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## Decision

**Matter of:** CACI-WGI, Inc.

**File:** B-408520.2

**Date:** December 16, 2013

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### DIGEST

1. Protest arguing that the agency failed to perform a price realism analysis is denied where the solicitation did not provide for the evaluation of offerors' proposed prices for realism.
  2. Protest challenging the agency's evaluation of offerors' technical proposals is denied where the evaluation was reasonable, consistent with the stated evaluation criteria and adequately documented.
  3. Protest that the agency engaged in misleading discussions with the protester by failing to advise during discussions that the protester's proposed price was too high is denied where the agency did not find the protester's price unreasonable, and was not otherwise obligated to raise this matter during discussions.
  4. Agency's selection of a lower-rated, lower-priced proposal for award instead of a higher-rated, higher-priced proposal is unobjectionable, where the agency's tradeoff decision was reasonable, and adequately documented the rationale for the tradeoff.
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## DECISION

CACI-WGI, Inc., of Vienna, Virginia, protests the award of a contract to A-T Solutions, Inc. (ATS), of Fredericksburg, Virginia, under request for proposals (RFP) No. W911S0-13-R-0001, issued by the Department of the Army, Mission and Installation Contracting Command--Fort Eustis, for expert and highly skilled personnel in support of the Army's Asymmetrical Warfare Group (AWG). CACI challenges the Army's evaluation of the offerors' price and technical proposals, argues that the agency failed to conduct meaningful discussions, and contends that the best value tradeoff and source selection decision was unreasonable.

We deny the protest.

## BACKGROUND

On October 15, 2012, the Army issued the RFP, which sought personnel, expertise, and skills to support the AWG's mission to observe, analyze, train, and advise Army and joint forces units. RFP, Performance Work Statement (PWS) § 1.2. The AWG, headquartered at Fort Meade, Maryland, is the lead organization to provide the Army with global perspective and expertise in full-spectrum training, planning, and execution of countermeasures to asymmetric warfare.<sup>1</sup> RFP, PWS § 1.1.1. Specifically, the AWG provides observation, analysis, training, and advisory support to Army and joint forces units to enhance their capabilities to predict, mitigate, counter and defeat asymmetric threats and methods. Id. § 1.1.2. The RFP anticipated the award of a fixed-price contract, with some cost and labor hour contract line item numbers (CLINs), for a base period of 7 months, with two 12-month options. RFP at 2-12; RFP, PWS at 3.

The PWS stated that the contractor shall support the AWG in its mission to improve the Army's capabilities for countering asymmetric warfare by providing "personnel, expertise, and skills required" in the following main AWG functional areas: (1) headquarters; (2) operations squadrons; (3) training, advisory, and assessment squadron; (4) concepts integration squadron; and (5) facilities at Fort A.P. Hill. RFP, PWS § 1.2.

The RFP provided for award on a best-value basis, considering four factors: (1) mission capability/risk; (2) past performance; (3) small business participation; and (4) price. RFP at 122-123. The mission capability/risk factor included the

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<sup>1</sup> Asymmetric warfare is operations conducted by terrorists, guerillas, militias, and paramilitaries to limit military effectiveness while achieving political objectives, and are conducted at the strategic, operational, and tactical levels, with the objective of undermining the political, military, economical, and psychological strengths and will to win of the U.S. and its allies. Contracting Officer's (CO) Statement ¶ 3.

evaluation of the following five subfactors: (1) specialized experience; (2) staffing, recruitment and retention; (3) management; (4) quality control; and (5) phase in/transition. Id.

For purposes of award, the mission capability/risk factor was more important than the past performance factor, and the past performance factor was more important than the small business participation factor. Id. at 122. When combined, the mission capability/risk and past performance factors were significantly more important than small business participation. Id. The small business participation factor was more important than price.<sup>2</sup> Id. All evaluation factors, other than price, when combined, were significantly more important than price. Id.

Within the mission capability/risk factor, the specialized experience subfactor was more important than all of the other subfactors, combined. Id. In addition, specialized experience was considered significantly more important than staffing, recruitment, and retention. Id. The staffing, recruitment, and retention subfactor was more important than the management, quality control, and phase in/transition subfactors, when combined. Id. The management, quality control, and phase in/transition subfactors were listed in descending order of importance. Id.

As relevant here, under the price factor, the RFP required offerors to complete and submit three pricing matrices. Id. at 129, 132. Matrices 1 and 2--the "Pricing Matrix"--required information concerning the labor hour portion of the requirement. RFP at 132. Matrix 1 required offerors to provide the following breakdown of information for each PWS task area: labor category, base labor rate, indirect rates, general and administrative, profit, and fully burdened labor rate. Id., attach. 2a. Matrix 2 required information concerning the labor category and fully burdened labor rate for each PWS task area. Id. The RFP stated that the Army would "analyze the separate elements of cost [provided in Matrix 1] for reasonableness (to include profit)," but also stated that only Matrix 2 would be incorporated into the contract. Id. at 132. Matrix 3, for the fixed-price portion of the requirement, required that offerors provide a breakdown of their proposed prime contractor and sub-contractor labor mixes (including number of hours, number of full time equivalents (FTEs), and

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<sup>2</sup> The RFP included fixed-price, cost, and labor hour CLINs for the base period and options. RFP at 2-11. The fixed-price CLINs were for phase-in, and operational support. Id. at 2, 6, 9. The cost reimbursement CLINs, which included not-to-exceed ceiling prices for evaluation purposes, were for travel and other direct costs (ODCs). Id. at 3, 6, 7, 10. The labor hour CLINs, which also included not-to-exceed ceiling prices for evaluation purposes, were for surge operational support. Id. at 4, 8, 11. As relevant here, the fixed-price operational support CLINs, which encompassed the requirements defined in the RFP's performance work statement (PWS), constituted the majority of the procurement, both financially and in terms of performance. AR at 8.

total costs) for each PWS task area, as well as the total cost estimate for the base period (including phase-in) and each option year. Id., attach. 2a.

