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Washington, DC 20548**

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Decision

Matter of: Acquisition Services Corporation

File: B-409570.2

Date: June 18, 2014

Ira E. Hoffman, Esq., and Edward J. Tolchin, Esq., Offit Kurman, P.A., for the protester.

William A. Roberts, III, Esq., John R. Prairie, Esq., and Stacie L. Gonsalves, Esq., Wiley Rein LLP, for the intervenor.

Kyle E. Chadwick, Esq., and Scott N. Flesch, Esq., Department of the Army, for the agency.

K. Nicole Willems, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging agency's evaluation of awardee's proposal is denied where the selection authority had a reasonable understanding of the proposal, and the evaluation findings were reasonable and consistent with the evaluation criteria.
 2. Protest that agency failed to properly conduct a cost realism analysis is denied where the agency reasonably evaluated awardee's proposal and determined that an upward adjustment should be made to the probable cost, based on the possibility that certain cost saving efficiencies might not be realized, but that no downgrade of technical scores was necessary where the awardee's technical approach and labor mix were realistic.
 3. A competitive advantage arising from the awardee's performance of a related task order did not give rise to an organizational conflict of interest where the advantage was attributable to the awardee's general knowledge of the agency's organization and every day operations, gained through its performance of the related task order, and did not result from preferential treatment or unfair action by the agency.
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DECISION

Acquisition Services Corporation, LLC (ASC), of Huntsville, Alabama, protests the issuance of a task order to Quantech Services, Inc. (Quantech), also of Huntsville,

under request for task order proposals (RTOP) DA-01-13 (DA-01), issued by the Department of Defense, Missile Defense Agency (MDA), to holders of multiple award indefinite-delivery, indefinite-quantity, small business set-aside contracts for advisory and assistance services, administered by the MDA Engineering and Support Services Program Office (MiDAESS), for acquisition and program management support.¹ The protester argues that MDA's evaluation of Quantech's and ASC's technical proposals was unreasonable and inconsistent with the evaluation criteria in the RTOP; the evaluation of Quantech's price proposal was fatally flawed because it grossly overstated the potential savings from Quantech's supposed synergies; Quantech should have been excluded because of an organizational conflict of interest (OCI); and MDA effectively treated the subject procurement as if it were a lowest-cost/technically acceptable acquisition, instead of a best value procurement.²

We deny the protest.

BACKGROUND

The RTOP, which was issued on April 5, 2013, contemplated the issuance of a cost-plus-fixed-fee task order for acquisition and program-management support for MDA's Acquisition Directorate in the national capital region and five other locations, with a base performance period of one year, and two options, the first for one year and the second for nine months. RTOP at 3.

The RTOP provided for issuance of the task order to the offeror whose proposal represented the best value to the government based on a consideration of five factors: (1) technical; (2) past performance; (3) small business utilization past performance; (4) cost; and (5) small business utilization. Id. at 7. The RTOP established that the technical factor was significantly more important than all the other factors. Id. at 12. Past performance and small business utilization past performance were equal and more important than cost and small business utilization. Id. Cost and small business utilization were of equal importance, but the small business utilization and cost factors were to increase in importance as the degree of equivalence among proposals associated with the technical factor increased. Id.

¹ The value of this task order is in excess of \$10 million. Accordingly, this procurement is within our jurisdiction to hear protests related to the issuance of task orders under multiple award indefinite-delivery, indefinite-quantity contracts. 10 U.S.C. § 2304c(e)(1)(B).

² In its various protest submissions, ASC has raised arguments that reflect variations of, or additions to, those specifically discussed below. We have considered all of ASC's assertions and find no basis to sustain its protest.

Under the technical factor the solicitation set forth the following subfactors, each of equal importance: (1) approach; (2) labor mix and hours; (3) key personnel; and (4) transition. Id. at 8. As relevant to this protest, with regard to the technical approach subfactor, offerors were to demonstrate their approach to “management of task orders and execution of the [performance objectives] outlined in the [performance work statement (PWS)], including multiple geographic locations. Also, the government will evaluate the extent that the offeror has fostered a stable workforce and maintained low employee turnover rates. . . .” RTOP at 13. With regard to the labor mix and hours subfactor, offerors were required to demonstrate their “approach to staffing to include labor mix and hours to accomplish the PWS requirements.” Id. According to the RTOP, ratings for the technical factor and subfactors ranged from exceptional to unacceptable. Id. at 12-13.

