



DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

Decision

Matter of: IAP World Services, Inc.; EMCOR Government Services

File: B-407917.2; B-407917.3; B-407917.4; B-407917.5; B-407917.6;
B-407917.7

Date: July 10, 2013

Daniel E. Chudd, Esq., J. Alex Ward, Esq., Ethan E. Marsh, Esq., Damien C. Specht, Esq., and James A. Tucker, Esq., Jenner & Block LLP, for IAP World Services, Inc.; Kenneth B. Weckstein, Esq., and Aidan J. Delgado, Esq., Brown Rudnick LLP, for EMCOR Government Services, the protesters. Adam K. Lasky, Esq., James F. Nagle, Esq., Meghan A. Douris, Esq., and Benjamin D. Greenberg, Esq., Oles Morrison Rinker & Baker LLP, for J&A World Services LLC, the intervenor. Cynthia S. Guill, Esq., Department of the Navy, for the agency. Paula J. Haurilesko, Esq., and Guy R. Pietrovito, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. A procuring agency unreasonably credited a joint venture awardee with the corporate experience and past performance of separate affiliates of one joint venture partner, where the record does not show that the affiliates will provide resources or be relied upon for contract performance.
 2. Protest that the agency treated offerors unequally is sustained, where the agency credited the awardee's proposal with a strength without similarly crediting the protester's proposal for the same feature.
 3. Protest is sustained where the source selection authority failed to recognize and consider the features in the protesters' proposals that resulted in those firms' higher evaluation ratings.
-

DECISION

IAP World Services, Inc., of Cape Canaveral, Florida, and EMCOR Government Services, of Arlington, Virginia, protest the award of a contract to J&A World

Services LLC,¹ of Austin, Texas, by the Department of the Navy, Naval Facilities Engineering Command, under request for proposals (RFP) No. N40080-12-R-3002 for base operating support services at Patuxent River Naval Air Station, Maryland, and other locations in Maryland.

We sustain the protests.

BACKGROUND

The RFP provided for the award of a fixed-price, indefinite-delivery/indefinite-quantity contract for base operating support services at Patuxent River Naval Air Station, Webster Field Annex, and Solomons Annex, Maryland,² for a base period and 4 option years. The services included maintaining fire protection systems and swimming pools; operating and maintaining central plant and boilers, solid waste management facilities, and wastewater treatment facilities; and conducting spill prevention control.

Offerors were informed that award would be made on a best value basis, considering price and five non-price factors: corporate experience, technical/management approach, past performance, small business utilization, and safety. RFP amend. 11, §§ M.1, M.2. All non-price factors were stated to be equal in importance and, when combined, to be approximately equal to price. Id. § M.1. The RFP stated that price would be evaluated for fairness and reasonableness by comparing offerors' proposed prices to each other, to the government estimate, to historical information, or to market survey results. Id. § M.2.

Proposal preparation instructions were provided for each technical evaluation factor. With respect to the corporate experience and past performance factors, offerors were instructed to provide information for no more than four contracts of similar size, scope, and complexity performed within the last five years.³ Id. § M.3. Under the corporate experience factor, offerors were required to show how their work

¹ J&A is a joint venture comprised of J&J Maintenance, Inc., dba J&J Worldwide Services, and Alutiiq Global Solutions, LLC. J&A Proposal, J&J Worldwide Services Commitment Letter, and Executive Summary, at ES-1.

² A minor amount of work was expected to be performed at Point Lookout, Maryland. RFP, Performance Work Statement (PWS), § C.2, Specification 0100000, ¶ 1.2, Project Location.

³ The RFP stated that corporate experience pertained to the types of work and volume of work completed by a contractor that were comparable in terms of size, scope, and complexity to the types of work required under the RFP, while past performance related to how well a contractor had performed. RFP amend. 11, § M.2.

experience is relevant to the RFP requirements, and in this regard to “demonstrate [the] experience of Joint Venture and/or significant subcontractors and/or key personnel in successfully performing the same or similar work.” Id. Offerors were also advised that “[m]ore weight may be given to the Offeror’s contracts . . . than to those submitted for subcontractors and/or key personnel.” Id.

Under the past performance factor, offerors were required to submit completed past performance questionnaires for the contracts identified for corporate experience, and to provide performance recognition documents such as awards and customer letters of commendation. Id. The RFP also provided that past performance would be assessed to determine the degree to which it reflected a trend of satisfactory performance. Id.

