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**Comptroller General
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**United States Government Accountability Office
Washington, DC 20548**

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Decision

Matter of: Preferred Systems Solutions, Inc.

File: B-407234; B-407234.2

Date: November 30, 2012

William T. Welch, Esq., McMahon, Welch and Learned, PLLC, for the protester.
Lee Dougherty, Esq., General Counsel PC, for Computer World Services Corporation, the intervenor.

Carrie Fogle, Esq., Maj. Frank Yoon, and Col. Mark S. Teskey, Department of the Air Force, Karen Tibbals, Esq., and Ken Roth, Esq., United States Transportation Command, for the agency.

Linda C. Glass, Esq., and Guy R. Pietrovito, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. An agency's price realism analysis was reasonable where the agency compared quoted prices to the independent government estimate and to each other and considered the adequacy of the awardee's labor hours, mix, and rates.
 2. Protest challenging an agency's evaluation and selection decision is denied, where the record shows that the evaluation and selection decision were reasonable and in accordance with the evaluation criteria.
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DECISION

Preferred Systems Solutions, Inc. (PSS), of Vienna, Virginia, protests the issuance of a task order to Computer World Services Corporation (CWS), of O'Fallon, Illinois, under request for quotations (RFQ) No. HTC711-12-Q-D035, issued by the United States Transportation Command for help desk/call center support services. The protester objects to the agency's evaluation and selection decision.

We deny the protest.

BACKGROUND

The RFQ, issued under Federal Acquisition Regulation subpart 8.4 to vendors holding General Services Administration (GSA) Federal Supply Schedule (FSS)

contracts under 70 category 132-51, provided for the issuance of a fixed-price task order for help desk/call center support services for the Military Surface Deployment and Distribution Command (SDDC). A detailed performance work statement (PWS) described the required services. Vendors were informed that the task order would be issued on a best value basis, considering the following factors: past performance, mission capability, and price. RFQ at 2. The past performance and mission capability factors were of equal importance and combined were significantly more important than price. Id.

With respect to the past performance factor, vendors were required to identify a maximum of four relevant contracts performed within the last three years and to explain the relevance of each effort submitted. The RFQ provided that the agency would evaluate a vendor's past performance as substantial confidence, satisfactory confidence, limited confidence, no confidence, or unknown confidence (neutral). RFQ at 4.

The mission capability factor included two subfactors of equal importance: staffing and technical. Id. The RFQ provided that the agency would identify strengths, weaknesses, significant weaknesses, or deficiencies in a vendor's mission capability approach. As is relevant here, the RFQ defined a strength, as "an aspect of an Offeror's proposal that has merit or exceeds specified performance or capability requirements in a way that will be [advantageous] to the Government during contract performance." Id. at 5.

With respect to the staffing subfactor, vendors were required to submit a staffing matrix that identified the personnel resources (labor categories and hours) the firm would use to perform the PWS tasks and subtasks. Id. In this regard, vendors were informed that they were required to identify necessary labor categories, certifications, security or special skills that were needed to perform the tasks. Id. The RFQ provided that the agency would evaluate the vendor's staffing approach and the extent to which it provides a realistic staffing approach providing stable staffing with types and numbers of positions proposed that are sufficient to ensure successful performance of the PWS requirements. Id.

With respect to the technical subfactor, vendors were required to submit a plan that provided a logical approach to accomplishing the PWS requirements. Id. at 5. The RFQ provided that the agency would evaluate the vendor's proposed technical approach to determine the adequacy of the approach and whether the vendor clearly communicated an understanding of the requirement. Id.

The RFQ provided that price would be evaluated for reasonableness and realism. Id. at 6. With respect to price realism, the RFQ provided that the agency's realism evaluation would be based upon the vendor's proposed mission capability approach. Vendors were informed that this would include the agency's evaluation of the extent to which each vendor's proposed prices indicated a clear understanding of, and

sound approach to, satisfying the requirements. Id. Vendors were also warned that, where a quotation was found to be unrealistically low, “this fact will be identified and considered in the evaluation of all areas of the vendor’s quotation as deemed necessary by the Government.” Id. at 6.

The agency received five quotations, including that of PSS (the incumbent) and CWS, which were evaluated by the agency’s source selection evaluation team (SSET). All of the quotations were significantly lower priced than the Independent Government Estimate (IGE) of \$33,002,931. See Agency Report (AR), Tab 12, SSET Best Value Recommendation, at 3. The Air Force conducted discussions with all of the vendors.