Regarding the past performance factor, the RTOP provided that “[t]he government will evaluate the extent to which the proposal demonstrated the prime contractor’s past performance in managing and executing similar efforts. The past performance evaluation will result in a subjective, integrated assessment and confidence rating based on recency, relevancy and quality.” RTOP at 14.

The RTOP provided that the government would evaluate the small business utilization past performance factor by evaluating the “extent to which the proposal demonstrated the offeror’s past performance in the execution of small business utilization requirements.” Id. The RTOP provided that the small business utilization past performance evaluation would result in a subjective assessment and would be assigned a rating of satisfactory, unsatisfactory, or neutral. Id. at 16.

According to the RTOP, a separate rating would not be assigned under the small business utilization factor. Id. at 13. Instead, the offeror’s proposed percentage of small business utilization would be ranked from the highest to lowest proposed percentage and considered in the overall best value determination. Id.

Regarding the cost factor, the RTOP indicated:

(a) The total cost and fee will be evaluated for reasonableness, realism and completeness and will consist of an integrated assessment of the proposed labor rates (direct and indirect), labor hours/mix, proposed travel cost and/or [other direct costs] (if any) above the provided ceiling amount and prime/subcontractor fees. A cost realism analysis will be completed on awardable proposals to determine that the costs 1) are realistic for the performance of the work required, 2) reflect a clear understanding of the requirements, and 3) are consistent with the various elements of the offeror’s technical volume.

(b) The results of the cost realism analysis will be used in the Government’s probable cost calculation and may be used in performance risk assessments and responsibility determinations. The Government’s probable costs shall be used for purposes of evaluation to determine the best value.

RTOP at 16-17.

In response to the RTOP, the agency received three proposals, including those from Quantech and ASC. Agency Report (AR) at 3. For the purpose of evaluating the proposals, the agency constituted a technical evaluation team (TET) as well as a cost/price evaluation team (CPET). Contracting Officer’s (CO’s) Statement at 3. Following initial evaluations and discussions, the agency requested three rounds of revised proposals. AR at 3. Quantech’s final technical proposal incorporated responses to agency discussion questions (requests for information). Id. at 4.

Upon completing their evaluations, the teams submitted their findings to the task order decision authority (TODA). Contracting Officer’s (CO’s) Statement at 3. The agency’s final evaluation resulted in the following ratings for ASC and Quantech:

Evaluation Criteria	Quantech	ASC
Technical Factor	Excellent	Excellent
Approach Subfactor	Exceptional	Excellent
Labor Mix and hours	Excellent	Satisfactory
Key Personnel	Excellent	Exceptional
Transition	Excellent	Excellent
Past Performance Factor	Substantial Confidence	Satisfactory Confidence
Small Business Utilization Past Performance Factor	Satisfactory	Satisfactory
Small Business Utilization Factor	2 nd (72.99%)	1 st (89.63%)
Proposed Cost	\$38,207,623	\$53,070,962
Probable Cost	\$42,040,079	\$53,070,962

AR, Tab 9, Technical Evaluation Results at 3.

Under the technical approach subfactor, the TET identified three exceptional features, including Quantech’s proposed use of its “agile workforce concept” and Quantech’s plan to take advantage of synergies between this task order, DA-01, and

a related task order, DA-02, then being performed by Quantech.³ AR, Tab 9, Technical Evaluation at 23-24. Quantech was not assigned any weaknesses under this subfactor. Id.

The agency viewed the “agile workforce” concept as a [DELETED]. Agency Post Hearing Comments at 3. By way of example, Quantech explained that [DELETED]. AR, Tab 6, Quantech’s Final Technical Volume at 16. According to Quantech’s proposal, [DELETED]. Id. at 12. Quantech states that, [DELETED]. Id. at 16.

The agency also found Quantech’s proposed utilization of synergies between DA-01 and DA-02 to be an exceptional feature. AR, Tab 11, Task Order Award Decision and Addendum at 6; AR, Tab 9, Technical Evaluation at 23-24. In this regard, the agency highlighted Quantech’s leveraging of team members from DA-02, to take advantage of “cross-program visibility to provide valuable lessons learned” to staff performing on the DA-01 task order and to share information. AR, Tab 9, Technical Evaluation at 24.