As relevant here with respect to the technical/management approach factor, offerors were required to provide a narrative discussion that demonstrated the offeror’s understanding of and approach to accomplishing the PWS requirements. Id. Among other things, offerors were instructed to describe the phase-in transition activities that would occur during the first 60 days of contract performance, including a schedule of key events.⁴ Offerors were also requested to address a number of specific questions pertaining to certain PWS requirements. For example, with respect to wastewater requirements, offerors were required to discuss their approaches for operating wastewater plants and systems. Id.

With respect to the small business utilization factor, offerors were instructed to address two equally-weighted subfactors: past performance in utilization of small businesses and small business participation. Offerors were informed that the agency would evaluate under the first subfactor an offeror’s history in utilizing small business concerns, AbilityOne, and other socioeconomic programs, and in meeting small business subcontracting goals. Under the second factor, the RFP stated that the agency would evaluate the extent to which offerors’ proposed small business subcontracting goals met or exceeded the agency’s subcontracting targets for various socioeconomic programs, and that proposals to exceed the RFP’s subcontracting targets may be rated higher. Id.

With respect to the safety factor, offerors were instructed to describe their approach for managing and implementing safety, and to demonstrate a history of safe work practices by providing experience modification rates (EMR) and Occupational Safety and Health Administration (OSHA) Days Away from Work, Restricted Duty, or Job Transfer rates (DART) for the three previous calendar years.⁵ The RFP

⁴ The RFP was later amended to decrease the transition period to 30 days. RFP amend. 18, at 1.

⁵ The EMR compares a company’s annual losses in insurance claims against its policy premiums over a three-year period. RFP amend. 11, § M.3. The DART rate
(continued...)

provided that lower EMR and DART rates would be given greater weight in the evaluation.⁶ Id.

The Navy received proposals from ten offerors, including IAP, EMCOR, and J&A. Contracting Officer's (CO) Statement (B-407917.2) at 3. J&A's proposal explained that the offeror was a limited liability joint venture comprised of J&J Worldwide Services (J&J) as the managing partner, and Alutiiq Global Solutions, LLC. J&A Technical Proposal, Executive Summary, at ES-1. According to J&A's proposal, the joint venturers' agreement committed the joint venture partners to providing capital to the joint venture, but did not indicate any other support.⁷ J&A stated that the joint venture would be managed by a board consisting of J&J's executive vice president/chief operating officer and the senior vice president of operations for Alutiiq, LLC, the parent company of Alutiiq Global.⁸ Id. at ES-2. Commitment letters from the joint venture partners stated that J&A would exist as its own entity and that services would not be split between the member companies. The letters additionally committed to provide "professional qualifications" to the joint venture. Id., Team Members, Commitment Letters. J&A's proposal also indicated "corporate" support for the transition period. Id., Phase-In Transition Plan, at 12, 15.

J&A proposed an employee of managing partner J&J as project manager and technical advisor to the board of managers, and other J&J employees as corporate key members to support on-site key personnel.⁹ J&A Technical Proposal, Key

(...continued)

represents the total non-fatal injuries and illnesses resulting in days away from work, restricted work activity, and/or job transfer per 100 full-time employees for a given period of time (usually 1 year). 76 Fed. Reg. 59,952 (Sept. 28, 2011).

⁶ Each member of a joint venture was required to submit EMR and DART rates. RFP amend. 11, § M.3.

⁷ The joint venture agreement was not provided for the record. In this regard, J&A did not provide the joint venture agreement in its proposal, but instead described "highlighted Articles/Sections" for the Navy's review. See J&A Technical Proposal, Teaming Arrangements. J&A stated that the full agreement would be provided to the Navy, if requested. Id. The Navy apparently did not request that J&A provide the agreement for the agency's review.

⁸ The J&A board member from Alutiiq was also listed as the senior vice president of operations for Afognak Native Corporation, the parent company for Alutiiq, LLC, and as having management responsibility for Alutiiq, LLC's Operations and Maintenance Division. J&A Technical Proposal, Key Personnel, § 2.3.1.1 Corporate Key Personnel, at 32.

⁹ Corporate key members included the vice president of operations, chief financial officer, chief information officer, quality control and safety manager, environmental
(continued...)

