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Decision

Matter of: Vectrus Systems Corporation

File: B-419143; B-419143.2

Date: December 23, 2020

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DIGEST

1. Protest challenging agency's evaluation of past performance is denied where the record shows that the agency's evaluation was reasonable, equal, and consistent with the stated evaluation factor.
 2. Protest challenging agency's conclusion that the awardee's total evaluated price (TEP) was reasonable is denied where the agency based its evaluation on a comparison of the awardee's TEP to the average TEP of other offerors, and to a government TEP based on historical data.
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DECISION

Vectrus Systems Corporation, of Colorado Springs, Colorado, challenges the award of a contract to Kellogg, Brown & Root Services, Inc., (KBR), of Houston, Texas, under request for proposals (RFP) No. FA5641-19-R-A001, issued by the Department of the Air Force, for base operating services in support of United States Air Forces in Europe and United States Air Forces in Africa. The protester challenges the agency's evaluation of its proposal under the past performance evaluation factor, the agency's evaluation of the awardee's total evaluated price (TEP), and the best-value tradeoff decision.

We deny the protest.

BACKGROUND

The RFP, issued on June 11, 2019 under Federal Acquisition Regulation (FAR) part 15, contemplated the award of a single indefinite-delivery, indefinite-quantity (IDIQ) contract for base operating services in Europe and Africa with a 3-month phase-in period, a 5-year base period and three 1-year option periods. Agency Report (AR), Tab 39, RFP at 61, 71.¹ The RFP also contemplated the issuance of two task orders for services in Spain and Turkey at the time of contract award, but stated that additional locations could be added through additional task orders. RFP at 71; AR, Tab 10, RFP amend. 2, Performance Work Statement (PWS) at 58.

Award was to be made on a best-value tradeoff basis considering the following three evaluation factors: technical, past performance, and price. RFP at 71. The technical factor was to be evaluated on an acceptable/unacceptable basis.² *Id.* Under the past performance factor, the government would assess offerors' recent and relevant present and past work record to determine confidence in each offeror's probability of successfully performing as proposed. *Id.* at 72. Price proposals would be evaluated for completeness, reasonableness, balance, and realism of the offeror's TEP.³ *Id.* at 73-74. The solicitation advised that the agency expected adequate price competition and would rely on the techniques and procedures described in FAR 15.404-1(b) as the primary means of assessing reasonableness. *Id.* at 73. The solicitation provided that past performance was significantly more important than price. *Id.* at 71.

The agency received three timely proposals, including proposals from Vectrus and KBR.⁴ Contracting Officer's Statement (COS) at 10. An SSEB evaluated the proposals, conducted two rounds of discussions, and requested final proposal revisions (FPRs).

¹ The solicitation was amended six times. Unless otherwise stated, citations to the RFP are to the PDF pages of the conformed solicitation provided by the agency at Tab 39 of the agency report.

² The technical factor was comprised of three subfactors: phase-in/transition plan, management plan, and host nation labor laws. RFP at 71-72.

³ Offerors were instructed to complete a pricing spreadsheet by inserting its proposed price at the contract line item number (CLIN) level for phase-in, labor, and dining facility services. RFP at 60-61. The sum of these fixed-price CLINs, together with plug numbers provided by the government for materials, over and above (*i.e.*, non-recurring services), and travel/temporary duty travel CLINs, was the TEP. *Id.*

⁴ Vectrus is the incumbent contractor. Its contract is referred to as the Turkey Spain Base Maintenance Contract II (TSBMC II). AR, Tab 64, Consolidated Source Selection Evaluation Board (SSEB) Report at 5. The predecessor contract to TSBMC II was performed by a joint venture of which KBR was a member and is referred to as TSBMC I. *Id.* at 5, 33.

AR, Tab 65, Final Decision Brief at 7. The agency evaluated Vectrus's and KBR's FPRs as follows:⁵

	Vectrus	KBR
Technical	Acceptable	Acceptable
Past Performance	Satisfactory Confidence	Substantial Confidence
Price	\$ 484,594,108	\$ 557,498,425

AR, Tab 67, Source Selection Decision Document (SSDD) at 5-6.

Based on this evaluation, the agency's source selection advisory council (SSAC) recommended that the source selection authority (SSA) issue an award to KBR. AR, Tab 66, SSAC Comparative Analysis Report at 6. The SSA was provided complete access to all available documents pertaining to the acquisition, reviewed the documentation, and consulted with the SSEB, SSAC, and advisors. AR, Tab 67, SSDD at 1. Based on an integrated assessment of all proposals in accordance with the stated evaluation factors, the SSA determined that KBR's proposal offered an advantage over Vectrus's under the past performance factor, while Vectrus's proposal had an advantage with regard to price. *Id.* at 9. The SSA, however, concluded that because the past performance factor was significantly more important than price, KBR's advantage in past performance outweighed that of Vectrus's lower price. *Id.* As a result, the SSA concluded that KBR's proposal represented the best value to the government and selected it for award. *Id.* at 10.

Vectrus was notified of the agency's award to KBR on August 26. After receiving a debriefing, which concluded on September 11, Vectrus filed this protest with our Office on September 16.

DISCUSSION

Vectrus first argues that the agency unreasonably evaluated its proposal under the past performance factor by erroneously finding one of its references only relevant, instead of very relevant, and disparately evaluating negative past performance. Vectrus next argues that the agency's price reasonableness analysis was flawed, failing to recognize that KBR's TEP was unreasonably high and ineligible for award. Finally, Vectrus

⁵ The performance confidence assessment ratings for the past performance factor were: substantial confidence, satisfactory confidence, neutral confidence, limited confidence, and no confidence. RFP at 73. A substantial confidence rating was defined as: based on the offeror's recent/relevant performance record, the government has a high expectation that the offeror will successfully perform the required effort. *Id.* A satisfactory confidence rating was defined as: based on the offeror's recent/relevant performance record, the government has a reasonable expectation that the offeror will successfully perform the required effort. *Id.*

argues the best-value trade off decision was unreasonable as a result of these evaluation errors.