For purposes of award, the RFP stated that, the “[e]valuation of price will be performed using a combination of cost analysis techniques for the labor hour portion of this effort (Attachment 2-Matrix 1), and one or more of the price analysis techniques in FAR 15.404-1(b) for the fixed price portion.” RFP at 129. In addition, the solicitation stated that, “[t]hrough these techniques the Government will determine whether the fully burdened labor hour rates are reasonable and whether overall prices are reasonable, complete and balanced.” Id. Specifically, the solicitation provided the following regarding price reasonableness:

Price Reasonableness--The price proposals of all Offerors will be evaluated in order to determine whether they are reasonable in relation to the work to be performed, reflect a clear understanding of the requirements, and reflect a clear understanding of the technical proposal. A combination of cost analysis techniques for the labor hour portion of this effort (Attachment 2-Matrix 1) and one or more price analysis techniques in FAR 15.404-1(b) for the fixed price portion will be used.

Id.

The RFP also advised that price would be evaluated for completeness and accuracy, stating that, “[a] determination will be made as to whether the Offerors have properly understood the proposal instructions and properly completed the price schedules,” and that the “[p]roposals will also be checked for mathematical accuracy.” Id.

The RFP stated that the government would select the best overall offer for award, based upon an “integrated assessment” of all the evaluation factors. Id. at 122. The solicitation also stated that, “tradeoffs between price and non-price factors are permitted,” and that the government “reserves the right to award to other than the lowest proposed price.” Id. The solicitation also stated, however, that “the degree of importance of price as a factor in determining award could become greater depending upon the equality of the proposals evaluated in the non-price factors.” Id.

#### Proposal Submissions and Award

The Army received proposals from five offerors, including CACI and ATS, by the closing date of November 21. CO Statement ¶ 16. CACI is the incumbent contractor for the requirement. Id. ¶ 57. Following an evaluation of proposals, the contracting officer established a competitive range consisting of all five offerors. Id. ¶ 24. The agency then conducted discussions with the offerors, and requested final

proposal revisions (FPR) from all five offerors. Id. ¶ 26, 28. CACI received two evaluation notices (ENs)--one requesting additional information from the Defense Contract Audit Agency, and one concerning the proposed percentage of profit on CACI's labor rates. Agency Report (AR), Tab 11, Cost and Price Evaluation Report, at 24-25.

As relevant here, CACI's final proposal revision (FPR) offered [DELETED] FTEs to perform the PWS requirements, at a fixed price of \$103,518,089. AR, Tab 22, Price Negotiation Memorandum, at 20. ATS's FPR offered [DELETED] FTEs, at a fixed price of \$64,662,849. Id. After evaluating the FPRs, the source selection evaluation board (SSEB) assigned the following adjectival ratings to CACI's and ATS's FPRs:<sup>3</sup>

	<b>ATS</b>	<b>CACI</b>
<b>Overall Mission Capability/Risk</b>	<b>Outstanding</b>	<b>Outstanding</b>
Specialized Experience	Outstanding (2 strengths)	Outstanding (4 strengths)
Staffing, Recruitment and Retention Management	Good (1 strength)	Outstanding (2 strengths)
Quality Control	Acceptable	Acceptable
Phase In/Transition	Good (1 strength)	Good (1 strength)
<b>Past Performance</b>	<b>Relevant/ Satisfactory Confidence</b>	<b>Very Relevant/ Substantial Confidence</b>
<b>Small Business Participation</b>	<b>Outstanding</b>	<b>Outstanding</b>
<b>Price</b>	<b>\$64,662,849</b>	<b>\$103,518,089</b>

Id. The other three offerors were found unacceptable and therefore ineligible for award. CO Statement ¶ 33.

The Army conducted a tradeoff between ATS's lower-rated, lower-priced proposal and CACI's higher-rated, higher-priced proposal. AR, Tab 24, Source Selection Decision Document (SSDD), at 56-65. The source selection authority (SSA) compared the strengths of the proposals under each of the RFP's factors and

<sup>3</sup> The technical evaluation team assessed the technical proposals as outstanding, good, acceptable, marginal, or unacceptable. AR, Tab 19, SSEB Report Post Discussions, at 6.

subfactors. Id. at 58-65. For example, under subfactor 1, specialized experience, the SSA concluded that while CACI's four strengths were "glowing" and demonstrated "consistent greatness," they were not "worth [a] 60% [higher price] . . . when both Offerors can perform the tasks," and also noted that ATS demonstrated "flashes of greatness." Id. at 61. Under subfactor 2, staffing, recruitment, and retention, the SSA explained that although one of CACI's strengths demonstrated that CACI excelled in the surge requirements, the surge requirements were "a minimal portion of the requirement." Id. at 62. Under past performance, the SSA stated that "[a]s the incumbent, [CACI] naturally, has the most relevant experience," but noted that the past performance questionnaires showed that ATS "also has relevant and excellent experience." Id. at 64. The SSA also weighed the benefit of CACI's additional proposed personnel, stating that "[w]hile there is additional staffing spread throughout [CACI's] proposal, . . . the benefits are not so overwhelming or compelling or evident." Id. at 65. Ultimately, the SSA found that the comparison of the proposals did not justify paying an additional \$38,855,240. Id.