Personnel, at 33, F2-1 thru F2-7. All four of J&A's proposed on-site key personnel (project manager, quality control manager, site safety/health officer, and utility/environmental manager) were employed by companies other than J&J or Alutiiq. Id. at 34, F2-9 thru F2-16.

As relevant here, two of the projects J&A identified under the corporate experience and past performance factors were performed by Alutiiq-Mele and Alutiiq Management Services, LLC--separate corporate subsidiaries of Alutiiq Global's parent company, Alutiiq, LLC.¹⁰ J&A's proposal stated that each [Deleted] of Alutiiq, LLC, was responsible for [Deleted] regardless of [Deleted]. J&A Technical Proposal, Factor 3: Past Performance, at 64. The proposal also explained that the board of managers has "direct access to parent company resources and will channel these resources to the Project Manager." Id., Executive Summary, at ES-2.

Evaluation of Proposals

Offers were evaluated by the Navy's technical evaluation team (TET), which adjectivally rated proposals under each non-price evaluation factor.¹¹ The TET's evaluation was supported by narratives that identified strengths and weaknesses in the respective proposals, and discussed the relevance of offerors' experience and past performance. See Pre-Negotiation Business Clearance Memorandum, Attach., TET Report.

The TET's evaluation was reviewed by the agency's source selection evaluation board (SSEB), which recommended that discussions be conducted with the seven highest-ranked offerors. Id., Attach., SSEB Report, at 133. The source selection

(...continued)

manager, contract administrator, and director of human resources. J&A Technical Proposal, Key Personnel, at 33.

¹⁰ The other two projects submitted by J&A were performed by J&J Worldwide Services, the managing partner in the joint venture, under the name of J&J Maintenance Inc. J&A Technical Proposal, Past Performance, at 65.

¹¹ The TET rated proposals under the corporate experience, technical/management approach, and small business utilization factors as outstanding, good, acceptable, marginal, or unacceptable. Under the past performance factor, the TET rated relevance of identified contracts as very relevant, relevant, somewhat relevant, or not relevant, and assessed confidence ratings of substantial confidence, satisfactory confidence, limited confidence, no confidence, or unknown confidence (neutral). Under the safety factor, technical approaches were rated solid, good, standard, or poor. Pre-Negotiation Business Clearance Memorandum, Attach., TET Report, at 15-18.

authority (SSA) agreed and established a competitive range that included IAP, EMCOR and J&A. Id., Attach., SSA Competitive Range Decision, at 135, 137.

Discussions were conducted, and revised proposals received and evaluated. Subsequently, the SSEB recommended that IAP's proposal be selected for award, based upon that firm's overall outstanding rating, superior relevant experience compared to the other offerors, and small business utilization plan that significantly exceeded nearly all of the agency's small business program goals. The SSEB noted that IAP's evaluated priced was only slightly higher (1 percent) than EMCOR's low evaluated price. Post-Negotiation Business Clearance Memorandum, Attach. 3, SSEB Report as a Result of Discussions, at 53. The SSA agreed and initially selected IAP's proposal for award, noting IAP's "superior relevant experience in every aspect of performance in terms of size, scope and complexity as well as superior Small Business Utilization Plan which significantly exceeded nearly every [agency] Small Business program goal." Id., Attach.4, 1st SSA Decision, at 64-65.

EMCOR protested the award to IAP to our Office. Prior to submitting a report in response to the protest, the Navy informed our Office that it would take corrective action by reevaluating the final proposals of all the competitive range offerors and making a new selection decision. We dismissed the protest as academic. EMCOR Gov't Servs., B-407917, Jan. 14, 2013.

Post-Corrective Action

The Navy conducted further discussions with the competitive range offerors and requested final proposal revisions that were limited to price and the small business utilization factor. See Agency Report (AR), Tab 5, Evaluation Notices, Feb. 7, 2013; Tab 6, Request for Final Proposal Revisions, Feb. 14, 2013.¹² With respect to price, offerors were informed that any changes to the price proposal must be explained, traceable, and understandable. AR, Tab 6, Request for Final Proposal Revisions, Feb. 14, 2013.

EMCOR, IAP, and J&A submitted final revised proposals that were evaluated as follows:

	J&A	EMCOR	IAP
Corporate Experience	Acceptable	Good	Outstanding

¹² Our citations are to the agency report provided in response to IAP's protest, except where otherwise indicated.

