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Decision

Matter of: Exelis Systems Corporation
File: B-407673; B-407673.2; B-407673.3
Date: January 22, 2013

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Craig A. Holman, Esq., C. Scott Morrow, Esq., and Steffen G. Jacobsen, Esq., Arnold & Porter LLP, for the intervenor.
Capt. Tyler Davidson, Department of the Army, for the agency.
Scott H. Riback, Esq., and Jonathan L. Kang, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest alleging that agency misevaluated proposals is denied where record shows that agency's evaluation was reasonable and consistent with the terms of the solicitation and applicable procurement statutes and regulations.
 2. Protest alleging that agency made an unreasonable source selection decision is denied where record shows that agency's source selection was reasonable, and protest amounts to no more than disagreement with agency's decision.
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DECISION

Exelis Systems Corporation, of Colorado Springs, Colorado, protests the issuance of a task order to L-3 Communications Vertex Aerospace, LLC, of Madison, Mississippi, under request for task order proposals (RFP) No. W91247-12-FIRST-0004, issued by the Department of the Army for logistics support services for the Fort Bragg Directorate of Logistics.¹ Exelis maintains that the agency misevaluated proposals and made an unreasonable source selection decision.

¹ The competition was confined to the unrestricted group of contractors holding indefinite-delivery/indefinite-quantity contracts under the agency's field and installation readiness support team contract program.

We deny the protest.

BACKGROUND

The solicitation contemplates the issuance of a cost-reimbursement task order to provide logistics support services for an 80-day phase-in period, one base year, and two 1-year options on a “best value” basis, considering cost and two non-cost factors, mission capability and small business participation.² RFP at 68. The RFP further provided that the mission capability factor included three equally-weighted elements: (1) management approach, (2) staffing approach, and (3) technical experience. The RFP provided that the agency would evaluate the offerors’ proposed costs for both reasonableness and realism. RFP at 70. In terms of the relative importance of the evaluation factors, the RFP provided that the mission capability factor was significantly more important than the small business participation factor; that the small business participation factor was the least important factor; and that, when combined, the non-cost factors were significantly more important than cost. RFP at 69.

In response to the solicitation, the agency received several proposals, including those of the protester and the awardee. The agency evaluated the offerors’ proposals, established a competitive range, engaged in two rounds of discussions, and solicited and obtained final proposal revisions (FPRs). The agency evaluated the FPRs and assigned the proposals of the protester and awardee the following ratings:

Offeror	Mission Capability	Small Business Participation	Evaluated Cost
Exelis	Outstanding	Go	\$84,400,205.37
L-3	Good	Go	\$78,831,648.01

Agency Report (AR), exh. 15, Task Order Decision Document (TODD), at 3.

On the basis of these evaluation results, the agency selected L-3 for issuance of the task order, concluding that its proposal offered the best value to the government. AR, exh. 15, TODD, at 17. Specifically, the source selection authority (SSA) concluded that, although each offeror’s proposal provided strengths and weaknesses, and although Exelis’s proposal was technically superior to L-3’s, the comparative superiority of Exelis’s proposal did not merit payment of a \$5.5 million

² The RFP provided that proposals would be assigned an adjectival rating of either outstanding, good, acceptable, marginal or unacceptable for the mission capability factor, and would be assigned ratings of either “Go” or “No-Go” under the small business participation factor. RFP at 70-71.

cost premium. Id. at 15, 17. After being advised of the agency's selection decision and receiving a debriefing, Exelis filed the instant protest.

DISCUSSION

Technical Evaluation

Exelis asserts that the agency misevaluated L-3's proposal under all three elements of the mission capability factor. We discuss each area of the agency's evaluation below, but note at the outset that, in considering protests relating to an agency's evaluation, we do not independently evaluate proposals; rather, we review the agency's evaluation to ensure that it is consistent with the terms of the solicitation and applicable statutes and regulations. SOS Int'l, Ltd., B-402558.3, B-402558.9, June 3, 2010, 2010 CPD ¶ 131 at 2. A protester's mere disagreement with the agency's evaluation conclusions does not provide a basis for our Office to object to the evaluation. OPTIMUS Corp., B-400777, Jan. 26, 2009, 2009 CPD ¶ 33 at 6. We have carefully reviewed all of Exelis's contentions and find them to be without merit. We discuss Exelis's principal allegations below.

