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

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Decision

Matter of: Triad Logistics Services Corporation

File: B-407842.2

Date: April 22, 2013

Edward J. Kinberg, Esq., Kinberg & Associates, LLC, for the protester.
Col. Barbara E. Shestko, Maj. Sandra K. Whittington, and Erika L. Whelan Retta, Esq., Department of the Air Force, for the agency.
Pedro E. Briones, Esq., and Sharon L. Larkin, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Agency not did deviate from solicitation in selecting the lowest-priced, technically acceptable offer for award after considering innovations in determining technical acceptability, and both technical and price evaluation were consistent with the solicitation and were reasonable.

DECISION

Triad Logistics Services Corporation, of Melbourne, Florida, protests the award of a contract to Trailboss Enterprises, Inc., of Anchorage, Alaska, under request for proposals (RFP) No. FA4877-12-R-0021, issued by the Department of the Air Force for aircraft services at Davis-Monthan Air Force Base in Arizona.

We deny the protest.

BACKGROUND

The RFP was set-aside for service-disabled veteran-owned small businesses, and provided for the award of a fixed-price contract for a base year and four option years. RFP at 1, 22-25; Schedule.¹ The contract required the selected firm to provide all personnel, vehicles, equipment, tools, materials, and management to perform “Transient Alert” services at the Davis-Monthan Air Force Base. Performance Work Statement (PWS) at 59.

¹ Our citations are to the conformed RFP, Agency Report (AR), Tab 4.

The solicitation stated that award would be made on a lowest-price, technically acceptable (LPTA) basis to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the government.² RFP at 25. The RFP identified three factors for award--past performance, technical, and price--and three technical subfactors.³ Id. at 23. For each of the technical subfactors, offerors were required to address their proposed approach to “meeting or exceeding” minimum performance requirements. Id. at 23, 27. The RFP stated that the agency would evaluate technical and past performance as acceptable or unacceptable, and that price would be used to support a selection on a LPTA basis. Id. at 26, 27. Offerors were informed that the agency would evaluate prices for reasonableness and realism. Id. at 22, 26-27. The RFP further advised that price reasonableness would be determined by competition, current market conditions, and comparison to the independent government estimate.⁴ RFP at 27.

The agency received proposals from eight offerors, including Trailboss and Triad (the incumbent), whose proposals were evaluated as follows:

	Trailboss	Triad
Past Performance	Acceptable	Acceptable
Technical	Acceptable	Acceptable
Price	\$1,646,645	\$2,271,691

Contracting Officer’s (CO) Statement at 4; AR, Tab 28, Source Selection Decision Document (SSDD), at 28.

In support of Trailboss’ acceptable rating under the technical factor, the source selection authority (SSA) noted that the firm submitted an “outstanding technical proposal overall, with many innovative methods for performing” the work. AR, Tab 28, SSDD, at 4. The SSA found that Triad’s technical approach also supported an acceptable rating under this factor. Id. at 8.

With regard to price, the SSA acknowledged that Trailboss’ price was [DELETED] percent below the independent government estimate (IGE) and significantly lower than Triad’s price (the second lowest offer). Id. at 29. The SSA noted that Trailboss proposed [DELETED] staff hours and [DELETED] full-time equivalent (FTE)

² Federal Acquisition Regulation (FAR) § 15.101-2(a) identifies LPTA as a type of best value procurement.

³ The three technical subfactors were workload practices, quality control, and qualifications. RFP at 27.

⁴ The RFP also incorporated FAR clauses requiring the contractor to comply with the Service Contract Act and Fair Labor Standards Act. RFP at 46.

positions, compared to the incumbent's (Triad) current staffing of [DELETED] FTE, but that Trailboss' reduction in staff hours was due to [DELETED]. Id. The SSA found that Trailboss' price was reasonable and balanced based on adequate price competition, comparison to the IGE, and comparison to the other offerors' prices; and that Trailboss' price was realistic and presented no unacceptable risk to the government. Id.

Award was made to Trailboss and this protest followed.

DISCUSSION

Triad challenges various aspects of the agency's evaluation and selection of Trailboss' proposal. Triad contends that the agency converted the LPTA procurement to a best value one by considering Trailboss' innovations, that Trailboss' proposal does not contain sufficient labor hours to comply with RFP requirements, and that the agency failed to perform a proper realism analysis of Trailboss's proposed price. None of these arguments have merit.

In reviewing protests of an agency's evaluation, our Office does not reevaluate proposals, rather, we review the evaluation to determine if it was reasonable, consistent with the solicitation's evaluation scheme and procurement statutes and regulations, and adequately documented. Wackenhut Servs., Inc., B-400240, B-400240.2, Sept. 10, 2008, 2008 CPD ¶ 184 at 6; Cherry Road Techs.; Elec. Data Sys. Corp., B-296915 et al., Oct. 24, 2005, 2005 CPD ¶ 197 at 6.

As an initial matter, Triad is incorrect that the agency converted the LPTA procurement to a best value one. As noted above, the RFP contemplated that the agency would consider the offeror's approach to "meeting or exceeding" the performance requirements in determining whether to assign a proposal an acceptable or unacceptable rating under the technical factor, and then award the contract on an LPTA basis. RFP at 26-27. Consistent with the solicitation, the agency considered innovations under the technical factor, ultimately rated proposals on an acceptable/unacceptable basis, and made award on an LPTA basis. The agency did not deviate from the RFP as Triad alleges.