On June 27, 2013, the agency notified CACI of the award to ATS, for a total price of \$64,662,849.18. AR, Tab 25, Notice of Award. CACI requested a debriefing, which it received on July 2-3. AR, Tab 26, Agency Protest, at 4.

On July 8, CACI filed a protest with the Army, challenging the evaluation of the offerors' technical proposals, and arguing that the agency failed to conduct a price realism analysis of ATS's proposal as required by the RFP. Id. at 3. The protester also asserted that the Army failed to conduct meaningful discussions with CACI because the agency did not identify during discussions its apparent concern that CACI's proposed price and level of effort were excessive. Id.

On August 27, the Army denied CACI's protest, finding that the agency "reasonably determined that CACI's superior proposal did not justify the [60%] price premium over the awardee's proposal, which was also highly rated." AR, Tab 27, Agency Protest Decision, at 4. With regard to risk, the Army found that the agency conducted an integrated assessment, which "included an evaluation of performance risk, with a cross walk done to determine that the proposed price reflected adequate staffing levels and compensation." Id. at 3. In addition, the agency found that CACI received meaningful discussions because CACI's initial proposed prices were determined to be reasonable, and the agency was therefore not required to identify price during discussions. Id. at 4. This protest followed.

## DISCUSSION

CACI raises four main arguments: (1) the Army failed to conduct a price realism analysis; (2) the agency unreasonably evaluated the offerors' technical proposals; (3) the Army failed to conduct meaningful discussions; and (4) the agency unreasonably concluded that ATS was the best value offeror. Although our decision

does not specifically address all of CACI's arguments, we have fully considered each of them and find that none provides a basis to sustain the protest.

### Price Evaluation

CACI argues that the RFP required the Army to evaluate the proposals for price realism. The protester asserts that the agency's failure to evaluate the realism of the offerors' prices caused the agency to improperly ignore the performance risk associated with what the protester contends was ATS's unrealistically low proposed price. Protest at 22-23. For the reasons discussed below, we conclude that the RFP did not require the evaluation of price realism, and that the Army's evaluation of price was reasonable and consistent with the RFP.

As a general matter, when awarding a fixed-price contract, an agency is only required to determine whether the offered prices are fair and reasonable. Federal Acquisition Regulation (FAR) §15.402(a). An agency's concern in making a price reasonableness determination focuses on whether the offered prices are too high, rather than too low. Vital Link, Inc., B-405123, Aug. 26, 2011, 2011 CPD ¶ 233 at 6. Where there is no evaluation factor providing for consideration of price realism, a determination that an offeror's price is too low generally concerns the offeror's responsibility. PAE Gov't Servs., Inc., B-407818, Mar. 5, 2013, 2013 CPD ¶ 91 at 6. While an agency may conduct a price realism analysis in awarding a fixed-price contract for the limited purposes of assessing whether an offeror's low price reflects a lack of technical understanding or risk, see FAR § 15.404-1(d)(3), offerors must be advised that the agency will conduct such an analysis. Emergint Techs., Inc., B-407006, Oct. 18, 2012, 2012 CPD ¶ 295 at 5-6. As our Office has held, in the absence of an express price realism provision, we will only conclude that a solicitation contemplates a price realism evaluation where the RFP expressly states that the agency will review prices to determine whether they are so low that they reflect a lack of technical understanding, and where the RFP states that a proposal can be rejected for offering low prices. DynCorp Int'l LLC, B-407762.3, June 7, 2013, 2013 CPD ¶ 160 at 9. Absent a solicitation provision providing for a price realism evaluation, agencies are neither required nor permitted to conduct one in awarding a fixed-price contract. Emergint Techs., Inc., supra.

As discussed above, the RFP stated that the Army would evaluate proposed prices for reasonableness, using "[a] combination of cost analysis techniques for the labor hour portion" of the effort, and "one or more of the price analysis techniques in FAR 15.404-1(b) for the fixed price portion." RFP at 129. Specifically, the solicitation's evaluation criteria stated: "Price Reasonableness--The price proposals of all offerors will be evaluated in order to determine whether they are reasonable in relation to the work to be performed, reflect a clear understanding of the requirements, and reflect a clear understanding of the technical proposal." Id. The RFP also stated that "the government will determine whether overall prices are reasonable, complete and balanced." Id.