The agency issued a number of evaluation notices (ENs) to CWS, four of which pertained to the awardee’s pricing. See AR, Tab 8, Pricing ENs for CWS. In this regard, CWS was advised that its price for commercial phone lines appeared low, was requested to provide a rationale for proposed discounts to some of its GSA schedule labor rates, and was requested to reconcile its pricing and staffing. Id. CWS responded to the agency’s concerns, and, among other things, provided an explanation of its discounted labor rates. See id. at 1.

Final revised quotations were received and evaluated, as follows:

	Past Performance	Mission Capability	Price
CWS	Satisfactory Confidence	1 strength/no weaknesses	\$12,973,834
PSS	Substantial Confidence	1 strength/no weaknesses	\$21,883,877

AR, Tab 12, SSET Report, at 2-3. The SSET found that both firms presented relevant to very relevant past performance, which received exceptional ratings from all references. Id. at 2. PSS’s higher past performance rating reflected the protester’s incumbent status. See AR, Tab 13, Best Value Decision, at 3. The SSET did not assign adjectival or point scores under the mission capability factor, but found that both firms’ quotations were essentially equal under the mission capability factor. AR, Tab 12, SSET Report, at 4.

The SSET also evaluated the firms’ submitted prices, which were found reasonable and realistic. In this regard, the SSET noted that all vendors’ quoted prices were less than the IGE. The SSET determined that although the skill mix varied for each vendor, all vendors had a reasonable understanding of the work based on their mission capability approach. Id. at 3. The SSET further determined that the large difference in price between the IGE and the vendor’s prices was due to deeply discounted rates on some labor categories. The SSET concluded that the labor categories and rates proposed by each of the vendors were more accurate and appropriate for the effort, given each vendor’s unique approach to accomplishing the PWS requirements. Id.

The SSET recommended that the order be issued to CWS. The SSET stated that, although the non-price factors were significantly more important than price, PSS's higher substantial confidence past performance rating was not worth the substantial price premium. Id. at 4. In this regard, the SSET noted that CWS demonstrated exceptional past performance with relevancy ratings that resulted in a satisfactory confidence performance assessment rating and that there was a reasonable expectation that CWS could successfully perform the requirement. Id.

The contracting officer, the source selection authority (SSA) for this procurement, agreed with the SSET's evaluation results and best value recommendation. AR, Tab 13, Best Value Decision, at 4. The task order was issued to CWS, and this protest followed a debriefing.

DISCUSSION

Price Evaluation

The protester challenges the agency's price realism evaluation, arguing that CWS's price is so low that this should have raised significant concerns with CWS's understanding of the PWS and whether CWS could provide an adequate level of qualified staff to perform the large and sophisticated scope of work. Protest at 8. PSS complains that, given the large disparity between CWS's proposed price and the IGE, the SSET did not perform a detailed enough analysis of CWS's price or adequately consider performance risk. Comments at 10-11.

Where, as here, a solicitation provides for the issuance of a fixed-price task order, an agency may provide for the use of a price realism analysis for the limited purpose of measuring a vendor's understanding of the requirements or assess the risk inherent in a vendor's quotation. See Ball Aerospace & Tech. Corp., B-402148, Jan. 25, 2010, 2010 CPD ¶ 37 at 8. The nature and extent of an agency's price realism analysis are matters within the agency's discretion. Star Mountain, Inc., B-285883, Oct. 25, 2000, 2000 CPD ¶ 189 at 6. Our review of a price realism analysis is limited to determining whether it was reasonable and consistent with the terms of the solicitation. Smiths Detection, Inc.; Am. Sci. & Eng'g, Inc., B-402168.4 et al., Feb. 9, 2011, 2011 CPD ¶ 39 at 17.

We find no basis to question the agency's analysis here. The record shows that the SSET evaluated CWS's proposed labor categories and hours and staffing mix in relation to the firm's unique technical approach. The SSET found that CWS's pricing reflected an understanding of, and acceptable approach to, satisfying the PWS requirements. The SSET compared CWS's labor categories and labor hours for each subtask to determine if CWS's proposed labor categories, labor rates and labor hours would reflect a clear understanding of the requirements. Contracting Officer's Statement at 9. The SSET assessed whether the labor categories proposed by CWS provided sufficient skills and qualifications necessary to perform the tasks and

subtasks CWS proposed labor categories to perform. To ensure that CWS proposed sufficient labor, in the necessary quantities and skill sets, to successfully perform the PWS tasks and subtasks, the SSET compared CWS's proposed labor hours and mix by task and subtask to that of the IGE and considered CWS's technical approach. Id. at 10. The SSET also compared CWS's labor hours to that of the other vendors, and found that CWS proposed more labor hours than three of the vendors, including PSS. The SSET concluded that CWS proposed sufficient labor categories and hours to provide for successful performance.