Technical Experience Element

Exelis asserts that the agency misevaluated the L-3 proposal under the technical experience element of the mission capability factor. The protester contends that, with regard to the RFP's requirements, it has superior technical experience in comparison to L-3 because it is the incumbent contractor for these requirements. The protester maintains further that L-3 does not have experience in certain of the requirements set forth in the performance work statement (PWS), and that its proposal relied on the experience of a subcontractor, [deleted] to show experience in these areas. According to the protester, however, the prior contracts that [deleted] performed do not show that the firm has experience in a list of tasks identified by the protester that are required under the PWS. Exelis therefore contends that the agency unreasonably assigned the firm's proposal a good rating for the mission capability factor in light of these considerations.

The protester's allegation reflects a misunderstanding of how proposals were to be evaluated under the terms of the RFP. The solicitation specifically provided that, in evaluating proposals, the agency would assign adjectival ratings as follows:

The Mission Capability factor will receive one of the adjectival ratings defined below. The elements under the Mission Capability factor will **not** receive an adjectival rating. The findings from the evaluation of the elements under the Mission Capability factor will be used to determine an overall rating for the factor using one of the adjectival ratings below.

RFP at 71.³

Consistent with this RFP provision, the record shows that the agency did not simply evaluate the offerors' technical experience in isolation, but, rather, considered it in conjunction with the other two elements comprising the mission capability factor (management approach and staffing approach) to determine the overall mission capability rating. The agency's evaluation approach was explained in a statement submitted by the agency's evaluation board chairman, as follows:

In evaluating each Offeror's Technical Experience, the TOEB [task order evaluation board] reviewed the Technical Experience cited in each proposal and evaluated that experience based on its relevancy to the PWS requirements and recent performance. If an Offeror did not cite Technical Experience in a specific area, the TOEB reviewed the Offeror's Management and Staffing Approach to ensure that the proposal demonstrated a soundness of approach, feasibility of approach, a comprehensive document, and a likelihood of success. The Offeror's basis of estimate was also evaluated to determine if the Offeror demonstrated a clear understanding of the level of effort required to execute the operation of the Fort Bragg facilities defined in the PWS as well as how these resources would be managed and utilized in performance of the task order. The Offeror's Management Approach was also evaluated to ensure that the methodology for determining the type of personnel proposed was reasonable.

AR, exh. 32, Statement of the Technical Evaluation Board Chairman, at 2.

The agency's evaluation board chairman explains, as detailed above, that the agency's evaluation method specifically considered L-3's management and staffing approach in areas where the awardee did not demonstrate technical experience. Id. at 2. For example, with regard to the PWS requirements for managing the installation food service program, personal property movement services, and personnel movement and travel services, the evaluation board chairman states as follows:

Examples of this evaluation are in the assessment of L3 for three areas of the PWS [for] which no Technical Experience was cited: PWS [deleted]. In these specific areas, L3's Management and Staffing Approach demonstrated a clear understanding [] of the level of effort required to execute the operation of the Fort Bragg facilities by

³ Contrary to the protester's position, the RFP did not require offerors to demonstrate experience in every single task or subtask of the PWS. See RFP at 60.

assigning Labor Categories with the required Knowledge, Skills, Abilities and Experience to each of these functional areas to successfully perform the required functions.

AR, exh. 32, Statement of the Technical Evaluation Board Chairman, at 2-3.

This explanation is consistent with the contemporaneous evaluation record, which states that the mission capability ratings were based on an overall consideration of the evaluation results from the three elements. See e.g., AR, exh. 35, Interim Mission Capability Report, at 34 (“The findings from the evaluation of the three elements were used to determine the overall Mission Capability rating.”)

Additionally, for example, in evaluating the L-3 proposal, the agency found as follows:

The Offeror demonstrated a clear understanding of all of the knowledge, skills, and qualifications required to fulfill the requirements of the PWS and was assigned a strength for clearly depicting an understanding that the staffing may vary based on support mission requirements (TAB E1 page 2) and ensuring that they maintain an acceptable manpower utilization rate at or above [deleted]% of direct labor expended/charged to the supported customer. (TAB E1 page 5). Overall, the Offeror’s methodology for determining the type of personnel proposed was determined reasonable.

AR, exh. 17, L-3 Consensus Technical Evaluation Report, at 1.

Accordingly, the fact that L-3’s proposal did not specifically include technical experience information relating to each and every task or subtask enumerated in the RFP does not, standing alone, provide a basis for our Office to conclude that the agency’s evaluation was unreasonable. As discussed above, the RFP did not require offerors to demonstrate experience that correlated to every task of the PWS. See RFP at 60. Instead, the record shows that, consistent with the terms of the RFP, the agency performed an integrated assessment of the proposals, considering all three elements of the mission capability factor in arriving at its ultimate ratings.⁴ We therefore have no basis to object to the agency’s evaluation for the reasons advanced by Exelis.

