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Decision

Matter of: Interactive Government Holdings, Inc.

File: B-417133

Date: January 24, 2019

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DIGEST

1. Protest that the agency should have conducted a price realism evaluation is denied where the solicitation neither required nor permitted the agency to reject a proposal on the basis of an unrealistically low price.
 2. Protest that the agency unreasonably evaluated the awardee's proposal is denied where the evaluation was consistent with the solicitation's terms and conditions, as well as applicable procurement statutes and regulations.
 3. Protest that the source selection decision was unreasonable is denied where the record shows that the agency determined that the proposals were technically equivalent and the protester's advantage under the past performance factor was outweighed by the vastly lower price proposed by the awardee.
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DECISION

Interactive Government Holdings, Inc., (IGH) of Springfield, Virginia, protests the award of a contract to A-Team Solutions, of Fulton, Maryland, under request for proposals (RFP) No. H9821018R0024, issued by the Department of Defense, Defense Human Resources Agency, for personnel and administrative support services. The protester, the incumbent contractor, alleges that the agency unreasonably evaluated A-Team's proposal and improperly made its source selection decision.

We deny the protest.

BACKGROUND

On August 3, 2018, the agency issued the RFP for support services for its Defense Personnel and Family Support Center (DPFSC). RFP at 14. The selected contractor would be required to provide personnel, management, administrative, logistical, technical support, and subject matter experts for the DPFSC's Employer Support of the Guard and Reserve (ESGR) program and the Yellow Ribbon Reintegration Program (YRRP). Id. at 14-15. The RFP contemplated the award of a fixed-price contract to be performed over a 1-year base period and four 1-year option periods. Id. at 13. Award would be made on a best-value tradeoff basis considering, in descending order of importance, technical, past performance, and price factors. Id., at 48, 52.

When describing their technical understanding, each offeror was required to demonstrate its capability of performing the duties set forth in the solicitation's performance work statement (PWS). RFP at 39. The solicitation advised that each offeror's technical understanding would be assessed by examining proposals under four elements: technical approach and methodology, project management plan, staffing plan, and transition plan. Id. at 49-51. Under the technical approach and methodology element, each offeror would be evaluated for their program knowledge and subject matter expertise, ability to perform Defense Travel System duties, ability to provide YRRP and ESGR program technical assistance, ability to manage and operate a large network of volunteers, and proficiency in operating a network of 3,500 volunteers through management software systems. Id. at 49-50.

Under the past performance factor, each offeror was instructed to submit no more than three recent and relevant past performance references. RFP at 39. Recent past performance was described as any effort completed within the past five years. Id. at 51. To determine whether a past performance reference was relevant, the agency would assess the reference's similarity in terms of services performed, complexity, dollar value, contract type, and use of key personnel. Id. Each reference would be assigned a rating of very relevant, relevant, somewhat relevant, or not relevant. Id. at 53. The agency would then assess the quality of performance on recent and relevant referenced contracts, and assign a performance confidence assessment of substantial confidence, satisfactory confidence, limited confidence, or no confidence. Id.

For the price factor, each offeror was instructed to submit a complete price schedule that included a total amount for each contract line-item number. RFP at 38. Price proposals were to include a description of the labor categories proposed, estimated number of labor hours, and fully burdened labor rates for each of the base and option periods. Id. As part of the proposal submission instructions, the solicitation provided that "[p]roposed price will be reviewed to determine if the estimate is adequate, complete, and reasonable to assess the Offeror's understanding of the Solicitation." Id. As part of the proposal evaluation guidance, the solicitation stated that prices would be evaluated for fairness and reasonableness. Id. at 49, 51-52.

Twelve offerors submitted proposals prior to the September 5 closing date. Contracting Officer's Statement of Facts (COS) at 6. The agency's evaluation produced the following ratings relevant to the protest:

	IGH	A-Team
Technical	Outstanding	Outstanding
Past Performance	Substantial Confidence	Satisfactory Confidence
Price	\$38,684,936	\$31,371,940

Agency Report (AR), Tab 20, Source Selection Decision Document at 570. When comparing the proposals, the agency found that they were equal under the technical factor and that IGH's higher past performance rating did not warrant the price premium. Id. at 69-71. The agency therefore selected A-Team's proposal as representing the best value. Id. at 75. Following its debriefing, IGH filed the instant protest.

