellence] the capability to request and receive increased aircraft to conduct all required ground and flight related training and provide a method to make up training shortfalls due to weather, aircraft maintenance issues (precautionary landings), and student throughput fluctuations. By expanding the increased AQLs for Concurrency, M1's proposal provided a greater flexibility and overall capability of the Army flight training program for all primary training fleets, greatly impacting future Initial Entry Rotary Wing as well as Advanced/Graduate flight training.

¹¹ In addition to proposing a higher number of additional flight hours overall, M1 proposed a higher number of additional flight hours for more sophisticated aircraft. The SSA noted that more sophisticated aircraft have higher reimbursement rates, which is consistent with the view that additional availability of more sophisticated aircraft is more valuable than additional availability of less sophisticated aircraft. SSDD at 4.

¹² The agency explains that "concurrency rate" is "[t]he percent of the available aircraft that can be in use at any one time for training." Contracting Officer's Statement, Oct. 25, 2017, at 12; see AR, Tab 56.17, Required Aircraft Table.

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M1's strengths will enable the Government to capture more flight hours across our enduring fleets, thereby enabling the Government to better produce the Aviators needed to meet the Army's and Air Force's readiness needs. . . . In summary, based upon my integrated assessment of all proposals in accordance with the evaluation criteria stated in the Solicitation, the proposal submitted by M1 Support Services represents the best overall value to the Government and is worth paying the relatively small difference in cost/price. This assessment is based on the risk reduction afforded by the increased flexibility, capability, capacity/availability provided by M1's enhancements in the areas of [redacted]. Accordingly, I direct the Contracting Officer to award the contract to M1 Support Services.

Id. at 14-15, 24.

Thereafter, L-3 was notified of the source selection decision. This protest followed.

DISCUSSION

L-3 challenges virtually every aspect of the agency's source selection process, including challenges to the agency's NMOCBV analysis; the agency's evaluation of past performance, the agency's price/cost analysis; and the adequacy of discussions. As discussed below, L-3's protest is without merit.¹³

Agency's NMOCBV Analysis

L-3 first asserts that the agency's application of the NMOCBV analysis was improper. In this regard, L-3 complains that the analysis was "not mentioned in the solicitation"; that the NMOCBV calculation failed to consider "variable and intangible costs"; and that the agency doesn't "need," and/or will not use, the enhancements reflected in M1's proposal. Protest at 2-5, 25-35.

¹³ In its various protest submissions, L-3 raises multiple arguments that are in addition to, or variations of, those specifically discussed herein, including challenges to the agency's assessment of strengths and significant strengths in the evaluation of the competing offerors' technical proposals; and challenges to the agency's best-value tradeoff. (In its final submission, L-3 included a table summarizing its protest allegations, listing 37 separate "Arguments and Subarguments." L-3 Comments, Nov. 29, 2017, attach. 1.) Several of L-3's arguments essentially request that GAO substitute our judgment regarding the proposals' relative technical merits for the judgment of the procuring agency--something this Office declines to do. See, e.g., ManTech Advanced Sys. Int'l, Inc., B-413717, Dec. 16, 2016, 2016 CPD ¶ 370 at 3. We have reviewed all of L-3's submissions and find no basis to sustain its protest.

The agency first responds that, although the solicitation did not specifically refer to the NMOCBV analysis, that analysis was clearly subsumed within the solicitation's stated evaluation factors, which advised offerors that the agency would evaluate proposed enhancements. Further, the agency points out that L-3 was repeatedly advised of the agency's application of the NMOCBV calculation in its evaluation. Memorandum of Law, Oct. 25, 2017, at 14-33. Next, with regard to L-3's assertion that the NMOCBV calculation failed to include "variable and intangible costs," the agency responds that the analysis was not a cost/price evaluation tool, but rather a quantification tool the agency employed in comparing the potential benefits offered by the offerors' competing technical approaches. In this regard, the agency notes that quantification of the proposed benefits provided some perspective on the relative benefits offered by each proposal, for example, demonstrating that L-3's proposal offered additional availability of comparatively less sophisticated aircraft, while M1's proposal offered additional availability of comparatively more sophisticated aircraft. Id. Finally, the agency responds that L-3's assertions regarding the potential benefits of M1's proposal, based on L-3's own views of the agency's current and future needs, do not supersede the agency's own determinations regarding these matters. Id. In short, the agency maintains that its application of the NMOCBV was reasonable and consistent with the terms of the solicitation. We agree.

