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Decision

Matter of: Phair Security Solutions, Inc.

File: B-406566

Date: May 31, 2012

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Victoria H. Kauffman, Esq., and Jerald J. Kennemuth, Esq., National Aeronautics and Space Administration, for the agency.
John L. Formica, Esq., and James A. Spangenberg, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency's determination that the awardee's proposal represented the best value to the government is unobjectionable where the agency's determination and selection were consistent with the terms of the solicitation and reasonably based.
 2. Agency's evaluation of the awardee's price proposal, submitted in response to a solicitation that provided for the award of a fixed-price contract for protective services, is unobjectionable where the agency's evaluation was consistent with the terms of the solicitation and reasonably based.
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DECISION

Phair Security Solutions, Inc. protests the award of a contract to Linxx Global Solutions, Inc., under request for proposals (RFP) No. NNC11ZCH007R, issued by the National Aeronautics and Space Administration (NASA), for protective services at the John H. Glenn Research Center in Cleveland and Plum Brook Station in Sandusky, Ohio. Phair argues that the agency's evaluation of Linxx's price proposal was unreasonable, and that the agency's source selection was inconsistent with the terms of the solicitation.

We deny the protest.

BACKGROUND

The RFP provided for the award of a fixed-price contract for a base period of 1 year with four 1-year option periods, with the possibility that certain additional requirements will be provided on a fixed-price, indefinite-delivery/indefinite-quantity basis. RFP at 29-30, 36.¹ The solicitation stated that a contract would be awarded to the responsible offeror whose proposal represented the best value to the government based upon the evaluation factors of mission suitability, relevant experience and past performance, and price.² RFP at 90. The RFP explained with regard to the relative weight of the evaluation factors that “Mission Suitability is approximately equal to Price, which is approximately equal to Past Performance.” RFP at 94. The solicitation added here that “Mission Suitability and Price, when combined, are significantly more important than Past Performance.” Id.

The agency received six proposals in response to the solicitation, including those of Linxx and Phair.³ Contracting Officer’s Statement at 8-9. The proposals were evaluated, and three proposals, including those submitted by Linxx and Phair, were included in the competitive range. Id. at 12. Two rounds of discussions were conducted, and final proposal revisions were requested and received. Id. at 13. The proposals of Linxx and Phair were evaluated as follows:⁴

¹ Our citation to page numbers refers to the BATES numbers in the agency report.

² As explained below, the mission suitability factor was comprised of four evaluation subfactors.

³ Linxx teamed with Knight Protective Service, Inc., the incumbent contractor, and Phair teamed with Secure State, LLC, which was a subcontractor to Knight on the incumbent contract. Contracting Officer’s Statement at 9.

⁴ Proposals received a numerical score only under the mission suitability factor, and numerical scores and adjectival ratings under each of the subfactors comprising the mission suitability factor. RFP at 90.

| | Linxx | Phair |
|---|---------------------|---------------------|
| Mission Suitability (1,000 points) | 643 points | 850 points |
| -Management Plan (300 pts) | Good/180 pts | Excellent/285 pts |
| -Master Training Plan (275 pts) | Good/165 pts | Good/192.5 pts |
| -Understanding of Requirements (225 pts) | Good/157.5 pts | Very Good/202.5 pts |
| -Phase-In Plan and Key Personnel (200 pts) | Good/140 pts | Very Good/170 pts |
| Relevant Experience and Past Performance⁵ | Very High | Moderate |
| Price | \$29,574,802 | \$32,403,679 |

Contracting Officer's Statement at 13-14.

The source selection authority (SSA) first considered the proposals as evaluated under the mission suitability factor and its subfactors. The SSA noted here that Phair's proposal was the "highest rated" under the mission suitability factor, and that "it was clear from the responses that Phair had a distinct advantage over the other offerors." AR, Tab 26, Source Selection Statement, at 2467-68. The SSA further noted that he considered Phair's proposal as evaluated under the mission suitability factor and its subfactors to be "comprehensive, fully addressing the requirements of the RFP, and a strong indicator of successful contract performance." Id. at 2467. With regard to Linxx's proposal, the SSA found that the proposal "displayed a good understanding of the work effort, provided some operational efficiencies, and a capable workforce." Id. The SSA concluded here that while he considered "Linxx to be capable of successfully performing the work effort," Linxx's proposal, as evaluated under the mission suitability factor, "was not as comprehensive as Phair's." Id. at 2468.