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. *22nd Century Techs., Inc.*, B-413210, B-413210.2, Sept. 2, 2016, 2016 CPD ¶ 306 at 8. Rather, we will review the record to determine whether the agency's evaluation was reasonable and consistent with the stated evaluation criteria and applicable procurement statutes and regulations. *Id.* 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.

Vectrus has made arguments that are in addition to, or variations of, those discussed below, as well as arguments that were withdrawn or abandoned during the development of the protest. While we do not address every issue raised, we have considered all of the protester's arguments and conclude that none furnishes a basis on which to sustain the protest.

Evaluation of Vectrus's Past Performance

For the past performance factor, the RFP instructed offerors to submit information on a minimum of two but no more than four recent contracts or task orders considered most relevant in demonstrating the ability to perform the services under this contract.⁶ RFP at 59. The RFP also stated that the agency would consider information included in the proposals, and present/past performance information from various government sources and databases, including the contractor performance assessment report (CPAR) database.⁷ *Id.* at 73. The solicitation also stated that offerors would be given an opportunity to address adverse past performance information if the offeror did not have a previous opportunity to respond to the adverse information. *Id.* at 72.

For each reference contract, the agency was to perform an independent determination of recency and relevancy. *Id.* at 73. As relevant here, the RFP defined relevancy in the definitions for the following ratings: very relevant, relevant, somewhat relevant, and not relevant. *Id.* For example, a reference contract was very relevant if the effort involved civil engineering, logistics and force support services, was valued over \$50 million annually, and demonstrated the ability to perform work for the Department of Defense (DOD) "in multiple locations simultaneously within Europe or Africa." *Id.* Finally, the solicitation stated that based on its consideration of recency, relevancy, and quality

⁶ This decision refers to the offerors' past performance references as reference contracts.

⁷ For each reference contract submitted, offerors were instructed to complete past performance information (PPI) sheets and send past performance questionnaires (PPQs) to the points of contact identified on the PPI sheet. RFP at 59.

assessment of the evaluated reference contracts, the agency would assign a performance confidence assessment rating. *Id.*

Vectrus identified three past performance reference contracts. AR, Tab 22, Vectrus Initial Proposal, Past Performance. The agency found 13 CPARs relating to the reference contracts, and 7 CPARs relating to 3 additional contracts or orders on which Vectrus performed. AR, Tab 64, Consolidated SSEB Report at 45. In total, the agency considered a total of 6 reference contracts, 20 CPARs, and responses to 2 evaluation notices (EN) issued on 2 negative aspects of performance on its incumbent contract to which Vectrus had not had a previous opportunity to respond. *Id.* at 45, 51. For each of the references the agency assessed the recency, relevancy, and quality of performance. All reference contracts were considered to be recent. *Id.* at 45. The agency evaluated each of the reference contracts as follows:

Reference Contract	Performance Location	Relevancy	Rating
TSBMC II	Spain/Turkey	Very Relevant	Satisfactory
Thule Base Maintenance Contract (BMC)	Thule, Greenland	Relevant	Very Good
Kuwait Base Operations and Security Support (BOSS)	Kuwait	Relevant	Exceptional
Keesler Air Force Base (AFB)	Keesler AFB, MS	Somewhat Relevant	Satisfactory
Maxwell AFB	Maxwell AFB, AL	Somewhat Relevant	Satisfactory
Qatar BOSS	Various locations in Qatar	Relevant	Very Good

Id. at 45-51; see also AR, Tab 65, Final Decision Brief at 53; Tab 70, Debriefing Slides at 9. As relevant here, with respect to the Thule BMC reference contract, the agency assigned a rating of relevant as follows:

The Offeror demonstrated their ability to perform work for the [DOD] at multiple [outside the continental United States (OCONUS)] (excluding Alaska and Hawaii) locations simultaneously, by discussing their work in Greenland. However, the contract does not demonstrate the Offeror's ability to execute work for the [DOD] in multiple locations simultaneously within Europe or Africa, as is required to achieve a rating of Very Relevant.

AR, Tab 64, Consolidated SSEB Report at 46-47. Overall, the agency found that it had a reasonable expectation that Vectrus would successfully perform the required effort and assigned a satisfactory confidence past performance rating. *Id.* at 53.

KBR identified four reference contracts. AR, Tab 55, KBR Final Proposal, Past Performance at 2. The agency found 2 additional reference contracts and overall, considered 6 reference contracts and 10 CPARs. AR, Tab 64, Consolidated SSEB Report at 32. The agency assessed each of the reference contracts as follows:

Reference Contract	Performance Location	Relevancy	Rating
TSBMC I	Spain/Turkey	Very Relevant	Very Good
Djibouti BOS III	Djibouti/Kenya	Very Relevant	Satisfactory
Logistics Civil Augmentation Program (LOGCAP) IV, Task Order (TO) 10	Europe (9 countries)	Very Relevant	Exceptional
LOGCAP IV, TO 09	Arabian Peninsular	Relevant	Very Good
Kosovo Support Services, TO 41	Kosovo	Somewhat Relevant	Very Good
Isa Air Base BOS	Isa Air Base, Bahrain	Relevant	Very Good

Id. at 32-39; see also AR, Tab 65, Final Decision Brief at 41. The agency found that it had a high expectation that KBR would successfully perform the required effort and assigned a substantial confidence past performance rating. AR, Tab 64, Consolidated SSEB Report at 39.