First, the protester points to the RFP's "basis of award," which states that "[t]he government will select the best overall offer, based upon an integrated assessment of mission capability/risk, past performance, small business participation, and price factors." Id. at 122. CACI argues that the requirement to conduct an "integrated assessment" of price and non-price factors required the Army to evaluate technical risk based on an offeror's proposed pricing. Id. This RFP language, however, did not advise offerors that the agency would evaluate proposed prices to determine whether they were so low that they reflected a lack of technical understanding, nor did it state that the agency could reject a proposal for offering unrealistically low prices. We therefore find that the requirement for an integrated assessment did not obligate the agency to conduct a price realism analysis. See PAE Gov't Servs., Inc., supra.

Next, CACI asserts that the RFP requirement to assess technical risk when evaluating the mission capability/risk factor obligated the agency to perform a price realism analysis. Protest at 25. In this regard, the solicitation stated that the assessment of technical risk would consider the "potential for disruption of schedule, increased costs, degradation of performance, the need for increased Government oversight, or the likelihood of unsuccessful contact performance." RFP at 124. CACI contends that these technical evaluation criteria required the agency to consider the technical risk that may result from an offer's proposed prices. Protest at 25. There is nothing in this statement, however, that indicates that this assessment would involve a review of the risk associated with offers' proposed prices. To the contrary, the plain language of the provision stated that the technical risk assessment would be based on evaluated technical weaknesses. Because, as discussed above, a price realism evaluation is only required (or permitted) when a solicitation expressly advises offerors that the agency will conduct such an evaluation, we conclude that the protester's interpretation of this provision is inconsistent with the stated language in the RFP.

Next, CACI argues that the solicitation provision concerning "price reasonableness" in the price evaluation factor contemplated a price realism analysis. Protest at 26. The RFP stated: "Price Reasonableness--The price proposals of all offerors will be evaluated in order to determine whether they are reasonable in relation to the work to be performed, reflect a clear understanding of the requirements, and reflect a clear understanding of the technical proposal." RFP at 129. While CACI acknowledges that this provision addresses reasonableness, not realism, the protester argues that the agency was nonetheless required to compare an offeror's price proposal with its technical proposal "to assess the performance risk [of an offeror's] low price." Protest at 26. As discussed above, however, price reasonableness refers to an analysis of whether proposed prices are too high. Vital Link, Inc., supra. Accordingly, here, the RFP's price reasonableness provision merely required the Army to evaluate proposals to ensure that the proposed prices were not higher than necessary to perform the solicited work.



Finally, CACI notes that the RFP included FAR clause 52.215-1, which the protester contends obligated the agency to conduct a price realism evaluation. This FAR provision states, in relevant part, that “[i]f a cost realism analysis is performed, cost realism may be considered by the source selection authority in evaluating performance or schedule risk.” FAR § 52.215-1(f)(9). This FAR provision, however, concerns a cost realism analysis, and neither obligates, nor permits the agency to conduct a price realism analysis. Again, as stated above, when awarding a fixed-price contract, offerors must be advised that the agency will conduct such an analysis, and absent a solicitation provision providing for a price realism evaluation, agencies are neither required nor permitted to conduct one in awarding a fixed-price contract. Emergint Techs., Inc., supra.

In sum, nothing in the RFP stated that the agency would review prices to determine whether they are so low that they reflect a lack of technical understanding, or that a proposal could be rejected for offering low prices. On this record, there is no basis to sustain the protest.

#### Technical Evaluation

Next, CACI argues that the Army erred in assigning CACI and ATS the same overall “outstanding” rating for the management capability/risk factor. Specifically, CACI contends that its overall rating for this factor should have been higher than ATS’s rating for the following reasons: (1) CACI received higher ratings than ATS in two of the five subfactors; (2) CACI is the incumbent and therefore should have received a higher rating than ATS under the phase in/transition subfactor; and (3) the agency failed to consider the risk of ATS’s proposed staffing on performance. Protest at 27. As discussed in detail below, we find no merit to these arguments.<sup>4</sup>

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<sup>4</sup> CACI also argues that the disparity between the staffing, labor rates, and prices proposed by ATS and CACI demonstrates that the offerors did not compete on a common understanding of the Army’s requirements. Protest at 30; Protester’s Comments (Nov. 4, 2013) at 20. The RFP, however, advised offerors in response to submitted questions that: “The Government will not be awarding a Level of Effort (LOE) contract. . . . The Offeror is responsible for proposing the appropriate level of FTEs to satisfy PWS requirements. The Government seeks innovative solutions to the required tasks.” RFP, Amendment 1 at 17. Accordingly, the RFP clearly anticipated that offerors would propose different approaches to the requirements. See L-3 Servs, Inc., B-406292, Apr. 2, 2012, 2012 CPD ¶ 170 at 11. To the extent the protester contends that the awardee’s lower proposed price reflected a lack of understanding of the RFP’s requirements, this argument relates to the realism of the offeror’s proposed prices--as discussed above, we find this argument has no merit.

In reviewing protests of an agency's evaluation of offerors' technical proposals, our Office does not reevaluate proposals; rather, we review the evaluation to determine if it was reasonable, consistent with the solicitation's evaluation scheme, as well as 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. With regard to adjectival ratings, technical evaluators have wide discretion when assigning such ratings, given that the ratings reflect both objective and subjective judgments concerning the relative merits of different proposals and their ability to meet the agency's needs. Interstate Gen. Gov't Contractors, Inc., B-290137.2, June 21, 2002, 2002 CPD ¶ 105 at 2. An offeror's mere disagreement with the agency's evaluation is not sufficient to render the evaluation unreasonable. Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7.