Triad also has not shown that Trailboss' proposal had insufficient labor hours to comply with the RFP. In this regard, the protester has not cited any provision in the RFP, nor can we identify any, that requires offerors to propose a minimum number of labor hours or FTE positions. Rather, the solicitation leaves it to the offerors to develop a technical approach and provide staffing to meeting the PWS.⁵ As

⁵ In response to offerors' questions about the number of personnel required for certain activities, the RFP explicitly advised that "the government does not provide
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discussed above, the SSA considered that Trailboss proposed [DELETED] FTEs than Triad (the incumbent), but found that the [DELETED] FTEs was the result of [DELETED]. AR, Tab 28, SSDD, at 29. Although Triad disagrees with the agency's assessment, it has not shown the agency's judgment to be unreasonable or inconsistent with the RFP.

Triad next argues that the agency failed to perform a proper realism analysis. Where, as here, an RFP contemplates the award of a fixed-price contract and provides that the agency perform a realism analysis, such realism analysis is for the limited purpose of assessing offerors' understanding of the solicitation's requirements or the risk inherent in offerors' proposals.⁶ Pemco Aeroplex, Inc.--Recon., B-310372.2, Feb. 1, 2008, 2008 CPD ¶ 24 at 3; Consolidated Eng'g Servs., Inc., B-279565.5, Mar. 19, 1999, 99-1 CPD ¶ 76 at 10; see FAR § 15.404-1(d)(3). The nature and extent of a price realism analysis are generally within the sound 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. American Techs., Inc., B-401445, Aug. 28, 2009, 2009 CPD ¶ 178 at 2; Pemco Aeroplex, Inc.--Recon., supra.

The record reflects that the agency did the following in performing its price analysis: (1) compared offerors' total and contract line item prices to each other and to the IGE; (2) recognized that Triad's price was low as compared with the prices submitted by the other offerors; (3) asked Triad to confirm its price; (4) compared Trailboss' price to the incumbent contract price and wage rates, finding them to be comparable; and (5) found Trailboss's price to be comparable with the firm's current contracts for similar services at other Air Force bases. AR, Tab 27, Determination of Price Fair & Reasonable, at 1-7; Tab 28, SSDD, at 29-31; CO's Statement at 11. Using this analysis, the agency determined that both offerors' prices (Triad's and Trailboss') were reasonable and realistic. AR, Tab 28, SSDD, at 29.

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guidance on how [the contract] requirement will be fulfilled. This is for the contractor to determine the best method to provide the service." RFP at 117.

⁶ In its pleadings, the protester conflates cost realism and price realism, using the terms interchangeably throughout. See, e.g., Comments at 1, 9, 13. In general, price realism is an assessment of whether an offeror's price evidences a lack of understanding of the requirements, while cost realism measures the likely cost of performance. See, e.g., Lifecycle Constr. Servs., LLC, B-406907, Sept. 27, 2012, 2012 CPD ¶ 269 at 3 n.5; TriWest Healthcare Alliance Corp., B-401652.12, B-401652.13, July 2, 2012, 2012 CPD ¶ 191 at 36. Cost realism is not a factor in the evaluation of proposals when a fixed-price contract is contemplated, because the government's liability is fixed and the contractor bears the risk of any cost escalation. J&J Maintenance, Inc., B-244366.2, Mar. 7, 1994, 94-1 CPD ¶ 177 at 10.

Contrary to Triad's argument, a more probing inquiry of offerors' prices was simply not contemplated or required by the RFP.⁷ The fact that Trailboss's price was lower than the incumbent's (Triad) does not evidence a flawed realism analysis, inherent risk in Trailboss' proposal, or that Trailboss' did not understand the solicitation's requirements.⁸ It merely shows that Trailboss proposed a lower price for its technically acceptable approach than did Triad.

In sum, based on our review of the record, we conclude that Triad's various arguments challenging the agency's analysis and judgments reflect the protester's disagreement or dissatisfaction with the agency's determinations, and provide no basis to sustain the protest.

The protest is denied.

Susan A. Poling
General Counsel

⁷ The RFP required that the agency "ensure" that the proposed prices included "all allowable Contractor costs, including, but not limited to, supervision, overhead, general and administrative (G&A), site overhead, quality control, insurance and profit." RFP at 28. However, the RFP did not specify how the agency was to "ensure" the prices, and offerors were not required to provide detailed cost information for each of the listed items. The agency states that, as part of its price analysis, it asked Trailboss to confirm its low price, CO's Statement at 11, and we find that this reasonably satisfied the RFP requirement to ensure that prices were complete.

⁸ Triad also speculates that Trailboss' low price shows that Trailboss might "potential[ly]" violate the Fair Labor Standards Act or Service Contract Act. Comments at 17. Although FAR clauses incorporated into the solicitation required the contractor to comply with the requirements of both acts, Trailboss did not take exception to the requirements and, in any event, the RFP did not require the agency to consider compliance with these requirements in its evaluation of proposals. Moreover, the responsibility for enforcement of these requirements is vested in the Department of Labor, not our Office, during contract administration. K-Mar Indus., Inc., B-400487, Nov. 3, 2008, 2009 CPD ¶ 159 at 6; Ogden Logistics Servs., B-257731.2, B-257731.3, Dec. 12, 1994, 95-1 CPD ¶ 3 at 11 n.4.