Evaluation of Vectrus’s Thule Base Maintenance Contract

Vectrus first challenges the agency’s relevancy rating for its past performance reference contract for Thule BMC.⁸ Specifically, Vectrus argues that the agency should have found this reference contract to be very relevant because it involves civil engineering, logistics, and force support services, has an annual value of over \$67 million, and “involves performance in multiple locations, with 97 percent of Thule staff performing civil engineering, logistics, and force support services at 3 locations in Greenland and 3 percent of Thule staff providing directly related program management support in Denmark.” Protest at 15. Vectrus argues that had the agency properly assigned a very relevant rating to this reference contract, it would have resulted in the assignment of an overall substantial confidence rating because Vectrus would have had two very relevant reference contracts instead of only one. *Id.* at 16. Vectrus argues the additional very relevant rating for the Thule BMC contract would have, at a minimum, reduced the perceived gap between the two offerors’ past performance. *Id.* at 17.

⁸ This contract was performed by a wholly-owned subsidiary of Vectrus. AR, Tab 64, Consolidated SSEB Report at 46.

The Air Force asserts that it reasonably found the challenged reference contract to be relevant (rather than very relevant) because the reference reflected that the work was performed in multiple locations in Greenland, which the agency considered to be geographically located within the continent of North America and not “within Europe or Africa,” as required by the solicitation for a very relevant rating.⁹ Memorandum of Law (MOL) at 21-22; COS at 38. The agency explains that it interpreted “within Europe or Africa” as meaning physically located within those continents. Supp. COS/MOL at 23.

Vectrus disagrees with the agency’s conclusion that Greenland is not “within Europe” and argues that Greenland has geopolitical and cultural ties to Denmark, a European country. Comments & Supp. Protest at 8; Supp. Comments at 7-10. Vectrus also argues that one of the task orders to be issued under the contract at issue here is to be performed in Turkey, a country that is predominantly located in Asia. Comments & Supp. Protest at 7; Supp. Comments at 9. The protester asserts that Turkey is considered part of Europe by the U.S. Air Force in Europe, which is a component of United States European Command (EUCOM). *Id.* Because Turkey falls within EUCOM’s Area of Responsibility (AOR), and Greenland also falls within EUCOM’s AOR, the Air Force should have similarly considered Greenland to be part of Europe. Comments & Supp. Protest at 8; Supp. Comments at 9.

An agency’s evaluation of past performance, which includes its consideration of the relevance, scope, and significance of an offeror’s performance history, is a matter of agency discretion which we will not disturb unless the agency’s assessments are unreasonable, inconsistent with the solicitation criteria, or undocumented. *Cyber Protection Techs., LLC*, B-416297.2, B-416297.3, July 30, 2018, 2018 CPD ¶ 270 at 6. A protester’s disagreement with the agency’s judgment, without more, is insufficient to establish that an evaluation was improper. *Jacobs Tech., Inc.*, B-410441.15, B-410441.16, Sept. 24, 2018, 2018 CPD ¶ 338 at 11.

In addition, where a dispute exists as to a solicitation’s actual requirements, we will first examine the plain language of the solicitation. *Intelsat Gen. Corp.*, B-412097, B-412097.2, Dec. 23, 2015, 2016 CPD ¶ 30 at 8. Where a protester and agency disagree over the meaning of solicitation language, we will resolve the matter by reading the solicitation as a whole and in a manner that gives effect to all of its provisions; to be reasonable, and therefore valid, an interpretation must be consistent

⁹ Vectrus argues that during the debriefing, the agency stated Vectrus received the relevant rating because it did not perform work in multiple countries, which Vectrus argues is inconsistent with the terms of the solicitation. See AR, Tab 70, Debriefing Slides at 9; AR, Tab 71, Debriefing Questions and Answers (Q&A) at 2 (“multiple locations” meant “performance of Civil Engineering, Logistics, and Force Support in more than one country (either in Europe or Africa) on the same contract effort.”). The agency explains that while the protester presents valid arguments in this regard, for the reasons explained in the decision, Vectrus’s Thule BMC reference nonetheless only meets the definition of relevant. MOL at 21.

with the solicitation when read as a whole and in a reasonable manner. *Crew Training Int'l, Inc.*, B-414126, Feb. 7, 2017, 2017 CPD ¶ 53 at 4. An ambiguity exists where two or more reasonable interpretations of the terms or specifications of the solicitation are possible. *Colt Def., LLC*, B-406696, July 24, 2012, 2012 CPD ¶ 302 at 8. A solicitation is not ambiguous unless it is susceptible to two or more reasonable interpretations. See *WingGate Travel, Inc.*, B-412921, July 1, 2016, 2016 CPD ¶ 179 at 7. If the solicitation language is unambiguous, our inquiry ceases. *Id.*

Based on our review of the record, we find the agency's evaluation of this reference contract as relevant was reasonable and consistent with the solicitation. Here, the solicitation stated that relevancy was defined as similar magnitude and complexity and provided specific definitions for each relevancy rating. RFP at 73. As noted, a very relevant rating was defined as a past performance effort involving civil engineering, logistics and force support services for work performed on contracts or task orders greater than \$50 million annually where the "[o]fferor's efforts [] demonstrate the ability to execute work for the [DOD] in multiple locations simultaneously *within Europe or Africa.*" *Id.* (emphasis added). By contrast, a relevant rating was defined as a past performance effort involving civil engineering and either logistics or force support services for work performed on contracts or task orders between \$25 million and \$49.9 million annually where the "[o]fferor's efforts [] demonstrate the ability to perform work for the [DOD] at [outside the continental United States (OCONUS)] (excluding Alaska and Hawaii) locations." *Id.*

There is no dispute that the work performed under the Thule BMC exceeded \$50 million and included civil engineering, logistics, and force support services. The dispute is the agency's conclusion that Greenland was not considered to be "within Europe."¹⁰ On this record, we find the protester's reading of the solicitation is not reasonable as it is inconsistent with the plain language of the solicitation.