Technical/Mgmt. Approach	Acceptable	Good	Good
Small Business Utilization	Acceptable	Good	Outstanding
Safety	Good	Outstanding	Outstanding
Past Performance	Substantial	Substantial	Substantial
Overall Technical Rating	Acceptable	Good	Outstanding
Price	\$65,943,514.67	#[Deleted]	#[Deleted]

AR, Tab 9, SSEB Report Addendum as a Result of Corrective Action, at 58. The TET and SSEB noted changes to the offerors' proposals as a result of discussions. For example, the Navy noted the breadth and depth of IAP's experience under the corporate experience factor, see id. at 59, and that EMCOR's revised small business plan [Deleted] the Navy's subcontracting targets under the small business utilization factor. See AR, Tab 7, TET Report Addendum as a Result of Corrective Action, at 26. The Navy also noted the additional details J&A provided with respect to the four contracts it referenced under the corporate experience factor. In this regard, the TET upgraded one project to relevant from its prior rating of somewhat relevant, and downgraded one project to relevant instead of very relevant. See id. at 28. Based on the additional information provided, the TET and SSEB raised J&A's rating under the corporate experience factor from marginal to acceptable. AR, Tab 9, SSEB Report Addendum as a Result of Corrective Action, at 58.

The SSEB performed a comparative analysis of each offeror's revised proposal and concluded that J&A's revised proposal was best overall, considering both technical merit and price, followed by EMCOR's and then IAP's revised proposals.¹³ Id. at 61. Specifically, the SSEB noted that:

J&A's technical proposal was rated Good on Factor 5, Safety[,] and Acceptable on all other factors. They have an overall Technical rating of Acceptable and a Past Performance rating of Substantial Confidence. At \$65,943,514.67, J&A's price proposal is the lowest and was deemed the best overall value to the Government.

Id. The SSEB recommended award to J&A. Id. at 62.

The SSA reviewed the TET's and SSEB's addendum evaluation reports, as well as the price evaluation board's revised report, and agreed with the SSEB that award should be made to J&A. AR, Tab 10, Source Selection Decision Addendum, at 1. In explaining his cost/technical tradeoff analysis, the SSA explained that J&A's proposal offered a solid base of project experience, a well thought out technical

¹³ The SSEB found all three offerors' overall prices were fair and reasonable.

approach, and experienced and knowledgeable personnel. In addition, the SSA stated that J&A's small business subcontracting plan met or exceeded the agency's established goals, and that its safety plan offered a number of innovative features and a very low DART rate. With respect to EMCOR's proposal, the SSA stated that "J&A's proposal compares favorably to EMCOR's number two rated proposal (technical rating of Good, Substantial Confidence rating and second lowest price). Upon review, there were no features offered by EMCOR that were found to be worth paying [Deleted]." Id. at 2. Likewise, with respect to IAP's proposal, the SSA stated, "J&A's overall number one rated proposal compares favorably to IAP's proposal (overall technical rating of Outstanding, Past Performance rating of Substantial Confidence and third lowest price). Upon review, even though IAP's proposal was technically the highest rated of all offerors, there were no features offered by IAP that were found to be worth paying [Deleted]" Id.

Award was made to J&A, and these protests followed debriefings.

DISCUSSION

IAP and EMCOR raise numerous challenges to the evaluation of their own and J&A's proposal, and the adequacy of the SSA's tradeoff decision. In resolving the protests, we have considered all of the parties' arguments, but address only the more significant protest grounds. As explained below, we find that the Navy's selection of J&A's proposal for award is undermined by the agency's unreasonable evaluation of J&A's proposal under the corporate experience and past performance factors, and of EMCOR's proposal under the technical/management approach factor. We also find that the SSA's selection decision does not document any meaningful consideration of the technical merits of the firms' proposals.

Corporate Experience and Past Performance

IAP and EMCOR argue that the Navy unreasonably credited J&A with the corporate experience and past performance of two separate Alutiiq Global affiliates, even though J&A's proposal does not indicate that the two corporate affiliates--Alutiiq-Mele and Alutiiq Management Services--will be substantially involved in contract performance. See IAP Supp. Protest (B-407917.4) at 4-7; EMCOR Supp. Protest (B-407917.7) at 3-9. The protesters state that, although J&A's proposal contains general statements as to the availability of Alutiiq, LLC's resources, the proposal does not evidence any commitment on the part of Alutiiq-Mele and Alutiiq Management Services to perform any part of the contract or to provide personnel or resources. IAP Supp. Comments at 10-12; EMCOR Supp. Comments at 5-6.