It is well-established that a procuring agency is in the best position to determine its own needs and the best method for accommodating them, and our Office will not question that determination absent clear evidence that it is unreasonable. See, e.g., Canaveral Maritime, Inc., B-238356.2, July 17, 1990, 90-2 CPD ¶ 41 at 5; New York Wire Co., B-235821, Sept. 19, 1989, 89-2 CPD ¶ 246 at 1. Further an agency may properly apply a particular evaluation methodology that is not specifically identified in a solicitation where the methodology is rational and consistent with the solicitation's stated evaluation criteria. See, e.g., Mission Essential Personnel, LLC, B-410431.9, B-410431.10, Mar. 18, 2015, 2015 CPD ¶ 109 at 9; Bonner Analytical Testing Co., B-409586.2, Aug. 7, 2014, 2014 CPD ¶ 258 at 4. Finally, an agency's evaluation of proposals is generally a matter within the agency's discretion, and our Office will not reevaluate proposals but rather, will examine the record to determine whether the agency's judgments were reasonable and consistent with the terms of the solicitation and applicable statutes and regulations. See, e.g., Booz Allen Hamilton, Inc.; Leidos Inc., B-410032.4 et al., Mar. 16, 2015, 2015 CPD ¶ 108 at 5.

Here, the agency's application of the NMOCBV calculation was reasonably subsumed within the stated evaluation criteria. As noted above, the solicitation specifically advised offerors from the outset that the agency sought enhancements to the solicitation's requirements. AR, Tab 13, RFP at 302. Further, during discussions L-3 was repeatedly advised of the agency's application of this quantification tool and the manner in which it was being calculated. Where, as here, the agency was using the NMOCBV analysis to assist in assessing technical superiority, we find nothing unreasonable in the agency's consideration of the potential benefit associated with additional aircraft availability without also incorporating all of the potential "variable and intangible" costs associated

with a proposed enhancement. Finally, L-3's challenges to the agency's evaluation and source selection decision that are based on L-3's presumption that its own views regarding the agency's current and future needs are superior to the agency's, and L-3's speculation regarding the "capability" of the agency to benefit from increased availability of aircraft, provide no basis for sustaining its protest. L-3's challenges to the agency's use of the NMOCBV analysis are denied.

Meaningful Discussions

Next, L-3 complains that it was "misled" by the agency during discussions, thereby rendering the discussions less than meaningful. In this regard, L-3 asserts that the agency failed to advise L-3 of a "material shift in the evaluation criteria" against which technical proposals were evaluated. Protest at 6.

The agency responds that the agency engaged in multiple rounds of discussions with L-3, during which it "opened its books" to all of the agency's internal evaluation documents in order to provide L-3 insight into how the agency was evaluating L-3's proposal. The agency further responds that, throughout the competition, it advised offerors that it was interested in their proposed innovations and enhancements. See, e.g., AR, Tab 13, RFP at 302. Finally, consistent with the agency's response to L-3's assertions regarding application of the NMOCBV analysis as a quantification tool, the agency maintains that its evaluation of proposals did not depart from the stated evaluation criteria in any way. In short, the agency maintains that it conducted comprehensive and meaningful discussions with all offerors, including L-3. We agree.

In negotiated procurements, when discussions are conducted by an agency, the discussions must be meaningful, equitable, and not misleading. Grunley Constr. Co., Inc., B-407900, Apr. 3, 2013, 2013 CPD ¶ 182 at 7-8; The Boeing Co., B-311344 et al., June 18, 2008, 2008 CPD ¶ 114 at 49. To satisfy the requirement for meaningful discussions, the agency must lead an offeror into the areas of its proposal that require amplification or revision. ITT Fed. Sys. Int'l Corp., B-285176.4, B-285176.5, Jan. 9, 2001, 2001 CPD ¶ 45 at 7.

Here, the record establishes that the agency conducted multiple rounds of discussions with L-3, specifically advising L-3 of the basis for the agency's ongoing evaluation. Further, the record establishes that L-3 was advised from the outset of the procurement that the agency sought innovation and proposed enhancements to the solicitation's stated requirements. Finally, with regard to L-3's assertion that the agency engaged in misleading discussions by failing to advise L-3 of a "material shift in the evaluation criteria," the assertion fails to state a valid basis for protest because, as discussed above, the agency's evaluation did not depart from the stated evaluation factors. L-3's assertions that the agency's discussions were misleading and less than meaningful are denied.

Past Performance

Next, L-3 challenges the agency's evaluation of past performance, asserting that M1's past performance involved contracts of insufficient magnitude to be considered relevant.¹⁴ In this context, L-3 also complains that the agency was required to evaluate L-3's past performance as superior to M1's on the basis of L-3's "uniquely relevant incumbent experience." Protest at 48.