For example, there is nothing in the express language of the solicitation supporting Vectrus's position that Greenland is "within Europe" because it has geopolitical ties to Denmark (Greenland remains a province of Denmark and is part of the Kingdom of Denmark) or that it is within EUCOM's AOR. See Comments & Supp. Protest at 8; Supp. Comments at 9. The agency argues that because Greenland is politically a "part of" Denmark does not make it within Europe. Supp. COS/MOL at 24. We find that Vectrus's arguments would effectively require an interpretation of the solicitation that

¹⁰ A small portion of the Thule BMC, the project management office (PMO), was performed in Denmark and the remainder of the work was performed in multiple locations within Greenland. AR, Tab 22, Vectrus Initial Proposal, Past Performance at 9. The agency informed Vectrus that the PMO work did not involve civil engineering, logistics, or force support services. AR, Tab 71, Debriefing Q&As at 6. The protester argues that the PMO work did involve such efforts. Protest at 16. We need not resolve this issue because even if the agency considered the PMO work involved civil engineering, logistics or force support services, the Thule BMC would not demonstrate that Vectrus performed work in multiple locations simultaneously within Europe or Africa.

would substitute the term “within Europe or Africa,” with “within the political province of parts of Europe or Africa,” or “within EUCOM’s AOR or Africa,” rendering the actual solicitation language superfluous. See *L & J Bldg. Maint., LLC*, B-411827, Oct. 27, 2015, 2015 CPD ¶ 344 at 4 (finding unreasonable the protester’s proposed interpretation of solicitation language regarding the relevance of past performance and experience insofar as it would render other solicitation language superfluous).

Likewise, there is nothing in the express language of the solicitation supporting Vectrus’s argument that the agency intended “within Europe” to encompass more than mere geographic location because one of the task orders is to be performed in Turkey, which despite being geographically located mostly in Asia is considered to be part of Europe because it falls within the EUCOM’s AOR. Comments & Supp. Protest at 7-8; Supp. Comments at 9-10. The agency states that although the IDIQ contract at issue here states that the initial locations for task order award are primarily Morón Air Base, Spain, and Incirlik Air Base, Izmir Air Station, and Ankara Support Facility in Turkey, the solicitation provides that additional locations could be added through additional task orders. Supp. COS/MOL at 24. Further, the agency states that it was bound by the terms of the solicitation, which state that to receive a very relevant rating, work had to be performed “within Europe or Africa.” If Vectrus’s interpretation applied, the agency argues it would have been required to include work performed in the British Virgin Islands, New Zealand or Australia--countries with geopolitical ties to Europe--as work performed in Europe. *Id.* at 25-26. We agree with the agency that Vectrus’s interpretation is not supported by the plain language of the solicitation.

Further, the record shows that the agency consistently applied this interpretation in assessing the relevancy of the offerors’ reference contracts. See, e.g., AR, Tab 64, Consolidated SSEB Report at 37 (finding one of KBR’s reference contracts performed in the Arabian Peninsula to be relevant, rather than very relevant, because although it had an annual value exceeding \$50 million and efforts involving civil engineering, logistics, and force support efforts at multiple OCONUS locations, those locations were not within Europe or Africa). On this record, we find reasonable the agency’s decision to assign a rating of relevant, rather than very relevant, to the reference at issue due to the agency’s conclusion that Greenland is not “within Europe or Africa” because it is geographically located on the continent of North America. This protest allegation is denied.

Disparate Treatment

Vectrus next argues that the agency evaluated the offerors disparately by emphasizing Vectrus’s negative past performance on its incumbent contract while ignoring similar negative past performance reflected in KBR’s performance record. In support of its argument, Vectrus points to examples in KBR’s performance record that, according to Vectrus, were of similar nature to the issues in Vectrus’s performance record that were highlighted by the agency for Vectrus but ignored for KBR. Comments & Supp. Protest at 2-6; Supp. Comments at 2-7.

The Air Force asserts that it did not disparately evaluate the past performance records of KBR and Vectrus. Supp. COS/MOL at 6-21. The Air Force explains that it considered all of the CPARs identified for a particular contract, other applicable information (PPQs and PPIs), and assigned a quality rating that generally corresponded to the most prevalent rating contained in the CPARs for that contract (e.g., exceptional, very good, satisfactory etc.). *Id.* at 9. The agency further explains that where an offeror received overwhelmingly positive CPAR ratings for a contract, the evaluators did not highlight minor issues that did not affect the offeror's overall rating. *Id.* Although the agency did not specifically highlight negative performance issues--such as those of KBR that Vectrus points to in its protest--this does not mean that the agency failed to consider the issues. *Id.* at 9, 12-16. Finally, the agency explains that while Vectrus had unresolved issues on the incumbent contract for which corrective action had been proposed but not yet completed, KBR demonstrated successful performance on three very relevant contracts, and these are key differences that distinguished the past performance between the two offerors. *Id.* at 19-21.

The relative merits of an offeror's past performance information is generally within the broad discretion of the contracting agency. See *Paragon Tech. Grp., Inc.*, B-407331, Dec. 18, 2012, 2013 CPD ¶ 11 at 5. In addition, we have consistently found that it is a fundamental principle of federal government procurement that competitions must be conducted on an equal basis; that is, the contracting agency must treat all offerors equally, and even-handedly evaluate proposals and quotations against common requirements and evaluation criteria. *Fluor Intercontinental, Inc.--Advisory Op.*, B-417506.14, Nov. 5, 2019, 2020 CPD ¶ 46 at 31; *Kingfisher Sys., Inc.; Blue Glacier Mgmt. Grp., Inc.*, B-417149 *et al.*, Apr. 1, 2019, 2019 CPD ¶ 118 at 8. Where a protester alleges disparate treatment in a past performance evaluation, it must show that the differences in ratings did not stem from differences between the offerors' respective performance records. *Fluor Intercontinental, Inc.--Advisory Op.*, *supra*. Based on our review of the record, we agree with the agency that the record demonstrated that material differences between the offerors' respective performance records supported the differing evaluation results and that the agency did not engage in disparate treatment.