### CACI's Higher Subfactor Ratings

CACI first contends that the Army should not have assigned ATS's and CACI's proposals the same overall technical rating of "outstanding" because CACI received higher ratings than ATS in two of the five technical subfactors. As discussed below, we conclude that the Army's assigned technical ratings were reasonable.

As stated above, the RFP stated that specialized experience "is more important than all other . . . subfactors when combined," and "is significantly more important than staffing, recruitment, and retention," which in turn, "is more important than management, quality control and phase in/transition when combined." RFP at 122. In addition, the RFP defined an outstanding rating as follows: "meets requirements and indicates an exceptional approach and understanding of the requirements," with "multiple strengths and no deficiencies." Id. at 124.

Under the most important subfactor, specialized experience, the Army assessed both CACI's and ATS's proposals as outstanding. Specifically, the Army explained its rationale for the overall outstanding rating for ATS's proposal under the management capability/risk factor, stating:

The proposal contains multiple strengths and no deficiencies. . . . Specialized Experience (Subfactor 1) is more important than all other Mission Capability subfactors when combined and the rating for Specialized Experience is Outstanding. . . . Given the relative importance for each subfactor, Outstanding is the appropriate overall Technical Rating.

AR, Tab 22, Price Negotiation Memorandum at 21. The Army also assigned ATS's proposal multiple strengths under the management capability factor, and ATS's

proposal was not assigned any deficiencies.<sup>5</sup>

CACI does not challenge the reasonableness of ATS's outstanding rating under specialized experience, nor does CACI point to any deficiencies in ATS's technical proposal that would render the Army's ratings unreasonable. Protest at 28-29. Instead, the protester argues that, because ATS received lower ratings than CACI in two of the less important subfactors, ATS should have received an overall lower rating than CACI for the mission capability/risk factor overall. As discussed above, however, the RFP stated that specialized experience was the most important subfactor, and was in fact more important than all of the other subfactors, combined. Considering the relative importance of the subfactors, and the definition of outstanding as indicating an exceptional approach and understanding of the requirements with "multiple strengths and no deficiencies," we conclude that it was reasonable for the agency to assign an overall rating of outstanding to ATS's proposal for the mission capability/risk factor.

#### CACI's Incumbency Status

Next, CACI argues that the Army unreasonably assigned the same adjectival rating of "good" to both CACI's and ATS's proposals under the phase-in/transition subfactor. The protester contends that, as the incumbent contractor, its "transition would be seamless," and that it therefore merited a higher rating as compared to ATS. Id. at 29. We find no merit to this argument.

As relevant here, the RFP stated that evaluation of the phase-in/transition subfactor would include assessment of the offeror's "planned approach," including consideration of "whether the plan demonstrates a thorough, clear, logical, and acceptable methodology for assumption of the services," and "the Offeror's ability to demonstrate a reasonable timeline for hiring, training, and replacement of personnel." RFP at 124.

The agency rated ATS's phase-in/transition plan as "good," concluding that the awardee's proposal "meets requirements and indicates a thorough approach and understanding of the requirements." AR, Tab 19, SSEB Report Post Discussions, at 15. In this regard, the evaluators stated that ATS had a "commendable phase-in/transition plan" that "provides a thorough road map to guide the process along key tasks that will need to be accomplished." AR, Tab 10, SSEB Report Pre-Discussions, at 14. The agency also stated that ATS "has experience similar to AWG in preparing its personnel for deployment, with specific systems in place that may benefit AWS," and that "[t]his process provides the Government with assurance

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<sup>5</sup> In the other subfactors, the agency rated ATS as good under staffing, recruitment, and retention, as acceptable under management and quality control, and as good under phase-in/transition. AR, Tab 24, SSDD, at 14.

of mission success.” Id. The protester fails to point to any evidence that the Army’s evaluation of ATS as good under this subfactor was unreasonable.

In rating CACI’s phase-in/transition plan as “good” under this subfactor, the Army assigned a strength to CACI for its plan, stating that it includes “existing, defined procedures,” as well as “[DELETED] which ensure critical institutional knowledge is maintained.” AR, Tab 24, SSDD at 63. The evaluators also acknowledged CACI’s incumbency status, stating that, “[a]s the incumbent, it is clear that the Offeror has the knowledge and experience to complete this PWS requirement successfully” and that “[o]f note, [CACI’s] phase-in plan has little disruption and is highly efficient for the Government.” Id.

Based on the record, the agency’s evaluation clearly considered and credited CACI for its experience as an incumbent. To the extent the protester contends that it should have received even more credit due to its incumbency, this argument amounts to disagreement with the agency’s evaluation of proposals, which does not make the evaluation unreasonable. Honeywell Tech. Solutions, Inc., B-400771, B-400771.2, Jan. 27, 2009, 2009 CPD ¶ 49 at 13.

#### Proposed Staffing Risk

Next, CACI argues that the Army unreasonably assigned ATS’s proposal an overall technical rating of outstanding because the agency failed to evaluate the performance risk presented by the awardee’s proposed number of personnel, which was lower than the protester’s proposed level. Protester’s Comments (Nov. 4, 2013) at 3. We conclude that the Army’s technical evaluation was reasonable and consistent with the RFP.

