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Decision

Matter of: PAE Aviation and Technical Services, LLC

File: B-417639

Date: September 11, 2019

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DIGEST

Protest challenging the agency's evaluation of its proposal under the technical and cost/price factors is denied where the record shows that the agency's evaluation was reasonable and consistent with the terms of the solicitation.

DECISION

PAE Aviation and Technical Services, LLC, of Falls Church, Virginia, protests the award of a contract to DynCorp International, LLC, of McLean, Virginia, under request for proposals (RFP) No. W58RGZ-16-R-0271, which was issued by the Department of the Army, Army Contracting Command--Redstone, for aviation field maintenance support services. PAE challenges the agency's evaluation of its proposal under the technical and cost/price factors, as well as the best-value tradeoff decision.

We deny the protest.

BACKGROUND

The agency issued the RFP on March 9, 2018, for aviation field and sustainment level maintenance services for the geographic region known as Aviation Field Maintenance

(AFM) II West.¹ AR, Contracting Officer's Statement (COS) and Memorandum of Law (MOL), July 5, 2019, at 1-2; AR, Tab 2a, RFP.² Specifically, the contractor's responsibilities would include aviation reset (i.e., restoring aircraft to a fully mission-capable condition), non-standard repairs with maintenance engineering approval, installation and removal of modification work orders, pre-mobilization and mobilization, and other reimbursable maintenance support for agency customers both within the Continental United States (CONUS) and outside the Continental United States (OCONUS). COS/MOL at 1-2; AR, Tab 2b, RFP Performance Work Statement (PWS), at 6. The RFP contemplated the award of a single hybrid fixed-price, time-and-materials, cost-plus-fixed-fee (CPFF), and cost (no fee) contract for a 1-year base period and seven 1-year option periods. RFP at 2.

The RFP provided for award on a best-value tradeoff basis, considering the following evaluation factors, listed in descending order of importance: (1) technical, (2) past performance, (3) cost/price, and (4) small business participation.³ AR, Tab 2g, RFP § M, at 1. The three non-cost/price factors, combined, were significantly more important than the cost/price factor. Id. The RFP also cautioned offerors that award would not necessarily be made to the lowest-priced offeror or the highest technically rated offeror. Id.

Under the technical factor, the RFP required offerors to submit a comprehensive management plan addressing eight areas, including personnel management, which would be evaluated for completeness, feasibility of approach, and risk. AR, Tab 2e, RFP § L, at 6-8; RFP § M at 2-3. The RFP also required offerors to apply their comprehensive management plan to three scenarios,⁴ and stated that an offeror's response to each scenario would be evaluated based in part on "overall interpretation of

¹ This geographic region consists of Arkansas, Oklahoma, Iowa, Kansas, Minnesota, Missouri, North Dakota, Nebraska, South Dakota, Texas, Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming, Hawaii, Alaska, and New Mexico, as well as countries within the United States Northern Command and the United States Pacific Command. Agency Report (AR), Tab 2c, RFP Areas of Responsibility, at 4.

² The agency amended the RFP six times. All citations are to the conformed solicitation provided by the agency at Tab 2 of the agency report.

³ Offerors also had to first meet four entry-gate criteria, and submit technically acceptable proposals, to be eligible for award.

⁴ The RFP provided three hypothetical scenarios that were specific to the AFM II West region. Of relevance here, the first scenario requested the contractor provide a maintenance assistance team to be deployed to Indonesia to, among other things, "man and support all aviation field maintenance level back shop operations." RFP § L at 8-9. The third scenario requested the contractor provide teams to support "an increased aircraft phase capability" on the Korean peninsula. Id. at 9.

the PWS requirements and the approach to accomplish each scenario's effort, identification of appropriate resources, and application of processes and resources to provide timely and cost effective solutions to the presented problems.”⁵ RFP § L at 6-8; RFP § M at 3.

Under the cost/price factor, the RFP required offerors to propose costs/prices for the fixed-price, time-and-materials, and CPFF contract line item numbers (CLINs). The RFP provided that the agency would perform a cost realism analysis on the CPFF CLINs to evaluate the offeror's understanding of technical requirements and the risk associated with the offeror's technical proposal. RFP § M at 8. The RFP warned that offerors were responsible for providing adequate evidence to prove the credibility of the proposed costs/prices and specifically advised offerors “to clearly show justification for unique practices that significantly lower costs.” RFP § L at 15; RFP § M at 8.