As noted, the solicitation stated that the agency's assignment of a performance confidence assessment rating would be based on the recency, relevancy, and quality assessments of the contracts evaluated. RFP at 72. The solicitation also advised that the agency would evaluate the offeror's demonstrated record of contract compliance in supplying services that meet the user's needs, including quality, cost and schedule. *Id.* Pertinent here, with regard to adverse past performance, the RFP explicitly stated the following:

Recent contracts will be examined to ensure that corrective measures have been implemented. The past performance evaluation assessment will consider issues including but not limited to the number and severity of the problems, the appropriateness and/or effectiveness of any corrective actions taken (not just planned or promised), and the overall work record.

Prompt corrective action in isolated instances may not outweigh overall negative trends.

Id. (emphasis added).

First, while the agency evaluated six reference contracts for each offeror that were found to be recent, there were differences in the relevancy and quality of the offerors' performance records. For Vectrus, the agency found only one reference to be very relevant, *i.e.*, Vectrus's incumbent TSBMC II contract. AR, Tab 64, Consolidated SSEB Report at 45. By contrast, the agency found three of KBR's references, including the TSBMC I contract (the predecessor contract to the incumbent contract), to be very relevant. *Id.* at 33-35. Moreover, for Vectrus, the CPARs show that more than half of the ratings received over multiple rating periods were satisfactory. AR, Tab 31, Initial Past Performance Evaluation Report app. A at 3-4. By contrast, for KBR, the majority of the ratings received was a greater mix of exceptional and very good ratings. *Id.* at 2. In addition, with respect to individual reference contracts, Vectrus received most of its very good and exceptional ratings on two reference contracts--the Kuwait BOSS and Qatar BOSS. *Id.* at 3-4. In comparison, KBR received mostly very good and exceptional ratings on all but one contract--the Djibouti BOS III. *Id.* at 2.

Next, Vectrus attempts to cherry-pick individual instances of negative past performance and argue that the agency treated offerors disparately by emphasizing Vectrus's negative past performance while ignoring negative past performance of KBR. However, the record reflects that Vectrus is focusing on isolated incidents in KBR's records that ignored the reality that KBR's performance record on its very relevant contracts was materially stronger than that of Vectrus's.

For example, Vectrus identifies instances in KBR's CPARs for the TSBMC I reference contract for the period of October 1, 2013 to September 30, 2014, that allegedly show that "KBR has *significant* adverse past performance under the [v]ery [r]elevant predecessor to the incumbent contract." Comments & Supp. Protest at 3. Specifically, the protester argues that the awardee received four contract deficiency reports (CDRs) and numerous corrective action reports for this reference contract. *Id.* Although the CPAR shows instances where corrective action was needed, as the agency notes, when read in context, the CPAR narrative comments reflect that the issues Vectrus points to were the exception to otherwise satisfactorily delivered services. Supp. COS/MOL at 12; *see, e.g.*, AR, Tab 25, Various Additional KBR CPARs Considered at 3 ("All contractually required services were delivered satisfactorily, with the exception of those for which [four CDRs] were issued."). Moreover, the CPAR record shows that KBR received very good ratings in the evaluated areas of quality, schedule, cost control, and management, and one satisfactory rating in the area of regulatory compliance. AR, Tab 25, Various Additional KBR CPARs Considered at 1.

Similarly, Vectrus points to a statement in a CPAR for one of KBR's very relevant reference contracts indicating the issuance of four non-conformance reports and a comment in a PPQ for this reference indicating that there were cost control issues. Comments & Supp. Protest at 4 (*citing* AR, Tab 25, Various Additional KBR CPARs

Considered at 28 and AR, Tab 28, Various KBR PPQs at 10). However, the CPAR shows that while it was noted that four non-conformance reports had been issued, the overall quality for this reference contract was rated as very good, and the areas of schedule, cost control, and management were rated as exceptional. AR, Tab 25, Various Additional KBR CPARs Considered at 28. Moreover, the alleged cost control issues did not occur on this reference contract but a reference contract that was considered to be relevant and the PPQ response actually stated that the cost control issue was “NOT a significant concern.” AR, Tab 64, Consolidated SSEB Report at 36; AR, Tab 25, Various Additional KBR CPARs Considered at 28; AR, Tab 28, Various KBR PPQs at 10. Moreover, the record shows that the CPARs for that reference reflected predominantly very good ratings. AR, Tab 31, Initial Past Performance Evaluation Report app. A at 2.

By contrast, as reflected in the agency’s evaluation, not only did the CPARs for Vectrus’s incumbent contract reflect generally satisfactory ratings, but also ongoing concerns related to staffing, discrepancies in invoicing and other documentation, and cost control and business management, across multiple rating periods. AR, Tab 26, Various Additional Vectrus CPARs Considered at 3, 8, 12, 45-53, 66-67; AR, Tab 64, Consolidated SSEB Report at 54-55.

In addition to these issues, the agency identified two ongoing contract performance issues brought to the agency’s attention after submission of proposals and during the course of this procurement. COS at 15-16. As a result, the agency issued two ENs during discussions and provided Vectrus an opportunity to respond to the adverse past performance information. AR, Tab 27, Dec. 9, 2019, Correspondence Regarding Vectrus Adverse Past Performance Information; AR, Tab 35, Jan. 9, 2020, Past Performance EN to Vectrus and Responses. The agency found Vectrus’s responses-- which accepted full responsibility for the issues and proposed corrective actions-- acceptable and closed the ENs. AR, Tab 35, Jan. 9, 2020, Past Performance EN to Vectrus and Responses at 2, 3-4.