Contrary to the protester's apparent belief, the SSET and SSA recognized the disparity between the vendors' prices and the IGE, which the SSET concluded was based upon the vendors' "deeply discounted [labor] rates" for some labor categories. AR, Tab 12, SSET Report, at 3. In this regard, the agency found that CWS submitted rates that were discounted on average 20 percent from its FSS contract rates. AR, Tab 13, Best Value Decision, at 5. The agency found CWS's discounted rates to be comparable to corresponding rates on the Department of Labor's National Compensation Survey, the Economic Research Institute's Assessor, and the vendor's rates. Id.

Although PSS generally disagrees with the agency's price realism judgment and argues that the agency should have documented more detailed analysis, the protester does not show that the agency acted unreasonably. Accordingly, we deny this ground of protest.

Technical Evaluation and Selection Decision

PSS challenges the agency's evaluation of its proposal under the mission capability factor and the best value selection decision, primarily arguing that, as the incumbent, it should have received credit for various other technical strengths.¹ In this regard, PSS complains that the agency's evaluation and selection decision is not sufficiently documented.

In reviewing an agency's evaluation in an FSS competitive acquisition, we will not reevaluate quotations, but will examine the record to ensure that the agency's evaluation was reasonable and consistent with the terms of the solicitation. Beckman Coulter, Inc., B-405452, Nov. 4, 2011, 2011 CPD ¶ 231 at 5; Maybank Indus., LLC, B-403327, B-403327.2, Oct. 21, 2010, 2010 CPD ¶ 249 at 5. Where, as here, a procurement conducted pursuant to FAR subpart 8.4 provides for award on a "best value" basis, it is the function of the source selection authority to perform

¹ PSS also argued that the agency disparately evaluated PSS's staff certifications compared to the evaluation of the other vendors' staff certifications. PSS withdrew this argument in its comments.

a price/technical tradeoff, that is, to determine whether a quotation's technical superiority is worth its higher price. InnovaTech, Inc., B-402415, Apr. 8, 2010, 2010 CPD ¶ 94 at 6; The MIL Corp., B-297508, B-297508.2, Jan. 26, 2006, 2006 CPD ¶ 34 at 13. While we are mindful that, under simplified acquisition procedures, limited documentation of the source selection is permissible, the agency must at least provide a sufficient record to show that the source selection was reasonable. See FAR § 8.405-2(e) (minimum documentation requirements include documenting the rationale for any tradeoffs when establishing a BPA or placing an order); SENTEL Corp., B-407060, B-407060.2, Oct. 26, 2012, 2012 CPD ¶ ____ at 8.

We have considered all of the protester's challenges to the agency's evaluation of its quotation and selection decision, and find that they basically represent disagreement with the agency's judgment. In this regard, we find that the agency's evaluation and selection decision in this FSS procurement is sufficient to establish that the evaluation and selection decision was reasonable.

For example, the protester contends that the agency should have assessed a strength in PSS's quotation under the staffing subfactor to reflect PSS's existing and experienced staff. Protest at 9. The record shows that the agency in fact recognized PSS's existing staff, when it assessed PSS's low employee turnover rate as a strength under this subfactor. The SSET found that PSS's retention of experienced staff improved customer support. See AR, Tab 10, PSS Mission Capability Worksheet, at 1; Tab 13, Best Value Decision, at 3.

PSS also appears to argue that PSS, as the incumbent, did not receive appropriate credit under the staffing and technical subfactors. For example, PSS states that it designed and custom built the current network architecture for the service response center and had been operating the center for the past 10 years, and that its staff has decades of relevant experience. Comments at 4. The record shows that the agency in fact recognized PSS's specific past performance and credited the protester under the past performance factor for the firm's performance as the incumbent.

Based upon this record, we find that the agency reasonably assessed the vendors' quotations under the solicitation's evaluation criteria and documented a reasonable selection decision. Although PSS disagrees with the agency's judgment of the respective merits of the vendors' quotations, this does not demonstrate that the agency's evaluation and selection decision were unreasonable.

The protest is denied.

Lynn H. Gibson
General Counsel