On or before the May 21 closing date for initial proposals, the agency received proposals from five offerors, including PAE and DynCorp.⁶ Following the evaluation of initial proposals, the agency established a competitive range of all five offerors, conducted discussions, and requested final proposal revisions (FPRs) by November 20. The source selection evaluation board (SSEB) then evaluated PAE's and DynCorp's FPRs as follows:

	PAE	DynCorp
Technical	Acceptable	Good
Past Performance Confidence	Satisfactory	Substantial
Cost/Price Total Evaluated	\$1,028,990,047	\$1,099,873,597
Small Business	Acceptable	Good

AR, Tab 6, SSEB Report, Mar. 8, 2019, at 15.

Of relevance here, the SSEB assessed two weaknesses in PAE's technical proposal. For the first weakness, based on PAE's decision [REDACTED] escalation for certain [REDACTED] labor category rates, the SSEB identified the following issues:

Inconsistencies between the offeror's cost/price and technical volumes on [PAE's] ability to retain a technically qualified workforce for the life of the contract due to the offeror [REDACTED] escalation factor for its

⁵ Proposals were assigned technical ratings of outstanding/blue, good/purple, acceptable/green, marginal/yellow, and unacceptable/red. RFP § M at 3-4. For simplicity, this decision omits the color code and refers only to the associated adjectival rating.

⁶ The proposals submitted by the other offerors are not relevant to this protest and are not further discussed.

[REDACTED] labor categories. [PAE's] approach increases performance and schedule risk to the government for any capability supported by this contract. [PAE] has not provided adequate technical information in its [FPR] detailing a workforce retention plan.

SSEB Report at 30.

For the second weakness, based on PAE's inclusion of certain employee physical examinations as cost-reimbursable items, the SSEB explained:

[PAE] did not properly allocate mission costs during its interpretation of PWS requirements and its approach to accomplishing missions for scenarios [REDACTED]. [PAE] did not correctly follow the [Department of Defense Instruction] DoDI 3020.41⁷ and incorrectly applied pre-deployment and physicals costs to the contract material/non-material CLINs. Improperly billing expenses in the estimation of missions[] can lead to mission delays and unsuccessful contract performance which is a weakness in [PAE's FPR].

SSEB Report at 31.

PAE's decision [REDACTED] escalation for certain [REDACTED] labor categories also raised concerns during the agency's cost realism analysis. For example, for one of the categories, the SSEB explained:

[PAE] applied [REDACTED] percent escalation to out-year rates of [REDACTED] positions. [PAE] did not provide an adequate basis of estimate [] to support the proposed [REDACTED] percent escalation for [REDACTED] positions. Therefore, the [cost-price evaluation team] adjusted the out-year [REDACTED] costs for the stated positions using the [independent government cost estimate] IGCE escalation of [REDACTED] percent.

SSEB Report at 64. As a result, the agency adjusted PAE's price upward by \$9,737,771.

Based on the SSEB's evaluation, as well as the recommendation from the source selection advisory council, the source selection authority (SSA) concluded that DynCorp's FPR was the most advantageous and presented the best overall value under the terms of the RFP. AR, Tab 4, Source Selection Decision Document (SSDD),

⁷ DoDI 3020.41, which is referenced in the RFP, provides: "Unless otherwise stated in the contract, all pre-, during-, and post-deployment medical evaluations and treatment are the responsibility of the contractor." See AR, Tab 2h, RFP Capabilities and Missions by Location, at 7; see also COS/MOL at 29.

Mar. 15, 2019, at 14. In comparing PAE and DynCorp's proposals, the SSA acknowledged DynCorp's higher price, technical superiority, and past performance advantages, as well as PAE's technical weaknesses and the concerns raised during the cost realism evaluation. SSDD at 9, 12.

On April 26, 2019, the agency notified PAE of the award to DynCorp. After the agency responded to PAE's written debriefing questions on May 30, this protest followed.

DISCUSSION

PAE challenges the agency's assessment of two weaknesses in its technical proposal and the agency's evaluation of its cost/price proposal, as well as the best-value tradeoff decision.⁸ As discussed below, we find no basis to sustain the protest.

Technical Weaknesses

PAE raises various arguments that the agency unreasonably and improperly assessed two weaknesses in its proposal and assigned it a technical rating of "merely" acceptable. Protest at 10-15, 17-19. As noted above, PAE was assessed one weakness based on its decision [REDACTED] escalation for certain [REDACTED] labor categories, and a second weakness based on its inclusion of certain employee physical examinations as cost-reimbursable items. Below, we discuss a few representative arguments.