An agency properly may attribute the experience or past performance of a parent or affiliated company to an offeror where the firm's proposal demonstrates that the resources of the parent or affiliate will affect the performance of the offeror. Perini/Jones, Joint Venture, B-285906, Nov. 1, 2000, 2002 CPD ¶ 68 at 4. The

relevant consideration is whether the resources of the parent or affiliated company--its workforce, management, facilities or other resources--will be provided or relied upon for contract performance such that the parent or affiliate will have meaningful involvement in contract performance. Ecompex, Inc., B-292865.4 et al., June 18, 2004, 2004 CPD ¶ 149 at 5. While it is appropriate to consider an affiliate's performance record where the affiliate will be involved in the contract effort or where it shares management with the offeror, it is inappropriate to consider an affiliate's record where that record does not bear on the likelihood of successful performance by the offeror. National City Bank of Indiana, B-287608.3, Aug. 7, 2002, 2002 CPD ¶ 190 at 10.

The Navy contends that J&A's proposal demonstrates a sufficient nexus between Alutiiq Global and sister subsidiaries Alutiiq-Mele and Alutiiq Management Services through the corporate structure of their parent company, Alutiiq, LLC, for the agency to reasonably attribute the sister subsidiaries' corporate experience and past performance to Alutiiq Global, and thus to J&A. In this regard, the Navy notes the explanation in J&A's proposal that Alutiiq, LLC is a [Deleted] organization such that [Deleted]. Supp. AR at 4.

We disagree with the Navy that it could attribute to J&A the experience and past performance of separate corporate affiliates that were not proposed to perform any work or to otherwise provide resources under the contract. In this regard, neither of the two corporate subsidiaries were identified anywhere in J&A's technical proposal, except to the extent that J&A identified contracts awarded to the subsidiaries for which J&A requested corporate experience and past performance credit. The staffing resources identified by J&A are all either J&A staff or outside personnel. For example, all of the corporate key personnel proposed by J&A were officials employed by managing partner J&J, and all of the on-site key personnel proposed by J&A were employees of other entities, and not of Alutiiq Global or its sister subsidiaries.¹⁴ See IAP's Technical Proposal, at 33-34, F2-1 thru F2-15.

We also find no support for the Navy's and intervenor's argument that, because J&A stated in its proposal that Alutiiq Global could "reach back" through Alutiiq, LLC for

¹⁴ The Navy suggests that it discussed the Alutiiq subsidiaries' involvement with J&A during discussions. See Supp. AR (B-407917.7) at 2. The record does not support this assertion. The record shows only that the agency requested quantitative information concerning the relevance of the contract, such as the numbers of systems and facilities involved, and not clarification concerning which entity performed). See J&A Evaluation Notice, Oct. 19, 2012, Encl. 1, Non-Price Related Factors Discussion Questions. Moreover, nothing in the record indicates that J&A provided any additional information in response to discussions concerning the role of Alutiiq Global's sister subsidiaries or Alutiiq, LLC. See J&A Response to Evaluation Notice, Oct. 25, 2012.

the resources of any of its 17 corporate subsidiaries, the agency was permitted to credit the joint venture with the corporate experience and past performance of these two separate corporate affiliates. Apart from statements in the proposal that resources could possibly be drawn from other corporate subsidiaries, there is nothing in the proposal--or anywhere else in the contemporaneous record--that shows that either Alutiiq-Mele or Alutiiq Management Services will be meaningfully involved in performance of the contract. Although J&A's proposal refers generally to corporate support for the transition period, it does not indicate any role that Alutiiq Global's sister subsidiaries would play. Also, the excerpts of J&A's joint venture agreement (that have been provided for the record) state that joint venture members J&J and Alutiiq Global agree to contribute capital to the joint venture, but do not show any commitment to provide resources by Alutiiq, LLC or the other corporate subsidiaries. See J&A Technical Proposal, Teaming Arrangements.