While the protester characterizes these issues as minor errors or infractions that did not have any impact on the mission, the agency did not agree. For example, one issue that occurred on the incumbent contract involved Vectrus’s failure to maintain aircraft arresting barriers, which put “the mission, aircraft, and personnel at risk.” AR, Tab 27, Dec. 9, 2019, Correspondence Regarding Vectrus Adverse Past Performance Information at 10. The record shows that despite the PWS requirement to perform equipment repairs to ensure the aircraft arresting barriers are operational 24/7, subsequent to the discovery of the issue, Vectrus informed the government that they were incapable of performing the necessary type of repair due to the lack of knowledge and capabilities of its personnel, and requested that the government complete the repairs and certify for use. *Id.* As a result, not only did the agency deploy a government team from Germany to Turkey to complete the repairs and certify it for use, but the airfield operations were affected during this time, which was beyond the normal repair time frames. *Id.*; AR, Tab 66, SSAC Comparative Analysis Report at 6. Moreover, by Vectrus’s own admission, this issue was so severe that its corrective actions included

replacement of program personnel, including its program manager. AR, Tab 35, Jan. 9, 2020, Past Performance EN to Vectrus and Responses at 6-7.

Similarly, another issue that occurred on the incumbent contract was Vectrus's failure to maintain the project management database. Although Vectrus contends this was a minor error, the record shows that Vectrus did not maintain the database for four years, starting from the award of the contract. AR, Tab 27, Dec. 9, 2020 Correspondence Regarding Vectrus Adverse Past Performance Information at 3. Further, while Vectrus argues that this "minor error" did not have any impact on the mission, as a result of its non-compliance, the agency did not have oversight of civil engineering project management, which rendered the government unable to track costs, schedules, milestones, and program funds. AR, Tab 64, Consolidated SSEB Report at 51-52.

Finally, the record shows that while the agency may have accepted Vectrus's responses to the ENs, including the proposed corrective actions, Vectrus's proposed corrective actions had not been fully implemented or completed. AR, Tab 64, Consolidated SSEB Report at 55. By contrast, as the agency points out, while KBR's performance record also reflected instances of negative past performance, its record did not reflect unresolved issues for which corrective action had not yet been implemented or completed. Supp. COS/MOL at 19-20 (*citing* AR, Tab 67, SSDD at 9).

An agency's past performance evaluation may be based on a reasonable perception of a contractor's prior performance, regardless of whether the contractor disputes the agency's interpretation of the underlying facts, the significance of those facts, or the significance of corrective actions. *Fluor Intercontinental, Inc.--Advisory Op.*, *supra* at 29; *see also PAE Aviation & Tech. Servs., LLC*, B-413338, B-413338.2, Oct. 4, 2016, 2016 CPD ¶ 283 at 5. Although consideration of past performance trends and corrective actions is generally appropriate, an agency is not required to ignore instances of negative past performance. *Id.*; *Vectrus Sys. Corp.*, B-412581.3 *et al.*, Dec. 21, 2016, 2017 CPD ¶ 10 at 9. On this record, we do not find that the agency unfairly elevated and emphasized Vectrus's negative past performance in its evaluation and selection decision while overlooking KBR's entirely. Accordingly, this protest ground is denied.

Evaluation of KBR's Price

Vectrus alleges that the Air Force failed to adequately assess the reasonableness of KBR's TEP. Vectrus argues that KBR's TEP is unreasonably high, which should have rendered KBR's proposal ineligible for award. Protest at 10-14; Comments & Supp. Protest at 10-13; Supp. Comments at 10-11. Specifically, Vectrus argues that the agency's price reasonableness evaluation was flawed because it compared the proposed prices to the average price of the offerors, and to a government estimate referred to as the government TEP, both of which, in Vectrus's view, were inflated. Protest at 10-13; Comments & Supp. Protest at 9-13; Supp. Comments at 10-11. Vectrus also alleges that KBR's TEP was unreasonable because it overestimated

employee tenure, resulting in a higher TEP. Comments & Supp. Protest at 9-10; Supp. Comments at 10-11.

The Air Force responds that it utilized a combination of techniques permitted under FAR 15.404-1(b)--comparing prices to the average of prices received and to historical prices--which allowed the agency to reasonably conclude that KBR's price was reasonable. MOL at 12-15. The agency also explains that although KBR did not have employee tenure data, KBR's TEP was nonetheless reasonable when compared to the government TEP, which was based on data from the incumbent contract, including employee tenure data. Supp. COS/MOL at 28-29 (KBR's TEP was only [DELETED] percent higher than the government TEP).

A price reasonableness determination is a matter of administrative discretion involving the exercise of business judgment by the contracting officer that we will question only where it is unreasonable. *AAR Airlift Grp., Inc.*, B-414690 *et al.*, Aug. 22, 2017, 2017 CPD ¶ 273 at 9. The FAR permits the use of various price analysis techniques and procedures to ensure fair and reasonable prices, including the comparison of proposed prices received in response to the solicitation to each other or to an independent government estimate. FAR 15.404-1(b)(2); *Comprehensive Health Servs., Inc.*, B-310553, Dec. 27, 2007, 2008 CPD ¶ 9 at 8. The depth of an agency's price analysis is a matter within the sound exercise of the agency's discretion, and we will not disturb such an analysis unless it lacks a reasonable basis. *Advanced Sys. Tech. & Mgmt., Inc.*, B-291529, Dec. 20, 2002, 2002 CPD ¶ 219 at 2.

We do not find anything unreasonable about the methodology the agency used to assess price reasonableness. The solicitation stated that the offerors' TEP would be used to assess price reasonableness. RFP at 74. The solicitation also stated that a reasonable price should represent a price to the government that a prudent person would pay considering market prices. *Id.* The solicitation warned that an unreasonably high proposed TEP could be grounds for eliminating a proposal from competition. *Id.* at 60.