⁴ We note that the Army’s evaluation recognized that Exelis is the incumbent contractor for these requirements. AR, exh. 15, TODD, at 7, 9. The record shows that the agency took Exelis’s experience into account, inasmuch as it assigned Exelis’s proposal an outstanding mission capability rating as compared to a good rating assigned to the L-3 proposal.

Management Approach and Staffing Approach

Exelis also challenges the agency's evaluation of L-3's proposal under the management approach and staffing approach elements of the mission capability factor. According to the protester, L-3 proposed inadequate staffing in three areas: [deleted].

We find no merit to this aspect of Exelis's protest. The sole underlying basis for Exelis's contention is that L-3's staffing in these three areas was lower than that proposed by Exelis in the same areas;⁵ this contention, however, does not show that L-3's proposed staffing in the areas identified by Exelis is inadequate.

The RFP did not include staffing profiles or estimates--or even an overall level of effort--with which offerors were required to comply. Rather, the solicitation contemplated that the offerors would propose a staffing profile and level of effort that they thought would be adequate to accomplish the RFP's requirements. For example, offerors were required to explain in their responses to the management approach element the methodology they used to determine the type and number of personnel proposed, and level of effort proposed, for each labor category. RFP at 58-59. For the staffing approach element, offerors were required to explain their basis of estimate for the staffing proposed and the methodology used to determine the appropriate level of effort. Id. at 59.

Because the RFP required the offerors to show how their proposed level of effort and staffing profile would meet the requirements of the solicitation, it necessarily contemplated that offerors could propose different technical approaches and manning to accomplish the work. Thus, merely because L-3 proposed staffing in particular areas that was different from that proposed by Exelis, does not, without more, show that L-3's proposed staffing is inadequate. Rather, it shows only that L-3 and Exelis proposed different staffing.

Moreover, even though L-3 may have proposed accomplishing the work with fewer personnel than proposed by Exelis, it does not follow that its manning is insufficient, or that its technical approach is deficient,⁶ for purposes of accomplishing the work

⁵ According to the protester, L-3 proposed approximately [deleted] full time equivalents than it proposed in the [deleted] division staffing area; approximately [deleted] full time equivalents than it proposed in the [deleted] staffing area; and approximately [deleted] full time equivalents than it proposed in the [deleted] staffing area. Protesters Comments and Supplemental Protest (Nov. 26, 2012) at 43, 46, 50.

⁶ Although counsel for Exelis was provided with a copy of L-3's proposal under the terms of our protective order, the protester made no substantive challenge to the
(continued...)

contemplated by the RFP. The record shows that the Army evaluated L-3's proposal under these two evaluation elements by reviewing the adequacy of L-3's proposed staffing and management approach, and found that L-3's proposal reflected a clear understanding of the RFP requirements and presented a feasible and comprehensive approach to performing the requirements. AR, exh. 17, L-3 Consensus Technical Evaluation Report, at 1-2.

On this record, we have no basis to object to the agency's evaluation in this area and, accordingly, deny this aspect of Exelis's protest.

Cost Evaluation

Exelis also challenges the propriety of the agency's cost realism evaluation. As with its challenge to the agency's technical evaluation of L-3's proposal under the management and staffing approach elements, Exelis maintains that L-3's proposed staffing is inadequate to perform the requirement in the following areas: [deleted]. As with its challenge to the agency's technical evaluation, Exelis's sole basis for objecting to the agency's cost evaluation is its assertion that, because L-3's proposed staffing is not the same as Exelis's, it must necessarily be inadequate to perform the requirement. Exelis maintains that the agency erred in failing to adjust L-3's evaluated cost upward to account for the additional personnel that would be required to make L-3's staffing the same as the protester's staffing.

When an agency evaluates a proposal for the award of a cost-reimbursement contract or task order, an offeror's proposed estimated costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. Federal Acquisition Regulation (FAR) §§ 15.305(a)(1); 15.404-1(d); see Palmetto GBA, LLC, B-298962, B-298962.2, Jan. 16, 2007, 2007 CPD ¶ 25 at 7. Consequently, the agency must perform a cost realism analysis to determine the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR § 15.404-1(d)(1). When conducting a cost realism analysis, agencies are required to consider the realism of a firm's proposed costs in light of its unique technical approach. Metro Mach., Corp., B-402567, B-402567.2, June 3, 2010, 2010 CPD ¶ 132 at 6. The pertinent inquiry is not whether an offeror's proposed costs resemble another offeror's proposed costs, but, rather, whether its proposed costs are adequate in light of its unique technical approach. Id.