The TET had initially considered Quantech’s plan to leverage DA-02 staff to be a flaw in the proposal, noting that “an offeror is expected to accomplish objectives within available resources and DA-02 personnel may not be available to provide support to DA-01 which increases the risk of unsuccessful contract performance and may impact schedule and performance for this effort.” AR, Tab 4, Requests for Information to Quantech at 2. As a consequence, during discussions, MDA asked Quantech to “[j]ustify the use of DA-02 personnel and describe how DA-01 and DA-02 personnel will be managed and prioritized to provide seamless support to MDA/DA without impact to cost, schedule, or performance.” Id.

Quantech responded by stating, “[t]o clarify, our technical approach does not use DA-02 personnel to accomplish DA-01 work. We understand DA-01 and DA-02 are separate [task orders]; our [task order leads] manage a defined workforce accomplishing PWS requirements based on specific customer priorities. However, our approach leverages best practices and guidance and sharing of information with no negative impact to DA-01 or DA-02 execution. . . . Quantech envisions Quantech-managed DA-01 personnel leveraging the DA-02 team’s expertise with developing, identifying and/or modifying new business practices, tools, policies and initiatives, improving the overall efficiency of the program’s acquisition.” AR, Tab 5, Quantech Responses to Requests for Information at 2-3. According to Quantech, this type of training would not impact DA-01 or DA-02 cost, schedule or

³ Task order DA-02 is a separate, but related, MiDAESS task order for acquisition executive support. Protest at 3. While DA-01, the task order at issue in this protest, is for program-level support, DA-02, is for agency-level acquisition planning and support. Id. at 4.

performance. Id. Based on Quantech's response, MDA concluded that Quantech's proposed leveraging of DA-02 team members was considered an exceptional feature because "it will provide a close relationship between DA-01 and DA-02 providing efficiencies to the government in terms of cost, schedule, and performance." AR, Tab 9, Technical Evaluation at 23-24.

Regarding the labor mix and hours subfactor, the TET concluded that Quantech's proposal had one exceptional feature for "cross-utilization of resources" and one excellent feature for "continuously re-assessing resource demand to keep pace with the ebb and flow of PWS activities and provide a staffing solution that is tuned to current enterprise execution." AR, Tab 9, Technical Evaluation at 25. The TET found no weaknesses. Id.

As relevant to this protest, the TET assigned ASC a satisfactory rating for the labor mix and hours subfactor. Id. at 7. While the TET identified one excellent feature that would likely produce results "very beneficial to the government," based on ASC's proposed approach to staffing, the TET noted that the absence of more than one excellent or exceptional feature precluded a higher rating. Id. at 7-8.

The CPET evaluated the offerors' proposed costs for reasonableness, realism, and probable cost. AR, Tab 10, Cost/Price Evaluation Report at 2-3. As part of its evaluation, the CPET collaborated with the TET in reviewing each offeror's total resource volume. Id. at 4. Quantech proposed a total of 507,953 labor hours and a total labor cost of \$35,118,645, whereas ASC proposed a total of 620,953 labor hours and a total labor cost of \$51,045,551. Id. at 4. While the TET rated both Quantech's proposed labor mix and hours as excellent with low risk to the government, the TET recommended that the CPET adjust Quantech's probable hours upward in the event proposed efficiencies to be gained through use of the agile workforce and DA-01/DA-02 synergies were not realized. Id. at 7. The CPET calculated Quantech's probable cost to be \$42,040,079, an increase of \$3,832,456 over Quantech's proposed cost. Id. at 4.

The record reflects that the TODA independently reviewed the evaluation findings, and selected Quantech's proposal as representing the best value to the government. Id.; AR, Tab 11, Task Order Award Decision and Addendum at 6, 10. In making the award decision, the TODA noted the various underlying technical strengths of the proposals, and that all three offerors were rated excellent overall for the technical factor. AR, Tab 11, Task Order Award Decision and Addendum at 13. The TODA thus indicated that "while the technical factor was the most important factor, given the degree of equivalency among proposals, the importance of the small business utilization factor and cost factors did increase." Id. The TODA concluded that Quantech's proposal represented the best value to the government "[g]iven Quantech's advantages in small business utilization past performance, small business utilization ranking, as well as its significant cost advantage...." Id. at 19.

The agency notified ASC that Quantech had been selected for issuance of the task order, and provided ASC with a debriefing on March 4, 2014. AR at 8. This protest followed.