The agency responds that L-3's complaints regarding the magnitude of prior contracts that the agency considered to be relevant are not timely filed. As discussed above, during discussions, L-3 was advised that it had received "relevant" ratings for 3 contracts with approximate annual values of just over \$40 million; a "somewhat relevant" rating for a contract with an approximate average annual value just over \$30 million; and "not relevant" ratings for several contracts with annual values near \$10 million. Contracting Officer's Statement, Oct. 25, 2017, at 9; AR, Tab 65.3, L-3 Interim Evaluation, at 10-15, 16. On this record, the agency argues that L-3 was on notice during discussions that the agency would consider contracts with an average annual value of approximately \$40 million to be relevant. Accordingly, the agency maintains that L-3's challenge to the agency's relevancy determinations, and its arguments regarding the dollar value of prior contracts the agency considered to be relevant, are not timely filed. Further, with regard to L-3's status as the incumbent contractor, the agency maintains that the agency's evaluation did, in fact, recognize that status. See, e.g., AR, Tab 86, SSDD, at 18.

Under our Bid Protest Regulations, protests based upon alleged solicitation improprieties, or allegedly flawed ground rules under which a competition is conducted, must be filed prior to the next closing date after which the alleged flaws or improprieties become apparent. 4 C.F.R. § 21.2(a)(1); see Armorworks Enters. LLC, B-400394, B-400394.2, Sept. 23, 2008, 2008 CPD ¶ 176 at 4-7 (post-award protest challenging agency's testing methodology is dismissed as untimely where the protester was aware of the alleged problems and failed to raise its concerns regarding the ground rules of the procurement prior to the time set for receipt of proposals). Specifically, a protester may not wait until after an award has been made to protest alleged flaws in a procurement's ground rules that are apparent prior to submitting its proposal or proposal revisions. Further, a procuring agency is not required to evaluate the past performance of the incumbent contractor as superior to its competitors simply because the incumbent has the most relevant past performance. See, e.g., United Concordia Companies, Inc., B-404740, Apr. 27, 2011, 2011 CPD ¶ 97 at 6-8; Oceaneering Int'l, Inc., B-287325, June 5, 2001, 2001 CPD ¶ 95 at 8-9.

¹⁴ The record shows that the agency considered M1's past performance record, and considered relevant contracts with average annual values of \$94 million and \$59.3 million. AR, Tab 79, M1 Evaluation Summaries, at 80-82.

Here, the record establishes that L-3 knew or should have known that contracts with average annual dollar values of approximately \$40 million would be considered relevant based on the agency's disclosure to L-3 during discussions that several of its own contracts averaging approximately \$40 million had been rated relevant. In this regard, L-3's protest that the agency improperly considered M1's contracts to be of sufficient magnitude to be evaluated under the past performance factor constitutes a challenge to the solicitation's ground rules, about which L-3 was advised during discussions. Thus, its post-award challenge to these ground rules is not timely filed and will not be considered. Further, where, as here, the record establishes that, in evaluating past performance, the agency considered L-3's incumbency, L-3's assertion that the agency could not assign the same past performance rating to L-3 and M1 due to L-3's "uniquely relevant incumbent experience" does not provide a basis to sustain the protest.

Finally, L-3 complains that the agency improperly considered an adverse contractor performance assessment report (CPAR) rating that was withdrawn by the procuring agency following the agency's past performance evaluation.¹⁵ L-3 refers to the provisions of the Federal Acquisition Regulation (FAR) § 15.306(d)(3) which require that an offeror be given an opportunity to address past performance information to which it has not yet had an opportunity to respond.

Here, the record establishes that, at the time of the Army's evaluation, the Air Force had, in fact, given L-3 an opportunity to respond to the adverse past performance rating.¹⁶ Specifically, the record establishes that L-3 had responded to the rating, and that a summary of that response was included in the evaluation record here. AR, Tab 77, L-3 Final Evaluation Report, at 82. Further, at the time of the agency's evaluation, the agency expressly acknowledged L-3's disagreement with the performance assessment, and noted that L-3's comments regarding the matter were "pending government review." Id. On this record, L-3's complaints that the agency improperly included this matter in its past performance evaluation are without merit.

Cost/Price Evaluation

Finally, L-3 asserts that the agency failed to conduct a price realism analysis to assess M1's performance risk in performing aircraft maintenance, asserting that "M1 [cannot] realistically deliver an additional 191,400 flight hours over the course of the contract (particularly as to the difficult to maintain aircraft) without fundamentally repricing this work or failing." Protest at 56. L-3 asserts that M1 could not have proposed "sufficient staffing to handle the increased maintenance work required to provide additional flight hours for the most sophisticated airframes." Protest at 60-63.

¹⁵ L-3 states that it received a "purported" unsatisfactory CPAR rating in connection with L-3's performance of an Air Force contract, but that the Air Force has now withdrawn that rating. Protest at 55.