As discussed above, the RFP stated that the agency would assess technical risk when evaluating the mission capability/risk factor, and further stated that the assessment of technical risk would include consideration of the “potential for disruption of schedule, increased costs, degradation of performance, the need for increased Government oversight, or the likelihood of unsuccessful contract performance.” RFP at 124. Based on this RFP requirement, CACI contends that the “technical assessment of the risk to the success to AWG’s mission associated with the technical solution in an offeror’s technical proposal . . . necessarily required that the technical evaluation assess the number of personnel included in a proposal, the labor rates for the proposed personnel, and the qualifications and experience of the proposed personnel.” Protester’s Comments (Nov. 4, 2013), at 4-6. In support of its argument, the protester points to all of the subfactors under the mission capability/risk factor as requiring the agency to evaluate the number of proposed personnel, their labor rates and their qualifications. Id. In response, the agency asserts that, under the technical evaluation, the RFP required only consideration of the number of personnel proposed by the offerors, and that the solicitation did not require consideration of proposed labor rates or the qualifications and experience of

proposed personnel, other than key personnel. The Army further states that the agency's evaluation in this regard was required only by subfactor 3, management. We agree and therefore address only the requirements under this subfactor.<sup>6</sup> As discussed below, we find reasonable the Army's technical evaluation of the offerors' proposed staffing.

As relevant here, under the management subfactor, the RFP stated that an offeror's proposed management plan shall contain a detailed organizational chart, a list of key positions, and resumes (including qualifications) for the key positions. RFP at 118. The RFP stated an offeror's management plan would be evaluated based on an offeror's "methodology for controlling, planning, and executing the work, while minimizing performance risk." Id. at 123. The solicitation also stated that the government would "evaluate the Offeror's proposed organizational structure and the Offeror's ability to manage a workforce capable of accomplishing the individual work requirements of the PWS and the depth of experienced resources available," with a focus on the following:

the proposed organizational elements within the overall organization;

the rationale for the lines of communications and decision-making authority . . . ;

the rationale for the identified key positions and the qualifications that will be required for those positions; [and]

the management of subcontractors and/or teaming partners, and their integration into the overall structure.

Id. at 123-124. In addition, as discussed above, the RFP provided that the management plan evaluation would include consideration of the risk associated with a proposed technical approach meeting the requirements. Id. at 124.

ATS's technical proposal included an organizational structure chart, which detailed the number and labor category for its proposed [DELETED] FTEs. AR, Tab 6, ATS Technical Proposal, Vol. III, at 77; Decl. of SSEB Chair (Nov. 18, 2013) at 1. ATS

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<sup>6</sup> We reviewed the RFP's evaluation criteria for the other technical subfactors, and conclude that none of them required consideration of proposed labor rates or the qualifications of all proposed personnel. For example, under subfactor 1, specialized experience, the RFP stated that the evaluation would focus on whether an offeror's experience demonstrates the depth and breadth necessary to perform the PWS requirements; it did not state that an offeror's proposed personnel would be evaluated based on the qualification of the proposed staff or the proposed labor rates. RFP at 123.

proposed [DELETED] key personnel and provided resumes for these individuals. AR, Tab 6, ATS Technical Proposal, Vol. III, at 77, R1-R14.

CACI proposed [DELETED] key personnel, and [DELETED] total FTEs for the requirement. AR, Tab 17h, CACI Discussion Response, Price Matrix 3; Tab 8, CACI Initial Proposal, Appendix A. CACI's proposal included resumes for [DELETED], which provided the evaluators with additional insight concerning the staffing levels proposed by CACI. Decl. of SSEB Chair (Nov. 18, 2013) at 1; see AR, Tab 8, CACI Initial Proposal, Appendix A.

As an initial matter, we find that the RFP did not require, as the protester alleges, an evaluation of the offerors' proposed labor rates or qualifications of personnel other than key personnel as part of the technical evaluation's assessment of technical risk. As discussed above, the RFP stated that the technical evaluators' assessment of technical risk would be based on identified weaknesses in the offerors' technical proposals. With regard to labor rates, however, the RFP did not require offerors to submit proposed labor rates as part of their technical proposals, a fact the protester does not specifically dispute. See RFP at 118. Similarly, the RFP required the submission of resumes for proposed key personnel, only. Id. The record shows that the agency evaluated the qualifications of the offerors' proposed key personnel, as required by the RFP. AR, Tab 22, Price Negotiation Memorandum, at 21-22. On this record, we find no basis to sustain the protest.

Regarding the number of staff proposed by the offerors, the record reflects that the technical evaluators assessed the number of proposed personnel by both CACI and ATS. Under the management subfactor, the Army rated both ATS's and CACI's proposals as acceptable/low risk. AR, Tab 24, SSDD, at 17, 34. In response to the protest, the chairperson of the SSEB explained that the technical evaluation under the management subfactor "included an assessment of the adequacy of each Offeror's proposed solution, including its staffing levels." Decl. of SSEB Chair (Nov. 18, 2013) at 1. Specifically, the SSEB chair stated as follows: "The SSEB's evaluation of Subfactor 3, Management, determined that both [CACI's] and ATS's proposed organizational structure met the requirements and indicated an adequate approach and understanding of the requirements," and that for both, "[r]isk of unsuccessful performance was determined to be low." Id. at 2.