Here, the record shows that the agency concluded that there was adequate price competition. AR, Tab 58, Consolidated Pricing Report at 3. The agency compared the proposed prices to the average of the prices received by all technically acceptable offerors, and considered whether each offeror's TEP was within 20 percent of that average. *Id.* at 3-4, 8, 11, 19, 23, 29, 39-41. As a result of this comparison, the agency found all three offerors' TEPs to be reasonable. *Id.*

Vectrus contends that this methodology--using the average of prices received--improperly allowed the unreasonably high prices of offerors other than Vectrus to inflate the average price. Underlying Vectrus's arguments is its belief that its low price should have served as a benchmark for which the agency should have found the higher priced offerors unreasonable. However, the manner and depth of an agency's price analysis is a matter committed to the discretion of the agency, which our Office will not disturb provided that it is reasonable and consistent with the solicitation's evaluation criteria and

applicable procurement statutes and regulations. FAR 15.404-1(b)(2); *Technatomy Corp.*, B-414672.5, Oct. 10, 2018, 2018 CPD ¶ 353 at 12.

Here, the record shows that while KBR and the third offeror's prices were within [DELETED] percent of each other, Vectrus's price was 13 percent lower than KBR's and [DELETED] percent lower than that of the third offeror. AR, Tab 58, Consolidated Pricing Report at 43; MOL at 14. The agency explains that Vectrus's low price was the outlier. MOL at 14. Accordingly, we find reasonable the agency's explanation that it properly used average prices to compare prices because it gave Vectrus's low price the appropriate weight in comparison to the other higher-priced offerors. See MOL at 14. On this record, we have no objection to the agency's use of an average price calculation to determine the reasonableness of the offerors's TEP. *Omni2H, LLC*, B-418655, July 16, 2020, 2020 CPD ¶ 239 at 7-8. The protester's identification of alternative price evaluation methods available to the agency does not establish that the price evaluation was unreasonable. *Academy Med., LLC*, B-418223.3, Oct. 7, 2020, 2020 CPD ¶ 324 at 5.

Moreover, as discussed below, the agency did not rely solely on the comparison to the average price for its price reasonableness analysis. The agency also compared the offerors' prices to a government estimate (the government TEP), which was developed using historical pricing information, another preferred price analysis technique stated in FAR 15.404-1(b)(2). While Vectrus contends that the agency's use of its government estimate in its price analysis was unreasonable because it was, according to Vectrus, unreliable, we disagree.

The record shows that in its price reasonableness analysis, the Air Force initially compared the TEP's to the agency's independent government estimate (IGE) developed prior to the issuance of the RFP. AR, Tab 58, Consolidated Pricing Report at 19, 24, 29; COS at 13 n.6. During the procurement, the Air Force developed a government TEP to be used in the agency's price realism analysis and its price reasonableness analysis. AR, Tab 58, Consolidated Pricing Report at 33; AR, Tab 41, Memo for the Record (MFR) Rationale to Re-open Discussions at 3-4.

The agency found its TEP to be a better baseline of comparison than the initially prepared IGE for a number of reasons. The IGE included costs to account for performance in locations in addition to Turkey and Spain, and adjustments in anticipation of increases in the price of labor as a result of negotiations with host nation labor unions. COS at 13 n.6. In addition, the IGE was developed prior to release of the solicitation using invoices from the incumbent contract, which due to significant fluctuations in exchange rates since award of the contract, did not accurately reflect the price of performance. AR, Tab 58, Consolidated Pricing Report at 31.

In developing the government TEP, the Air Force limited performance to Turkey and Spain (the predominant locations for maintenance services) and removed the escalation

for host nation labor adjustments.¹¹ *Id.* In addition, the agency collected substantial labor cost data from the incumbent contract during a more recent 5-month period (December 2019-April 2020) that the agency considered to reflect the contractor's actual expenditure for its workforce. *Id.* at 31-32. More specifically, the agency used a monthly cost element breakout report and local national workforce report for both locations (Turkey and Spain) during this five month period (December 2019-April 2020); identified the monthly labor costs data reported; converted those costs to dollars using the exchange rate provided in the solicitation; multiplied the monthly labor cost relative to location and applicable task order by 12 to establish an annual cost; then transferred this information to the solicitation's pricing spreadsheet which calculated a government estimated TEP. *Id.* at 31-33; AR, Tab 41, MFR Rationale to Re-open Discussions at 3-4.

During discussions, offerors were advised that the Air Force developed the government TEP and its methodology. AR, Tab 36, Jan. 9, 2020, Pricing EN to Vectrus at 32; AR, Tab 42, June 10, 2020, Tr. of Call with Vectrus Re-opening of Discussions. Vectrus was specifically advised that the Air Force considered Vectrus's TEP to be unrealistic when compared to the government TEP. AR, Tab 36, Jan. 9, 2020, Pricing EN to Vectrus at 32. In its response, Vectrus disputed the agency's conclusion that its price was unrealistic, provided several reasons why it believed that the government TEP was flawed, and submitted what it believed to be a more accurate government TEP. *Id.* at 34-38. While Vectrus's responses were considered, the agency rejected Vectrus's attempt to re-calculate the government TEP. *Id.* at 39.

In its protest, in support of its argument that the TEP is unreliable, Vectrus points to its response to this EN where it asserted five reasons that the TEP calculated by the agency was incorrect. Protest at 12-14 (*citing* AR, Tab 36, Jan. 9, 2020, Pricing EN to Vectrus at 34). In its agency report, the Air Force thoroughly addressed Vectrus's contentions. MOL at 16-19. For example, Vectrus argues that the agency's TEP was based on the workload and full-time equivalents for the incumbent effort, and not on the

¹¹ The agency explains that approximately 90 percent of the labor costs incurred under this contract will be for local national labor. COS at 3 n.1. These costs are largely dictated by host nation labor laws and are effectively beyond the control of either the contractor or the government. *Id.* The contractor, in accordance with the applicable status of forces agreement and the contract, must comply with any host nation-directed increases (or decreases) in wages. *Id.* As a result, the solicitation included FAR clause 52.216-4, Economic Price Adjustment-Labor and Material, to mitigate the risk imposed by this uncontrollable variable. *Id.*; RFP at 18. Under the incumbent contract, the government renegotiates wage increases bi-annually with the Turkish labor unions with assistance from the TSBMC contractor. COS at 3. The contractor then invoices the government for the retroactive increases and pays the local Turkish workforce. *Id.* Historically, the Spanish labor negotiations take place every two to three years with negotiations supported by the government and managed by the TSBMC contractor. *Id.* The IGE included escalation to account for adjustments to the price of labor as a result of these negotiations. *Id.* at 13 n.6.

current solicitation's requirements. Protest at 12-14. In response, the agency stated that it was reasonable to base the current workload and full-time equivalents on historical data for the same or similar items, in this case the incumbent contract, even though there may have been slight changes in the scope of work. MOL at 16-17.