(...continued)

adequacy of L-3's proposed staffing beyond its assertion that it involved fewer full time equivalents than proposed by Exelis. Exelis also does not substantively challenge L-3's underlying technical approach to performing the requirement.

Here, as with the agency's technical evaluation, Exelis's only challenge to the agency's cost realism evaluation is confined to its assertion that L-3's proposed costs relating to staffing are lower than those proposed by Exelis. Such a contention, without more, is inadequate to show that the agency's cost evaluation was unreasonable.

The record here shows that the Army's cost realism evaluation relied on the technical evaluators' assessments of the adequacy of L-3's proposed staffing. AR, exh. 19, Final Cost Evaluation Report, at 6-7. As discussed above, the agency's technical evaluators found that L-3's proposed staffing reflected a clear understanding of the solicitation's requirements and presented a feasible and comprehensive approach to accomplishing them. AR, exh. 17, L-3 Consensus Technical Evaluation Report, at 1-2. Simply stated, the agency found that L-3's proposed costs were adequate to perform the requirement in light of L-3's unique technical approach; the fact that L-3's proposed approach is different than that proposed by Exelis does not show that L-3's proposed costs are understated. We therefore deny this aspect of Exelis's protest.

Source Selection Decision

Exelis challenges the Army's source selection decision. According to the protester, the agency improperly failed to consider the magnitude of its technical superiority compared to what it describes as the modest cost premium associated with its proposal. The protester makes a variety of assertions in connection with this basis for protest. For example, the protester challenges the adequacy of the agency's documentation in support of its selection decision; the adequacy of the agency's analysis in comparing the two proposals; and the agency's weighting of the evaluation factors in selecting L-3. The protester also maintains that the agency did not give it adequate credit for the significant strengths and strengths found in its proposal. In essence, the protester maintains that the agency could not reasonably have selected L-3's lower-rated, lower-cost proposal over Exelis's higher-rated, higher-cost proposal.

We have considered all of Exelis's assertions relating to the agency's source selection decision and find no merit to this aspect of its protest. In a best value acquisition, agencies must perform a cost or price/technical tradeoff to determine whether one proposal's technical superiority is worth its higher cost or price. General Dynamics-Ordnance & Tactical Sys., B-401658, B-401658.2, Oct. 26, 2009, 2009 CPD ¶ 217 at 8. Even where cost is significantly less important than the non-cost considerations, an agency properly may select a lower-cost, lower-rated proposal if it reasonably concludes that the cost premium involved in selecting a higher-rated, higher-cost proposal is not justified. Id. Such tradeoffs are governed only by the test of rationality and consistency with the evaluation criteria; a protester's disagreement with an agency's judgment does not establish that the source selection is unreasonable. Id.

Here, Exelis's protest essentially amounts to disagreement with the agency's source selection decision. Notwithstanding the protester's disagreement, however, the record demonstrates that the agency's selection decision was rational, adequately documented, and consistent with the terms of the RFP. In this regard, the record shows that the SSA carefully analyzed the significant strengths and strengths assigned to the Exelis proposal, and compared them to the strengths assigned to the L-3 proposal. AR, exh. 15, TODD, at 14-15. The SSA ultimately concluded that the Exelis proposal was superior to the proposal submitted by L-3. Id. Nonetheless, he also concluded that the cost premium associated with the Exelis proposal was not worth the added technical superiority offered, finding as follows:

I have considered the entirety of the TOEB [task order evaluation board] report including those strengths not specifically mentioned in this comparison. In considering the underlying substance of all of the strengths of both Offerors, I have noted that there were significant strengths and strengths identified in areas of Exelis's proposal that are not mirrored in L3's proposal. Conversely, L3 was assigned strengths in areas of their proposal that were not present in Exelis'[s] proposal. For the reasons discussed above, I do find some technical superiority in Exelis'[s] proposal. However, while the strengths of Exelis exceed those of L3 in some areas, I have concluded that any additional benefits provided by Exelis do not warrant the \$5,568,557.36 price premium over L3. As a result, L3 is considered the best value to the Government of the two.

AR, exh. 15, TODD, at 15. Notwithstanding the protester's disagreement with the agency's selection decision, we conclude that it was reasonable, adequately documented, and consistent with the terms of the RFP. We therefore deny this aspect of Exelis's protest.

The protest is denied.

Susan A. Poling
General Counsel