DISCUSSION

IGH raises multiple allegations regarding the agency's conduct of the acquisition. We have reviewed all of IGH's allegations, and find no basis to sustain the protest. We discuss the principal allegations below, but note, at the outset that, in reviewing protests challenging an agency's evaluation of proposals, our Office does not reevaluate proposals or substitute our judgment for that of the agency; rather, we review the record to determine whether the agency's evaluation was reasonable and consistent with the solicitation's evaluation criteria, as well as applicable statutes and regulations. SaxmanOne, LLC, B-414748, B-414748.3, Aug. 22, 2017, 2017 CPD ¶ 264 at 3.

Price Evaluation

IGH primarily argues that the agency unreasonably evaluated A-Team's proposal because its proposed price was so low that it represented a risk of unsuccessful performance. Under the price factor, IGH argues that A-Team's price was so low that it was inadequate, incomplete, and unreasonable and therefore reflected a poor understanding of the technical requirements. Protester's Comments at 4-7. Under the technical factor, IGH argues that the agency should have recognized that A-Team's low price would have precluded it from recruiting and retaining qualified staff or providing transition services. Id. at 8-12. Both arguments amount to an allegation that the agency should have conducted a price realism evaluation. We deny the protest in this regard because the agency was not required to conduct a price realism evaluation under the solicitation's terms.

Our decisions explain that an agency may conduct a price realism evaluation in awarding a fixed-price contract for the limited purposes of assessing whether an offeror's low price reflects a lack of technical understanding only where the solicitation advises that the agency will conduct such an analysis. PricewaterhouseCoopers Pub. Sector LLP, B-415129.3, July 31, 2018, 2018 CPD ¶ 272 at 2. In the absence of an

express price realism provision, we will conclude that a solicitation contemplates a price realism evaluation only where the solicitation expressly states that the agency will review prices to determine whether they are so low that they reflect a lack of technical understanding, and where the solicitation states that a quotation can be rejected for offering low prices. Id. Absent such a solicitation provision, agencies are neither required nor permitted to evaluate price realism in awarding a fixed-price contract. Id. Here, we find that the instant solicitation did not contain a provision advising offerors that the agency would conduct a price realism assessment.

IGH argues that the solicitation contained an express provision requiring the agency to conduct a price realism evaluation. It highlights the following language:

Proposed price will be reviewed to determine if the estimate is adequate, complete, and reasonable to assess the Offeror's understanding of the Solicitation.

Protest at 10 (citing RFP at 38). We do not find that argument persuasive because this provision appears as part of the solicitation's proposal submission instructions. Our decisions explain that proposal submission instructions do not provide minimum evaluation standards but rather generally provide guidance to assist offerors in preparing and organizing their proposals. See, e.g., Al-Razaq Computing Servs., B-410491, B-410491.2, Jan. 7, 2015, 2015 CPD ¶ 28 at 7. Thus, the provision at issue could not bind the agency to perform a price realism evaluation because it was not part of the evaluation criteria. Further, even if the highlighted provision was part of the evaluation criteria, we would not read it as requiring the agency to conduct a price realism evaluation because assessing whether a price proposal is complete, adequate, and reasonable concerns whether the proposed prices are mathematically correct, responsive to the price schedule, and not too high; whereas, a price realism evaluation considers whether the proposed prices are so low as to reflect a lack of technical understanding. See RMS Info. Sys., Inc., B-280521.3, Oct. 21, 1998, 98-2 CPD ¶ 113 at 6 (agency initially determined awardee's proposed price was incomplete, unreasonable, and unrealistic because the awardee did not complete the price list properly, and its proposed prices were either too high (i.e., unreasonable) or too low (i.e., unrealistic)); OVM Med. Inc., B-281490, Feb. 16, 1999, 99-1 ¶ 38 at 4 (price proposal was incomplete because its pricing list contained mathematical errors). Accordingly, we deny the protest allegation because the solicitation did not contain an express price realism provision.

Similarly, we do not find that the solicitation called for a price realism evaluation, notwithstanding the absence of an express provision. Nothing in the evaluation criteria states that the agency planned to evaluate proposed prices to determine whether they are so low as to reflect a lack of technical understanding or that the agency could reject a proposal for offering unrealistically low prices. RFP at 49, 51-52. It follows therefore that the agency was not required to conduct a price realism evaluation on this particular procurement. See DynCorp Int'l LLC, B-407762.3, June 7, 2013, 2013 CPD ¶ 160 at 8.

Accordingly, we find that the agency was not required to reject A-Team's proposal under the price factor or find that its price represented a risk under the technical factor.