In reviewing a protest challenging an agency's evaluation, our Office will not reevaluate proposals, nor substitute our judgment for that of the agency, as the evaluation of proposals is a matter within the agency's discretion. Rather, we will review the record to determine whether the agency's evaluation was reasonable and consistent with the stated evaluation criteria and with applicable procurement statutes and regulations. Computer World Servs. Corp., B-410513, B-410513.2, Dec. 31, 2014, 2015 CPD ¶ 21 at 6. A protester's disagreement with the agency's judgment, without more, is insufficient to establish that the agency acted unreasonably. Vertex Aerospace, LLC, B-417065, B-417065.2, Feb. 5, 2019, 2019 CPD ¶ 75 at 8.

First, PAE disagrees with the agency's assessment of a weakness based on its decision [REDACTED] escalation for certain [REDACTED] labor categories. PAE also

⁸ In its various protest submissions, PAE has raised arguments that are in addition to, or variations of, those specifically discussed below. We have considered all of PAE's arguments and find no basis to sustain its protest. PAE also initially argued, but subsequently abandoned, its challenge to the agency's evaluation of PAE's past performance. Specifically, PAE failed to address the agency's response to its arguments. Compare Protest at 16-17 with COS/MOL at 25-28 with Protester's Comments, July 15, 2019. Accordingly, we will not consider these arguments further. IntelliDyne, LLC, B-409107 et al., Jan. 16, 2014, 2014 CPD ¶ 34 at 3 n.3.

complains that the agency “did not request substantiating documentation” from offerors, and misled the company during discussions. Protester’s Comments at 4; Protest at 10-15.

As noted above, under the technical factor, the RFP required offerors to submit a comprehensive management plan addressing eight areas, including personnel management, which would be evaluated for completeness, feasibility of approach, and risk. RFP § L at 6-8; RFP § M at 2-3.

The record shows that, during discussions, the agency informed PAE that its decision [REDACTED] escalation for [REDACTED] labor categories amounted to a weakness and was “a potential increased technical risk to contract performance due to the impact on the offeror’s ability to recruit, hire and/or retain a technically qualified workforce for the life of the contract.” AR, Tab 21, PAE Evaluation Notices (ENs), at 120-122; see also AR, Tab 17, PAE Memo for File (MFR) of Discussions, Oct. 15, 2018, at 9. In its EN response and FPR, although PAE [REDACTED] escalation for [REDACTED] labor category, PAE [REDACTED] escalation for [REDACTED] other categories. For example, for the [REDACTED] labor category, PAE claimed that “it is our experience . . . [REDACTED].” See PAE ENs at 120-122, 166. PAE then instead proposed: “For [REDACTED] salaries [REDACTED] escalation is applied since [REDACTED].” AR, Tab 8, PAE FPR Volume II Technical, Nov. 20, 2018, at 29.

After evaluating PAE’s FPR, the agency found that this weakness remained. Specifically, the SSEB noted that PAE’s approach “increases performance and schedule risk to the government for any capability supported by this contract[,]” and that PAE “has not provided adequate technical information in its [FPR] detailing a workforce retention plan.” SSEB Report at 30; AR, Tab 18, PAE FPR Technical Evaluation Report, Feb. 4, 2019, at 4. The SSA agreed and also noted that, “[a]s the contract may be awarded for eight (8) consecutive years, a [REDACTED] over this period increases the risk [as to whether PAE] will be able to recruit and retain a competent workforce for successive year efforts.” SSDD at 5. The agency further explains that PAE’s FPR “failed to provide substantiating documentation for its proposed methodology to demonstrate that it was reasonable and that PAE had successfully done something similar in the past.” COS/MOL at 14.

Based on this record, we find no basis to question the agency’s conclusions. PAE’s response—which continued to propose an approach that [REDACTED] escalation for certain [REDACTED] labor categories—amounted to a weakness because PAE did not provide sufficient substantiating documentation for its approach. An offeror has the responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates compliance with the solicitation requirements and allows a meaningful review by the procuring agency. ProActive, LLC, B-403545, Nov. 18, 2010, 2011 CPD ¶ 56 at 6. An offeror that does not affirmatively demonstrate the merits of its proposal risks rejection of its proposal or risks that its proposal will be evaluated unfavorably where it fails to do so. Johnson Controls, Inc., B-407337, Nov. 20, 2012, 2012 CPD ¶ 323 at 4. Here, the record shows that PAE chose [REDACTED] escalation

for the [REDACTED] labor category based simply on its “experience” that [REDACTED]. See PAE ENs at 120-122, 166; PAE FPR Volume II Technical at 29. In short, although the agency acknowledges that “[REDACTED] escalation may have been a feasible approach,” COS/MOL at 14, we find no basis to question the agency’s view that PAE did not sufficiently substantiate its approach and, therefore, presented risk that resulted in the assessment of a weakness.