The Navy and intervenor argue, however, that the identification of Alutiiq, LLC's senior vice president of operations on J&A's board of managers, and his responsibility for Alutiiq, LLC's Operations and Maintenance Division, demonstrate a commitment of resources or performance on the part of the parent company. Even accepting that the Alutiiq, LLC's vice-president's position on the joint venture's board of managers demonstrates a commitment of resources by the parent corporation, this does not show a commitment of resources from other separate corporate subsidiaries. The presence of Alutiiq, LLC's vice president on the joint venture's board also does not show that other Alutiiq subsidiaries will be meaningfully involved in contract performance. Cf., Hot Shot Express, Inc., B-290482, Aug. 2, 2002, 2002 CPD ¶ 139 at 3 (agency reasonably attributed past performance of parent and affiliates where proposal indicated interlocking officers and board of directors, parent's officers taking active role in contract performance, and contract management and substantive support by parent's corporate office).

In short, the record does not show that the resources of Alutiiq-Mele and Alutiiq Management Systems--that is, their workforce, management, facilities or other resources--will be provided or relied upon for contract performance here.¹⁵ Rather, the record shows that the agency's attribution of the corporate experience and past performance of the two Alutiiq subsidiaries to the joint venture was based solely upon corporate affiliation. See Health Net Fed. Servs., LLC, B-401652.3,

¹⁵ In this regard, the Navy argues that our holding in IAP-Hill, LLC, B-406289 et al., Apr. 4, 2012, 2012 CPD ¶ 151, is applicable. In IAP-Hill, we concluded that the agency properly attributed the past performance and experience of a parent company and affiliates because the proposal contained sufficient detailed information to demonstrate meaningful involvement in the contract. For example, unlike the situation here, the awardee's proposal in that case demonstrated that the overwhelming majority of the key personnel and company leadership proposed to perform the contract were employees of affiliated business concerns. See id. at 4.

B-401652.5, Nov. 4, 2009, 2009 CPD ¶ 220 at 15 (general representations concerning involvement of parent company insufficient to demonstrate meaningful involvement); see also Universal Bldg. Maint., Inc., B-282456, July 15, 1999, 99-2 CPD ¶ 32 at 6 (no meaningful involvement where only nexus is common president for awardee and parent company). Accordingly, we find the Navy unreasonably credited J&A with the corporate experience and past performance of these two affiliates, and sustain IAP's and EMCOR's protests on this basis.¹⁶

Technical/Management Approach

EMCOR also protests the evaluation of its proposal under the technical/management approach factor, arguing that the Navy treated EMCOR and J&A disparately by crediting J&A's proposal for a strength without similarly crediting a strength to EMCOR's proposal for the same feature. EMCOR Supp. Protest at 12-15. More specifically, EMCOR argues that the Navy noted as a strength in J&A's proposal the firm's offer to [Deleted], but gave no strength to EMCOR's proposal for offering the same level of [Deleted].

In reviewing protests against allegedly improper evaluations, our Office examines the record to determine whether the agency's judgment was reasonable, in accord with the evaluation factors set forth in the RFP, and whether the agency treated offerors equally in its evaluation of their respective proposals and did not disparately evaluate proposals with respect to the same requirements. Brican Inc., B-402602, June 17, 2010, 2010 CPD ¶ 141 at 4.

The Navy does not dispute that EMCOR's and J&A's approaches to [Deleted] are similar, although only J&A's proposal was specifically credited for its approach. Rather, the Navy explains that it did not credit EMCOR for its similar [Deleted] because EMCOR had already received a strength under the technical/management approach factor for [Deleted]. The Navy contends that the real strength in that portion of EMCOR's proposal came from [Deleted] rather than [Deleted]. Supp. AR (B-407917.7) at 8. The Navy also contends that EMCOR was not prejudiced in any event because EMCOR's proposal was higher-rated than J&A's under this factor. Id.

The Navy's explanation as to why it did not accord similar strengths for the proposal of similar approaches is not rational. Offerors were specifically informed that the agency would consider in its best value decision the respective merits of their technical approaches to, among other things, performing the [Deleted]

¹⁶ The protesters raise additional challenges related to the Navy's acceptance of contracts performed by sister subsidiaries of Alutiiq Global to meet the requirements under the corporate experience and past performance factors; however, we need not address these issues in light of our holding above.

requirements. This was not done here where the Navy considered the two firms' similar approaches differently.

Source Selection Decision

IAP and EMCOR challenge the Navy's selection decision, arguing that the Navy failed to reasonably consider the protesters' evaluated technical superiority before selecting J&A's lower-rated, lower-priced proposal.