¹⁶ The CPAR report states: [redacted]. AR, Tab 77, L-3 Final Evaluation Report, at 82.

The agency responds that it did, in fact, perform an appropriate realism analysis of M1's proposed cost/price, noting that in assessing performance risk it specifically considered whether M1's staffing and pricing were sufficient to accomplish its technical approach, and that this analysis was contemporaneously documented. See AR, Tab 46.1, M1 Evaluation Notices, at 129, 326, 334; Tab 78, M1 Final Evaluation Report, at 3-4; Tab 79, M1 Evaluation Summaries, at 19, 90-92, 102-04, 107; Tab 86, SSDD, at 13, 16, 23; Tab 87, Price Negotiation Memorandum, at 34-35. The agency further points out that M1 submitted the most expensive proposal, with a total evaluated cost/price more than \$156 million higher than L-3's cost/price and that, in performing the realism analysis, the agency evaluators concluded that M1's proposal met its stated objective of providing "Robust staffing to accomplish the mission to the required standards." AR, Tab 79, M1 Evaluation Summaries, at 19. Accordingly, the agency maintains that its evaluators concluded that M1 had, in fact, accounted for the increased cost to accomplish its proposed enhancements. In this regard, the agency notes that the SSA also addressed this matter in making his source selection decision, stating: "The proposed staffing was evaluated to ensure all the offerors' technical approaches could achieve the contract requirements and were sufficiently priced." AR, Tab 86, SSDD, at 16. In short, the agency maintains that it reasonably performed an appropriate realism analysis with regard to M1's proposed cost/price.

Where an RFP contemplates the award of a fixed-price contract, an agency may provide in the solicitation for the use of a price realism analysis to measure an offeror's understanding of the requirements or to assess risk. Puglia Eng'g of California, Inc., B-297413 et al., Jan. 20, 2006, 2006 CPD ¶ 33 at 6. As our Office has repeatedly explained, the depth of an agency's price realism and its performance risk assessments are matters within the agency's sound discretion. Citywide Managing Servs. of Port Washington, Inc., B-281287.12, B-281287.13, Nov. 15, 2000, 2001 CPD ¶ 6 at 4-5; see ACS State Healthcare, LLC, et al., B-292981 et al., Jan. 9, 2004, 2004 CPD ¶ 57 at 22. In reviewing protests challenging price realism evaluations, our focus is on whether the agency's review was reasonable and consistent with the terms of the solicitation. Grove Resource Solutions, Inc., B-296228, B-296228.2, July 1, 2005, 2005 CPD ¶ 133 at 4-5.

Here, our review of the record supports the agency's assertion that it did, in fact, perform an adequate realism assessment of M1's proposed cost/price. The record shows that the agency conducted a comprehensive assessment of M1's technical approach and further considered multiple aspects of M1's proposed cost/price. See AR, Tab 46.1, M1 Evaluation Notices, at 129, 326, 334; Tab 78, M1 Final Evaluation Report, at 3-4; Tab 79, M1 Evaluation Summaries, at 19, 91-92, 102-04, 107; Tab 86, SSDD, at 13, 16, 23; Tab 87, Price Negotiation Memorandum, at 34-35; Tab 92, Final Cost/Price Analysis Report. Among other things, in evaluating the fixed-price CLINs for aircraft maintenance,¹⁷ the agency sought information from M1 regarding "the

¹⁷ The CLINs for aircraft maintenance were priced on a fixed-price incentive-fee basis. The agency states that its realism analysis "focused mainly on the labor hour portion of (continued...)

relationship between productive hours in the technical volume and the available hours in the cost volume, and the resultant cost.” AR, Tab 92, Final Cost/Price Analysis Report, at 60. In response to discussion questions, M1 “provided updated staffing documentation and an updated pricing workbook,” and the agency noted that “[t]he analysis of the crosswalk for staffing indicated the offeror priced all staffing listed in its staffing charts.” Id. at 61. Finally, the agency’s contemporaneous evaluation documentation states: “[t]hroughout the discussions the Government technical evaluators noted the robust staffing included in the M1 approach,” adding that “[p]art of it was based on M1’s unique technical approach.” Id. While L-3 may disagree with the agency’s determination that M1’s cost/price was realistic, it has failed to demonstrate that the agency’s judgments were unreasonable. On the record here, L-3’s protest challenging the agency’s evaluation of M1’s cost/price is without merit.

The protest is denied.

Thomas H. Armstrong
General Counsel

(...continued)

[those CLINs] that drives more than 95% of the total value.” AR, Tab 92, Final Cost/Price Analysis Report, at 29.