Moreover, we find no merit in PAE’s complaint that the agency misled it during discussions with regard to this weakness. When an agency engages in discussions with an offeror, the discussions must be meaningful, but an agency is not obligated to spoon-feed an offeror or conduct successive rounds of discussions until all proposal defects have been corrected. Hanford Env’tl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 8. Here, the record shows that the agency informed PAE that its proposed approach presented “a potential increased technical risk to contract performance[.]” PAE ENs at 120-122; see also PAE MFR of Discussions at 9. Moreover, the record shows that PAE revised its proposal to [REDACTED] escalation for [REDACTED] of the [REDACTED] labor categories. That PAE chose [REDACTED] escalation [REDACTED] for [REDACTED] labor categories, and not to provide substantiating documentation for its approach, was a business decision, and the agency had no obligation to conduct further discussions with PAE regarding this area. Therefore, this protest ground is denied.

Second, PAE disagrees with the agency’s assessment of a weakness based on its inclusion, in its responses to the [REDACTED] scenarios, of certain employee physical examinations as cost-reimbursable items. In this regard, PAE contends that the RFP permits physical examinations to be included under certain cost CLINs, such as CLIN 2041AA, which states in relevant part: “This CLIN will capture materials/non-materials costs in support of the . . . effort including but not limited to the following: Physicals, passports, visas, Material/Non-Material expenses and applicable indirect/burden expenses will be reimbursed at cost.”⁹ Protest at 18, citing RFP at 23; see also Protester’s Comments at 10.

In response, the agency asserts that PAE improperly applied these cost CLINs to “pre-deployment physicals,” which are not allowable under an applicable agency instruction¹⁰ and were not otherwise permitted under the RFP. COS/MOL at 29; see also SSEB Report at 31; PAE FPR Technical Report at 5-6. The agency explains that the RFP advised offerors that “[t]he only physicals the Army will provide for are those

⁹ In its proposal and protest filings, PAE also references CLIN 2031AA, which contains similar language. Protest at 19, citing RFP at 19.

¹⁰ As noted above, DoDI 3020.41, which is referenced in the RFP, provides: “Unless otherwise stated in the contract, all pre-, during-, and post-deployment medical evaluations and treatment are the responsibility of the contractor.” See RFP Capabilities and Missions by Location at 7; see also COS/MOL at 29.

considered a ‘unique Government requirement’[.]” COS/MOL at 29, citing PWS at 10. Specifically, the RFP states, in relevant part:

The contractor shall provide personnel capable of unique government requirements such as respirator user, confined space, flight-line driving, non-crewmember Federal Aviation Agency [] flight personnel, and painters. The government will provide physicals as needed for these unique requirements. The contractor shall coordinate these physicals with the [contracting officer’s representative] and ensure they are funded through material and nonmaterial, see paragraph [on material and reimbursable non-material expenses].

PWS at 10.

In response to the [REDACTED] scenario, PAE’s proposal included a table that listed “physical/passports/visas” for all [REDACTED] employees under a pre-deployment category covered by a cost CLIN and stated that “projected costs include pre-deployment requirements (physicals/passports/visas)[.]” PAE FPR Volume II Technical at 95. The evaluators found that PAE’s proposal listed “pre-deployment cost and physicals equaling the number of team personnel, thus indicating these were not physicals detailed in the [RFP] (the unique Government requirements).” PAE FPR Technical Report at 5-6. Accordingly, the agency assessed a weakness because “improperly billing expenses in the estimation of missions[] can lead to mission delays and unsuccessful contract performance[.]” SSEB Report at 31.

We find the agency’s assessment of this weakness here to be reasonable. As noted above, the RFP required offerors to address three scenarios and provided that responses “will be evaluated on their overall interpretation of the PWS requirements and the approach to accomplish each scenario’s effort, identification of appropriate resources, and application of processes and resources to provide timely and cost effective solutions to the presented problems.” RFP § L at 6-8. Where PAE’s proposal plainly states that it considers physicals for all employees under that scenario to be covered by a pre-deployment category under a cost-reimbursable CLIN--which was not allowable under an applicable agency instruction and was not otherwise permitted under the RFP--we find that the agency’s evaluation in this regard was reasonable. Moreover, we find no basis to question the agency’s view that, even if PAE intended to include only allowable physicals under the cost CLINs, PAE’s proposal was “ambiguous and created an appearance that PAE was charging the Army for unallowable pre-deployment costs.” COS/MOL at 30. Accordingly, this protest ground is also denied.