In considering the proposals under the relevant experience and past performance factor, the SSA noted that "[t]he Linxx team had a significant strength for contract relevancy" due to both Linxx's experience and past performance, and that of its significant subcontractor, who was currently providing the protective services at the Glenn Research Center and who had provided such services for the past 9 years. Id. The SSA noted that "[t]he difference between [Linxx's] and Phair's ratings reflects the fact that the [Linxx] team had significantly more relevant experience than did Phair." Id.

The SSA, while noting that the three evaluation factors (mission suitability, relevant experience and past performance, and price) were "approximately equal in weight," found that the advantages of Phair's proposal under the mission suitability factor

⁵ Proposals could be assigned ratings under the relevant experience and past performance factor of very high level of confidence, moderate level of confidence, low level of confidence, very low level of confidence, or neutral. AR, Tab 26, Source Selection Statement, at 2463.

and Linxx's proposal under the relevant experience and past performance factor "somewhat offset each other." Id. at 2469. The SSA continued with the selection decision by concluding that the \$2.9 million price advantage associated with Linxx's proposal provided "a meaningful advantage to [Linxx] over Phair," and ultimately concluded that Linxx's proposal represented the best value in accordance with the terms of the solicitation. Id.

DISCUSSION

Phair argues that the agency failed to follow the solicitation's evaluation scheme in selecting Linxx's proposal for award. In this regard, the protester concedes that in selecting Linxx's proposal for award, the agency properly considered the evaluation factors of mission suitability, relevant experience and past performance, and price, to be equal in weight. The protester nevertheless contends because the solicitation also noted that the mission suitability and price factors, when combined, were significantly more important than the relevant experience and past performance factor, the agency, in performing its source selection, was required to combine the evaluation results under the mission suitability and price factors into an "amalgamated factor." Protest at 8; Protester's Comments at 2. The protester continues by arguing that the agency was required to consider this "significantly more important" amalgamated factor with the relevant experience and past performance factor. Protester's Comments at 2. The protester asserts that had the agency gone through this analysis, which according to the protester was required by the terms of the solicitation, the agency would have selected Phair's proposal for award, given that, by the protester's calculations, its proposal received a numerical score under the mission suitability factor that was 24-percent higher than Linxx's, whereas Linxx's proposed price was only 9-percent lower than Phair's proposed price. Protester's Comments at 3.

The protester's argument here is without merit. As an initial matter, there is no statement or provision in the RFP that mandates the creation of an "amalgamated factor" comprised of the mission suitability and price factors, nor any direction that the agency's source selection would be conducted in this manner. Given this, and the fact that the RFP clearly provided in explaining the relative importance of the three evaluation factors (mission suitability, relevant experience and past performance, and price) that they were "approximately equal" to each other, and were considered as "approximately equal" by the SSA in selecting Linxx's proposal for award, we have no basis to object to the agency's source selection. AR, Tab 26, Source Selection Statement, at 2462-2469. That is, although we agree with the protester that as a general matter, in order to be reasonable, an interpretation of solicitation language must be consistent with the solicitation when read as a whole and in a manner that gives effect to all of its provisions, we cannot find the protester's rather tortured interpretation here reasonable. See Brown & Root, Inc. and Perini Corp., a joint venture, B-270505.2; B-270505.3, Sept. 12, 1996, 96-2 CPD ¶ 143 at 8.

In any event, we fail to see why the process argued for by the protester would have any effect on the SSA's decision. In this regard, we note that the protester's argument as to prejudice is premised on a mechanistic comparison of the percentage differences in numerical scores and prices to dictate the source selection. Our Office has consistently held that a source selection cannot be based upon a mechanical comparison of the competing proposals' scores or ratings per se, but rather, must rely on a qualitative assessment of the differences in the competing proposals under both the price and non-price evaluation factors in a manner that is consistent with the terms of the solicitation, as was done here. See The MIL Corp., B-294836, Dec. 30, 2004, 2005 CPD ¶ 29 at 8; Opti-Lite Optical, B-281693, Mar. 22, 1999, 99-1 CPD ¶ 61 at 5.