Technical Evaluation

IGH asserts that A-Team lacks the technical capability to perform the solicitation's requirements because it has no experience managing a large network of volunteers as required. RFP at 50. IGH argues that the solicitation precluded offerors from relying on their subcontractors' experience in order to demonstrate technical capability, and that A-Team improperly relied on its subcontractors' experience to demonstrate technical capability in this area. Protester's Comments at 11.

We do not find that the solicitation precluded offerors from relying on their subcontractors' experience when demonstrating technical capability. As support for its assertion, the protester cites to the following question-and-answer exchange contained in an amendment to the solicitation:

Q11. Paragraph 2. Proposal Submission subparagraph C. Volume III Past Performance requires the contractor to only use contracts where the contractor was a prime. We are submitting two contracts as past performance but our subcontractor is an 8(a) woman owned small business that has directly relevant and recent past performance doing this work very similar as a subcontractor at [location]. They currently have approximately [X full-time employees] doing the vast majority of this PWS. Since they are not required to manage the contract, can we bid their contract as a subcontractor as past performance?

A11: Subcontractor past performance will not be reviewed.

RFP, amend. 1 at 3. Clearly that question-and-answer relates to whether an offeror may use their subcontractors' past performance information, and does not preclude an offeror from using its subcontractors' experience as a means to demonstrate technical capability. Thus, even if A-Team used its subcontractors' experience in order to demonstrate ability to manage a network of volunteers, there is nothing in the solicitation's evaluation criteria that would render that practice objectionable or indicative of a significant weakness or flaw.

In any event, the agency had a reasonable basis to find that A-Team demonstrated technical capability in this area. The solicitation required each offeror to demonstrate proficiency in managing a network of 3,500 volunteers. RFP at 50. A-Team's proposal demonstrates proficiency because it contains a competent plan for managing the volunteer network. AR, Tab 13, A-Team Technical Proposal at 17-18. While IGH may assert that the agency should have taken into account A-Team's alleged lack of relevant experience, we find that argument only constitutes a disagreement with the agency's evaluation and does not provide us with a basis to sustain the protest. See

Kuhana-Spectrum, B-401270, July 20, 2009, 2010 CPD ¶ 61 at 7. Accordingly, we deny this protest allegation.

The protester also asserts that the agency unreasonably failed to assign a weakness to A-Team's proposal because A-Team did not explain how it would provide training as required by the PWS. Protester's Comments at 10-11. Under the PWS, the selected contractor would be expected to provide face-to-face training to their personnel within 45 days. RFP at 16. Here, A-Team's proposal demonstrated that it would provide the training, and specifically explained that it would review existing materials and update them as required. AR, Tab 13, A-Team Technical Proposal at 33-34. The proposal further provides that A-Team would provide training to all of its personnel within the requisite time period and track the completion status for all of its personnel. Id. Although IGH may view A-Team's proposal as merely "parroting" the requirements, its disagreement concerning the relative worth of A-Team's proposed training plan does not provide us with a basis to sustain the protest. Kuhana-Spectrum, supra. Accordingly, we deny this protest allegation.

Past Performance Evaluation

IGH contends that one of A-Team's past performance references was unreasonably assigned a very relevant rating because it was for a lower dollar value than the instant acquisition. Protester's Comments at 12. Determining the relative merit of an offeror's past performance is primarily a matter within the agency's discretion; our Office will examine the agency's evaluation only to ensure that it was reasonable and consistent with the stated evaluation criteria, applicable statutes, and regulations. SST Supply & Serv. Team GmbH, B-409873, Sept. 2, 2014, 2014 CPD ¶ 251 at 2-3.

We have no basis to object to the very relevant rating simply because the referenced contract was for a lower dollar value (i.e., \$3.3 million versus \$8 million). As noted above, the solicitation provided that the agency would examine multiple factors when conducting its relevancy assessment, including similarity in services, complexity, dollar value, contract type, and use of key personnel. RFP at 51. Further, the solicitation provided, in part, that a very relevant rating would be assigned when the level of effort and complexities were similar to the instant procurement.¹ Id. The solicitation therefore provided for a relevancy assessment whereby the agency would examine multiple factors of each referenced contract in order to determine whether the level of effort and

¹ The solicitation provided for the following definition of a very relevant rating:

Present/past performance effort involved essentially the same level of effort and complexities this solicitation requires. The offeror has experience of two or more years of experience working with ESGR and YRRP programs, activities, services, and skills in Reserve Component (RC) participation support services.