In addition, the price analyst prepared two tables, which detailed and compared the number of FTEs and hours proposed by CACI and ATS for each PWS section. CO Statement ¶ 34; AR, Tab 21, Staffing Comparison Spreadsheet. These comparisons were reviewed by the contracting officer, the source selection advisory council (SSAC), and the SSA, who discussed the staffing differences between the two offerors during a round table discussion. CO Statement ¶ 34. Specifically, the SSA stated that she "discussed with the Contracting Officer and the Source Selection Advisory Council, in detail, the Revised Cost and Price Report and the

staffing differences between [ATS and CACI] in order to analyze the tradeoff decision.” Decl. of SSA (Nov. 19, 2013) at 1.

Further, in response to the protest, the contracting officer explained that she and the contracting specialist “specifically discussed the number of FTEs provided . . . with the SSEB during final evaluations of the revised proposals and during the consensus process.” Supp. CO Statement (Nov. 7, 2013) at 1-2. In this regard, the contracting officer explained that she “personally walked into the SSEB room during the SSEB’s final deliberations with the matrix and specifically stated that the SSEB needed to look at the staffing numbers,” and that the SSEB Chair responded that the evaluators “had the staffing information as part of the technical proposals and that the SSEB had already reviewed the staffing numbers.” *Id.* Based on this, the contracting officer explains that the “SSEB determined that the Awardee had the workforce capable of accomplishing the PWS requirements with a depth of experienced resources available,” and that the “SSEB indicated that the Awardee had an adequate approach and understanding of the requirements, and had an appropriate level of FTE support albeit lower than what was then being used on the current contract.” *Id.*

To the extent CACI contends that the agency should have assigned its proposal a higher rating based on its higher level of proposed personnel, or otherwise distinguished between the offerors’ proposals based on the differences in the proposed levels of staffing, the protester’s disagreement with the agency’s evaluation provides no basis to sustain the protest. See Ben-Mar Enters., Inc., supra.

In sum, the record reflects that the agency reasonably evaluated technical proposals in accordance with the RFP. Based on this record, we find no basis to sustain the protest.

#### Misleading Discussions

Next, CACI argues that the agency failed to conduct meaningful discussions because it did not advise the protester that the agency regarded its proposed price as too high. Protest at 34. The agency contends that the evaluators did not identify CACI’s price as unreasonable, and therefore, that the agency was not required to raise the issue of CACI’s price during discussions. AR at 33. As discussed below, we find that the Army’s discussions with CACI were meaningful.

When an agency engages in discussions with an offeror, the discussions must be “meaningful,” that is, sufficiently detailed so as to lead an offeror into the areas of its proposal requiring amplification or revision. Hanford Env’tl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 8. Although discussions must address deficiencies and significant weaknesses identified in proposals, the precise content of discussions is largely a matter of the contracting officer’s

judgment. FAR §15.306(d)(3); American States Utilities Servs., Inc., B-291307.3, June 30, 2004, 2004 CPD ¶ 150 at 5. There is no requirement, however, that an agency inform an offeror during discussions that its price may be too high, where the offeror's price is not considered excessive or unreasonable. Uniband, Inc., B-289305, Feb. 8, 2002, 2002 CPD ¶ 51 at 11.

Here, the record reflects that the agency's price analysis of CACI's initial proposal compared CACI's total pricing to the independent government estimate (IGE), as well as to the total pricing of the other offerors. AR, Tab 11, Cost and Price Evaluation--Pre Discussions, at 22. Although CACI's proposed price was significantly higher than ATS's proposed price, CACI's proposed price was below the IGE. AR, Tab 22, Price Negotiation Memorandum, at 52. In addition, while the agency found that CACI's proposed direct labor rates "may be overstated," the agency concluded that CACI's proposed direct labor rates were reasonable, noting that CACI's pricing narrative explained that "[t]he majority of the solicited services will occur where improvised explosive devices, direct and indirect fire, sniping, and other direct attacks remain threats to AWG military personnel as well as contractors supporting the AWG." AR, Tab 13, Pre-Negotiation Objectives Memorandum, at 84-85.

Nothing in the record supports the protester's allegation that the agency evaluated CACI's initial proposed price as too high or unreasonable. To the contrary, CACI's initial proposed price was found to be below the IGE. Since the agency did not find CACI's initial proposed price unreasonable, it was not required to advise CACI during discussions that its price was high in comparison to ATS's proposed price. See L-3 Sys. Co., B-404671.2, B-404671.4, Apr. 8, 2011, 2011 CPD ¶ 93 at 15 (agency may, but is not required, to advise an offeror during discussions that the proposed price is too high if the price is otherwise reasonable).

#### Trade-off Analysis and Source Selection Decision

Finally, CACI challenges the Army's trade-off analysis and award decision, primarily arguing that they were unreasonable based on two errors: (1) the agency improperly relied on the RFP's optional surge provision for supplementation of ATS's fixed-price personnel requirement during performance; and (2) the Army's trade-off analysis failed to consider the benefit of CACI's proposed staff. As discussed below, we find no merit to these arguments.