The protester argues that because Linxx's proposed price of \$29.6 million was lower than both Phair's proposed price of \$32.4 million and the independent government estimate (IGE) of \$35 million, the agency should have "conducted a price/cost realism analysis to determine whether there was a risk of default by Linxx." Protest at 14; see AR, Tab 18, IGE, at 2152. The protester contends that had the agency conducted such an analysis, it would have found that "Linxx's proposal did not adequately represent the cost of performance of training," and therefore, "either Linxx was 'buying-in' or it did not fully understand NASA's training requirements." Protester's Comments at 6.

In general, there is no requirement that a price realism analysis be performed when award of a fixed-price contract is contemplated. Phoebe Putney Mem'l Hosp., B-311385, June 19, 2008, 2008 CPD ¶ 128 at 2. However, a solicitation for a fixed-price contract may provide for a price realism analysis for the purpose of assessing offerors' understanding of the requirements or the risk inherent in offerors' proposals. PHP Healthcare Corp., B-251933, May 13, 1993, 93-1 CPD ¶ 381 at 5. The nature and extent of a price realism analysis ultimately are matters within the exercise of the agency's discretion, and our review of such an evaluation is limited to determining whether it was reasonable and consistent with the solicitation's evaluation criteria. Northrop Grumman Info. Tech., Inc., et al., B-295526 et al., Mar. 16, 2005, 2005 CPD ¶ 45 at 19.

The solicitation stated that price proposals would be evaluated to ensure that the prices proposed were fair and reasonable, and to determine whether they were unbalanced. RFP at 93. The RFP added that "[r]elatively low prices will also be evaluated to determine whether there is a risk of default in the event of award to that Offeror," and informed offerors that a determination "that there is an unreasonably high risk of default . . . may serve as a basis for non-selection." Id. The solicitation also provided here that the agency would evaluate the offeror's "proposed profit . . . for reasonableness and for the extent that it will serve as a motivator of efficient and effective contract performance." Id.

The record shows that the agency analyzed the price proposals submitted by the three competitive range offerors, including Linxx. AR at 19; Tab 19, Price Evaluation, at 2153-82. In performing its analysis, the agency considered, among other things, the total prices proposed by the offerors as compared to each other and the IGE, and the prices proposed for each of the contract periods (that is, phase-in, base, first option, etc.), as compared to each other and the IGE. AR, Tab 19, Price Evaluation, at 2153-82. The record demonstrates that the agency also compared certain elements of cost set forth in the proposals, such as direct labor, other direct costs, general and administrative costs, and profit.⁶ Id.

In performing its price evaluation, the agency found, among other things, that the price proposals of Linxx and Phair “disclosed no indication of ‘unbalanced pricing.’” Id. at 2173. The price evaluation includes a specific evaluation of the profits proposed by Linxx and Phair, with the agency determining that while Linxx and Phair had “assumed a significantly higher level of contract risk with only an average to minor profit motivation,” the “offeror[s] profit amounts were closely grouped,” indicating that they were market driven, and posed “an acceptable assumable level of risk for this effort.” Id. at 2174, 2176. The agency adds here that, although not specifically stated in the price evaluation report, there was no indication that Linxx’s proposed price, which was the second-lowest of the competitive range offerors (Phair’s was the third-lowest), was unrealistically low. AR at 21; see AR, Tab 19, Price Evaluation, at 2155-66, 2172-74, 2178-82.

As indicated, the record reflects that the agency analysis of the offerors’ proposed prices was reasonable and consistent with the terms of the RFP. That is, the agency found that the price proposals of both Linxx and Phair were reasonable, not unbalanced, included sufficient profit, and were not unrealistically low. We note here that although there is no specific finding that training costs as set forth in any of the offerors’ proposals were realistic, none was required by the terms of the RFP. Rather, as explained above, the solicitation provided for, and the agency performed, a more general price evaluation than that apparently argued for by the protester. As

⁶ The price analyst’s report discloses that most of the difference in the total prices proposed by Linxx and Phair is due to Linxx’s lower general and administrative costs.

such, we see no basis on which to find the agency's evaluation of Linxx's proposal under the price factor unreasonable.⁷

The protest is denied.

Lynn H. Gibson
General Counsel

⁷ While the protester raised other protest grounds in its initial protest, the agency in its report addressed these protest grounds and Phair did not respond; thus, Phair abandoned these protest grounds. See Symplicity Corp., B-297060, Nov. 8, 2005, 2005 CPD ¶ 203 at 5 n.6.