RFP at 53.

complexities were strongly similar to the instant procurement. While the protester reads “level of effort” as synonymous with “dollar value,” we find that interpretation unreasonable because it would render nugatory the solicitation’s explicit advisement that the relevancy analysis would comprise multiple factors.² See Anders Constr., Inc., B-414261, Apr. 11, 2017, 2017 CPD ¶ 121 at 3 (protester’s interpretation was unreasonable where it rendered meaningless some of the solicitation’s provisions).

The record confirms that A-Team’s disputed past performance reference involved work that was virtually identical in terms of services, complexity, contract type, and key personnel. Therefore, the agency had a reasonable basis for its evaluation as the referenced contract was nearly identical under most of the relevancy factors. AR, Tab 14, A-Team Past Performance Proposal at 4-5. Indeed, like the instant procurement, A-Team’s past performance reference required it to provide support services to guard and reserve personnel throughout the country, and specified that it used transition coordinators and a program manager. Id. Accordingly, we deny this protest allegation.

Source Selection Decision

Finally, IGH asserts that the agency’s tradeoff analysis was unreasonable because IGH received higher technical and past performance ratings than that of A-Team. Protester’s Comments at 14-15. The protester further asserts that the agency’s decision to make award to a lower-priced proposal was unreasonable because the solicitation provided that the technical and past performance factors were more important than price. Id. at 14.

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. ManTech Advanced Sys. Int’l, B-415497, Jan. 18, 2018, 2018 CPD ¶ 60 at 5. In this regard, ratings, whether numerical, color, or adjectival are merely guides for intelligent decision-making. Id. The evaluation of proposals and consideration of their relative merits should be based upon a qualitative assessment of proposals consistent with the solicitation’s evaluation scheme. Id.

Where a solicitation provides for a tradeoff between the price and non-price factors, even where price is the least important evaluation factor, an agency properly may select a lower-priced, lower-rated proposal if the agency reasonably concludes that the price

² The past performance report contains a slight variation to the definition of a very relevant rating; rather, than use the term “level of effort” as was used in the solicitation, the report uses the term “magnitude of effort.” AR, Tab 16, Past Performance Report at 2. We do not view this discrepancy as material given that both the solicitation and the report explain that the relevancy rating was based on the factors stated in the solicitation. Id. at 3.

premium involved in selecting a higher-rated, higher-priced proposal is not justified in light of the acceptable level of technical competence available at a lower prices. ManTech Advanced Systems Int'l, supra. However, a tradeoff analysis that fails to furnish any explanation as to why a higher-rated proposal does not in fact offer technical advantages or why those technical advantages are not worth a price premium does not satisfy the requirement for a documented tradeoff rationale, particularly, where price is secondary to technical considerations under the solicitation's evaluation scheme. Blue Rock Structures, Inc., B-293134, Feb. 6, 2004, 2004 CPD ¶ 63 at 6.

Here, we find the agency's source selection decision to be reasonable and well-documented. The record shows that the agency thoroughly compared IGH's and A-Team's proposals. AR, Tab 20, SSDD at 69-71. Although IGH's technical proposal was assigned four strengths and IGH's proposal was assigned only two strengths, the agency concluded that IGH's additional strengths did not demonstrate that its proposal was superior to that of A-Team. Id. at 70. The agency noted that the strengths assigned to A-Team's proposal were identical to two of the strengths assigned to IGH's proposal, and that therefore these strengths canceled one another out. Id. at 69-70. The agency then noted that the remaining two strengths (i.e., one strength for travel cost savings and the other for transition cost savings) assigned to IGH's proposal were not meaningful distinguishers because the instant procurement did not require extensive travel costs and A-Team had not proposed any transition costs. Thus, the agency determined that the proposals were technically equivalent, and in our view, that determination was reasonable because neither proposal had an advantage over the other under that factor.

The record further shows that the agency compared IGH's and A-Team's past performance. While the agency noted that IGH had a higher likelihood of successful performance given its substantial confidence rating, the agency concluded that the advantage over A-Team was only slight in this category given that it had received a satisfactory confidence rating and was therefore still expected to successfully perform the contract requirements. AR, Tab 20, SSDD at 71. The agency then compared the proposed prices and determined that A-Team's advantage was significant and outweighed any slight advantage attributed to IGH under the past performance factor. Id. at 71. In our view, this determination was reasonable because the past performance advantage was not significant, and although the past performance factor was more important, the price differential was stark given that IGH's proposed price was more than \$7.3 million (i.e., 23.31 percent) more expensive than A-Team's proposed price.

The protest is denied.

Thomas H. Armstrong
General Counsel