While an agency has broad discretion in making a tradeoff between price and non-price factors, an award decision in favor of a lower-rated, lower-priced proposal must acknowledge and document any significant advantages of higher-priced, higher-rated proposals, and explain why they are not worth the price premium. See, e.g., Blue Rock Structures, Inc., B-293134, Feb. 6, 2004, 2004 CPD ¶ 63 at 5-6 (protest sustained where the SSA failed to acknowledge the evaluated advantages of the higher-rated proposal, and furnish an explanation as to why the higher-rated proposal was not worth the associated price premium). An agency which fails to adequately document its evaluation of proposals or source selection decision bears the risk that its determinations will be considered unsupported, and absent such support, our Office may be unable to determine whether the agency had a reasonable basis for its determinations. Clark/Foulger-Pratt JV, B-406627, B-406627.2, July 23, 2012, 2012 CPD ¶ 213 at 10.

The record here does not evidence any meaningful consideration of the evaluated differences in the firms' offers. Rather, the SSA's selection decision merely identified certain features of J&A's proposal and stated, without explanation, that J&A's technical proposal compared favorably to IAP's and EMCOR's proposals, despite those firms' higher technical ratings. Neither the selection decision nor any other part of the record evidences, however, the agency's consideration, as part of a cost/technical tradeoff analysis, of the features of IAP's and EMCOR's proposals that resulted in those firms' higher evaluation ratings.

Moreover, the SSA's identification of certain features of J&A's proposal does not indicate how those features compared with those of other offerors. For example, although the selection document notes that J&A's small business subcontracting plan meets or exceeds established goals, see AR, Tab 10, Source Selection Decision Addendum, at 2, it contains no recognition that IAP proposed to exceed the small business subcontracting goals by a far greater margin than J&A. Specifically, IAP proposed exceeding the overall small business subcontracting goal by [Deleted] percentage points, as compared to [Deleted] percentage points proposed by J&A. See Pre-Negotiation Business Clearance Memorandum, Attach., TET Report, at 81, 90. Similarly, although the selection document noted J&A's very low DART rates, the evaluation record actually shows that most of J&A's DART rates were categorized as low risk, whereas all of IAP's DART rates were categorized as very low risk. See id. at 83, 92.

In the absence of meaningful consideration of the evaluated technical differences in the offerors' proposals, there is no basis to credit the SSA's unsupported statement that there were no features offered by either EMCOR or IAP that justified the payment of a [Deleted] percent premium.¹⁷ Accordingly, we sustain the protesters' challenge to the Navy's selection of J&A's proposal as offering the best value to the government.¹⁸

RECOMMENDATION

We recommend that the Navy reevaluate proposals and make a new selection decision. If another firm's proposal is found to offer the best value to the government, the agency should terminate J&A's contract for the convenience of the government and make award to the other offeror. We also recommend that the protesters be reimbursed their reasonable costs of filing and pursuing the protest, including attorneys' fees. Bid Protest Regulations, 4 C.F.R. § 21.8(d)(1) (2013). The protesters' certified claims for such costs, detailing the time expended and costs incurred, must be submitted directly to the agency within 60 days after receipt of this decision. 4 C.F.R. § 21.8(f)(1).

The protests are sustained.

Susan A. Poling
General Counsel

¹⁷ The selection document here is not the only place in the record that lacks a meaningful consideration of the technical differences in these proposals. The SSEB's award recommendation also does not meaningfully consider the firms' evaluated technical differences or explain why there are no features in IAP's or EMCOR's higher-rated proposals that justify their higher prices. See AR, Tab 9, SSEB Report Addendum as a Result of Corrective Action, at 61.

¹⁸ The protesters raise additional arguments not specifically addressed in this decision that we conclude have no merit. For example, IAP argues that the Navy failed to meaningfully review J&A's final price proposal revision, and contends that had it done so, the Navy would have recognized that J&A's price decrease would have resulted in changes to J&A's technical proposal. In essence, IAP is arguing that the Navy should have analyzed J&A's proposal for price realism. However, a price realism evaluation is not required where, as here, the solicitation only provides for a price reasonableness evaluation. See, e.g., A&T Systems, Inc., B-407152, Nov. 16, 2012, 2012 CPD ¶ 320 at 6.