Cost Evaluation

PAE also argues that the agency unreasonably adjusted its price upwards by \$9,737,771. In this regard, the protester does not challenge the agency’s cost realism methodology; rather, PAE contends that the agency’s evaluation was contrary to the

RFP because the agency “improperly double-penalized PAE in the area of escalation” by imposing a cost adjustment and, as discussed above, assessing a technical weakness. Protest at 16; Protester’s Comments at 9. PAE also complains that “it is only because PAE was not given the chance to satisfy the Army’s desire to see additional documentation that PAE found itself in a position of being subjected to significant upward cost adjustments.”¹¹ Protester’s Comments at 10.

A cost realism analysis is an independent review and evaluation of specific elements of an offeror’s proposed costs to determine whether the proposed costs are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the unique methods of performance and materials described in the offeror’s technical proposal. Federal Acquisition Regulation (FAR) § 15.404-1(d)(1). Agencies are required to perform such an analysis when awarding cost-reimbursement contracts to determine the probable cost of performance for each offeror. FAR § 15.404-1(d)(2). An agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(d)(1), or to verify each and every item in assessing cost realism; 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. Agencies are given broad discretion to make cost realism evaluations. Tridentis, LLC, B-410202.2, B-410202.3, Feb. 24, 2015, 2015 CPD ¶ 99 at 7. Consequently, our review of an agency’s cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. Id.

Here, we find no basis to question the reasonableness of the agency’s evaluation of PAE’s cost/price proposal. As noted above, the RFP provided that the agency would perform a cost realism analysis on the CPFF CLINs to evaluate the offeror’s understanding of technical requirements and the risk associated with the offeror’s technical proposal. RFP § M at 8. As discussed above, the agency reasonably found that PAE’s decision [REDACTED] escalation for certain [REDACTED] labor categories presented risk, and assessed a technical weakness. Therefore, we have no basis to question the agency’s determination to upwardly adjust PAE’s price, where the RFP provided for such an adjustment.

Moreover, we find no merit in PAE’s complaint that it “was not given the chance to satisfy the Army’s desire to see additional documentation[.]” Protester’s Comments at 10. As a preliminary matter, as noted above, the RFP warned that offerors were responsible for providing adequate evidence to prove the credibility of the proposed costs/prices and specifically advised offerors “to clearly show justification for unique practices that significantly lower costs.” RFP § L at 15; RFP § M at 8. Moreover, the record shows that, during discussions, the agency informed PAE of its concerns that PAE [REDACTED] escalation to the [REDACTED] labor categories; that PAE had the

¹¹ As the agency points out, the upward adjustment of PAE’s price was “minimal and amounted to less than 0.8% of PAE’s offered total price,” and PAE’s total evaluated price was still lower than DynCorp’s. COS/MOL at 23.

“discretion” [REDACTED] escalation but should “provide relevant information as applicable detailing the basis of the proposed escalation factors”; and that PAE should “confirm [its] understanding of the Government’s position pertaining to the escalation[.]” PAE ENs at 166-167. The record also shows that PAE affirmatively responded to the agency’s request for confirmation; decided to [REDACTED] escalation for [REDACTED] labor category but not for [REDACTED] categories; and instead simply proposed, for example:

For [REDACTED] positions, PAE [REDACTED] escalation [REDACTED] in our proposed pricing. [REDACTED].

AR, Tab 10, PAE FPR Volume IV Cost/Price, Nov. 20, 2018, at 25. As noted above, when an agency engages in discussions with an offeror, the discussions must be meaningful, but an agency is not obligated to spoon-feed an offeror or conduct successive rounds of discussions until all proposal defects have been corrected. Hanford Env’tl. Health Found., supra, at 8. Therefore, we find no basis to question the agency’s adjustment to PAE’s proposed costs, and this protest ground is denied.

Best-Value Tradeoff Decision

Finally, PAE contends that the agency’s best-value decision was “defective per se because it was based on the flawed underlying evaluations.” Protest at 19. Based on our review of the record, we conclude that the agency’s evaluation and source selection decision were reasonable and in accordance with the terms of the solicitation. Here, the record shows that the SSA provided a well-reasoned basis for a tradeoff that identified discriminators between the proposals and justified paying DynCorp’s higher price. As such, this allegation is also denied. Laboratory Corp. of America, B-414896.3, B-414896.4, July 13, 2018, 2018 CPD ¶ 264 at 12-13 (agency’s best-value tradeoff decision is unobjectionable where all of the protester’s evaluation challenges are denied).

The protest is denied.

Thomas H. Armstrong
General Counsel