Generally, in a negotiated procurement, an agency may properly select a lower-rated, lower-priced proposal where it reasonably concludes that the price premium involved in selecting a higher-rated proposal is not justified in light of the acceptable level of technical competence available at a lower price. Bella Vista Landscaping, Inc., B-291310, Dec. 16, 2002, 2002 CPD ¶ 217 at 4. The extent of such tradeoffs is governed only by the test of rationality and consistency with the evaluation criteria. Best Temporaries, Inc., B-255677.3, May 13, 1994, 94-1 CPD ¶ 308 at 3.



A protester's mere disagreement with the agency's determinations does not establish that the evaluation or source selection was unreasonable. Weber Cafeteria Servs., Inc., B-290085.2, June 17, 2002, 2002 CPD ¶ 99 at 4.

CACI first argues that the SSA improperly believed that any staffing shortage experienced by ATS during performance could be supplemented, via the RFP's optional surge CLIN, after award.<sup>7</sup> Protester's Comments (Oct. 23, 2013) at 18. In support of this argument, the protester relies on two statements in the record. First, the protester points to the SSAC recommendation, which stated that "the lower labor cost for [ATS] would allow the government to purchase significantly more labor hours under the surge [CLIN], should that become necessary." AR, Tab 23, SSAC Recommendation, at 3. Second, the protester cites to the selection document, which included similar language, stating: "It should also be noted that if the FFP price per hour figure is used to determine an estimate of the maximum number of surge hours that can be purchased under the Surge CLINs. . . ." AR, Tab 24, SSDD, at 65. Neither of these statements, however, nor anything else in the record, supports the protester's assertion that the evaluation and award decision were based upon the notion that the agency could utilize the surge CLIN to augment ATS's proposed staffing under the fixed price CLIN.

With regard to the fixed-price portion of the requirement, the selection document compared the offerors' proposed labor rates to determine the price per labor hour of each proposal. Id. at 65. Specifically, the selection decision compared ATS's price per labor hour (\$[DELETED] for [DELETED] FTEs) with CACI's (\$[DELETED] for [DELETED] FTEs), and concluded that awarding to CACI would cost "an additional \$[DELETED] ([DELETED]% increase)."<sup>8</sup> Id. The selection decision also stated that "if the FFP price per hour figure is used to determine an estimate of the maximum number of surge hours that can be purchased under the Surge CLINs, [DELETED] hours can be purchased for [ATS] versus only [DELETED] hours for [CACI]." Id.

As explained by the SSA, in response to the protest, these statements reflects nothing more than the agency's consideration of how the pricing differences between the offers would affect the Army's available resources under the surge

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<sup>7</sup> As discussed above, the labor hour CLINs, which also included not-to-exceed ceiling prices for evaluation purposes, were for surge operational support. RFP at 4, 8, 11.

<sup>8</sup> The selection document erroneously stated that the difference between \$[DELETED] million and \$[DELETED] million represented a [DELETED] percent increase; the increase is in fact [DELETED] percent. AR, Tab 24, SSDD, at 65. Although there were numerous similar calculation errors identified by the protester in the record, we have reviewed each of them, and conclude that they involve minor errors that do not affect the agency's trade-off analysis and award decision.

CLIN. Specifically, the SSA states that she “did not consider the surge CLIN to provide any sort of additional labor pool by which ATS could fulfill its obligations under the fixed-price CLINs.” Decl. of SSA (Nov. 7, 2013) at 1. Instead, she “considered the offerors’ labor rates and their effect on the value of the surge CLIN for each offeror,” and that she “found that ATS’[s] pricing allowed for greater flexibility under the surge CLIN because, if needed, the Army would be able to obtain more labor hours from ATS than from [CACI].” Id. We find that the SSA’s analysis was reasonable, consistent with the contemporaneous record, and in accordance with the solicitation.

Next, CACI asserts that the trade-off analysis failed to consider the benefits of CACI’s additional proposed personnel. The record, however, shows that the SSA not only considered and compared the evaluated strengths of both offerors under each of the RFP’s factors and subfactors, but also assessed the cumulative impact of all of the individual differences between the proposals, including the number of proposed personnel, in making the award decision. For example, the selection decision acknowledges that CACI’s proposal offered more personnel, but states that the additional personnel “is an average of [DELETED] people per option year” and that they are “spread throughout the proposal so there are only a few areas where the difference is discernable, and even then, [ATS’s] lower staffing levels were found acceptable.” AR, Tab 24, SSDD, 65. The selection decision further acknowledges that the additional staffing spread throughout CACI’s proposal is a benefit, and that the SSA would have selected CACI’s proposal for award had the price difference been more “proportionate” to that benefit. Id. Ultimately, however, the selection decision concludes that CACI’s 29 percent higher staffing, coupled with the other strengths in CACI’s proposal, did not justify paying an additional \$38,855,240. Id.

In sum, we find no merit to the protester’s argument that the SSA relied upon erroneous information in conducting the tradeoff and making the award decision. The record shows that the agency evaluated the proposals, including the number of personnel proposed by both offerors, in accordance with the terms of the RFP. On this record, we find no basis to sustain the protest.

The protest is denied.

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General Counsel