In its comments, Vectrus did not meaningfully address or substantially rebut the agency's responses. Comments & Supp. Protest at 11-12. Rather, the protester reiterates its response to the EN and asserts that "[b]ased on its experience as the incumbent contractor, Vectrus proposed a more reasonable Government TEP" and that the government TEP was unreasonable essentially because it was knowingly overstated. *Id.* at 12. Despite the failure to provide a meaningful response to the agency's thorough explanations, on this record, Vectrus's disagreement with the government's TEP provides no basis to sustain the protest.

Vectrus's response to the EN primarily reflects Vectrus's disagreement with the agency's decision to rely on data from the incumbent contract (*i.e.*, historical data). While Vectrus apparently thinks its judgment about the agency's requirements would result in a better estimate, the agency disagrees. In rejecting Vectrus's objections, the agency acknowledged that variances in workload existed between the incumbent contract and current solicitation; however, the agency elected to utilize the data from the incumbent contract as historical labor cost data from a same or similar effort, a permitted and preferred price analysis technique specified in FAR 15.404-1(b)(2). FAR 15.404-1(b)(2)(ii). In our view, Vectrus has not meaningfully demonstrated that the Air Force's assumptions were unreliable or otherwise unreasonable.

Finally, Vectrus argues that the agency improperly concluded that KBR's TEP was reasonable because KBR overestimated employee tenure for the local national labor in Spain and Turkey. The record shows that the agency was aware that KBR used the [DELETED] employee longevity rates based on its experience as a former incumbent, which contributed to its higher labor costs. AR, Tab 58, Consolidated Pricing Report at 23-24. The agency acknowledged that given that KBR did not have the current and actual labor data, risk had been built into KBR's assumptions regarding host nation labor longevity.¹² *Id.* at 23. Despite KBR not having the benefit of the employee tenure data, its TEP was only [DELETED] percent higher than the government's TEP, which was based on labor cost data from the incumbent contract, including employee tenure data.¹³ *Id.* at 40; see *generally* AR, Tab 61, Consolidated Pricing Report attach. 3,

¹² Despite numerous requests made during the solicitation Q&A period, the agency did not provide the incumbent's employee data, including employee tenure data, for the procurement. See, e.g., AR, Tab 12, Solicitation Q&As at 5-6, 13-16, 21, 43-44.

¹³ The agency found that because Vectrus was in possession of the actual host nation employee longevity data, it did not have to build in risk associated with host nation labor, and this contributed to its lower price. AR, Tab 58, Consolidated Pricing Report at 28.

Local Workforce Report (showing dates of hire for each of the employees); Supp. COS/MOL at 29. Further, the record shows that KBR's assumptions regarding employee tenure were not significantly different from Vectrus's assumptions.¹⁴

As discussed above, a price reasonableness determination is a matter of administrative discretion involving the exercise of business judgment by the contracting officer that we will question only where it is unreasonable. *AAR Airlift Grp., Inc., supra*. We find nothing objectionable about the agency's conclusion that KBR's TEP was reasonable and represented a price to the government that a prudent person would pay considering market prices. Accordingly, this protest ground is denied.

Best-Value Tradeoff Decision

Finally, Vectrus argues that the best-value tradeoff decision is flawed because it relied on flawed underlying evaluations. Protest at 22-24; Comments & Supp. Protest at 13-14. Again, we disagree.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results, and their judgments are governed only by the tests of rationality and consistency with the stated evaluation criteria. *Client Network Servs., Inc.*, B-297994, Apr. 28, 2006, 2006 CPD ¶ 79 at 9. Where, as here, a solicitation provides for a tradeoff between price and non-price factors, the agency retains discretion to make award to a firm with a higher technical rating, despite the higher price, so long as the tradeoff decision is properly justified and otherwise consistent with the stated evaluation and source selection scheme. FAR 15.101-1(c), 15.308; *ADNET Sys., Inc.*, B-413033, B-413033.2, Aug. 3, 2016, 2016 CPD ¶ 211 at 17. In reviewing an agency's source selection decision, we examine the supporting record to determine if it was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement statutes and regulations. *The SI Org., Inc.*, B-410496, B-410496.2, Jan. 7, 2015, 2015 CPD ¶ 29 at 14.

Here, the record shows that the SSA's best-value tradeoff decision was based on a detailed comparison of the offerors' past performance records. The SSA ultimately concluded that KBR's past performance offered benefits worth the 15 percent price premium over Vectrus's proposal. AR, Tab 67, SSDD at 7-9. While Vectrus disagrees with the agency's judgment regarding the relative merits of the offerors' proposals, this disagreement, without more, does not provide a basis to sustain the protest. See, e.g., *Yulista Tactical Servs. LLC*, B-417317.3 *et al.*, Jan. 15, 2020, 2020 CPD ¶ 29 at 12-13. Given that Vectrus has not prevailed on its substantive challenges to the agency's evaluation, and the record shows that the agency's selection decision had a reasonable

¹⁴ KBR assumed [DELETED] years for Turkish labor and [DELETED] years for Spanish labor while Vectrus assumed [DELETED] years for Turkish labor and [DELETED] years for Spanish labor. AR, Tab 58, Consolidated Pricing Report at 23, 28.

basis and was properly documented, we see no basis to disturb the selection decision here.

The protest is denied.

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General Counsel