DISCUSSION

ASC argues that the agency unreasonably evaluated Quantech's and ASC's technical proposals and that the evaluation findings were inconsistent with the evaluation criteria in the RTOP; the evaluation of Quantech's price proposal was fatally flawed because it grossly overstated the potential savings from Quantech's supposed synergies; Quantech should have been excluded from the competition due to an organizational conflict of interest (OCI); and MDA effectively treated the subject procurement as if it were a lowest-cost/technically acceptable acquisition, instead of a best value procurement.

Technical Evaluation

With regard to the agency's evaluation of Quantech's technical proposal, ASC alleges that MDA misunderstood what Quantech had proposed in terms of the agile workforce concept and the synergies associated with the leveraging of DA-02 resources and, as a result, had no basis on which to rate these aspects of Quantech's proposal as strengths. ASC also asserts that the risk posed by Quantech's technical approach (its relatively low number of full time equivalents (FTE) and labor mix) precluded the high ratings Quantech received under the technical approach factor (specifically, its exceptional rating under the technical approach subfactor, and excellent rating under the labor mix and hours subfactor).⁴ Protest at 14.

The evaluation of an offeror's proposal is a matter within the agency's discretion. McGoldrick Construction Services Corporation, B-409252.2, Mar. 28, 2014, 2014 CPD ¶ 114 at 6. In reviewing an agency's evaluation, we will not reevaluate the proposals, but will examine the record of the evaluation to ensure that it was

⁴ In addition, ASC argues that the TET should not have considered either of these features to be exceptional or innovative because they amount to nothing more than best practices that are "typical features of good contract management by contractors and good contract administration by the government." ASC's Comments on the AR at 9. As discussed below, we have no basis to find the agency's evaluation of these aspects of Quantech's proposal objectionable. In our view, ASC's arguments in this regard reflect ASC's general disagreement with the agency's evaluation findings, and are not sufficient to establish that the agency acted unreasonably. Trofholz Techs., Inc., B-404101, Jan. 5, 2011, 2011 CPD ¶ 144 at 3-4.

reasonable and consistent with the stated evaluation criteria and procurement statutes and regulations, and to ensure that the agency's rationale is adequately documented. Id. While we will not substitute our judgment for that of the agency, we will sustain a protest where the agency's conclusions are inconsistent with the solicitation's evaluation criteria, undocumented, or not reasonably based. Id.

With regard to ASC's argument that MDA misunderstood what Quantech had proposed in terms of the agile workforce concept and the leveraging of DA-02 personnel, the record reflects, as noted above, that MDA, in fact, conducted discussions with Quantech to clarify and better understand these aspects of its proposal. AR, Tab 4, Requests for Information to Quantech at 2. Specifically, MDA asked Quantech to "[j]ustify the use of DA-02 personnel and describe how DA-01 and DA-02 personnel will be managed and prioritized to provide seamless support to MDA/DA without impact to cost, schedule, or performance." Id.

Quantech's response directly addressed MDA's question and explicitly indicated that "[Quantech's] technical approach does not use DA-02 personnel to accomplish DA-01 work." AR, Tab 5, Quantech Response to Requests for Information at 2. Quantech further explained that "[w]e understand DA-01 and DA-02 are separate [task orders]; our [task order leads] manage a defined workforce accomplishing PWS requirements based on specific customer priorities." Id. Quantech described the approach, not as an approach that involved assigning DA-02 personnel to take over DA-01 work, but rather as an approach that would involve synergistic collaboration between personnel performing on both task orders by leveraging "best practices and guidance and sharing of information with no negative impact to DA-01 or DA-02 execution." Id. For example, Quantech envisioned "Quantech-managed DA-01 personnel leveraging the DA-02 team's expertise with developing, identifying and/or modifying new business practices, tools, policies and initiatives, improving the overall efficiency of the program's acquisition." AR, Tab 5, Quantech Responses to Requests for Information at 2-3.

Our Office held a hearing regarding the agency's understanding of Quantech's proposal during which the TET lead and TODA provided testimony. Generally, they were in agreement as to their understanding of Quantech's proposed agile workforce concept as well as the synergies Quantech proposed to take advantage of by "fostering collaboration between Quantech personnel performing task order DA-02, in support of MDA's acquisition policy staff...and Quantech personnel performing task order DA-01, in support of MDA's acquisition programs. . . ." Agency Post-Hearing Comments at 2. The witnesses were not in agreement, however, as to whether the proposal allowed for the use of DA-02 personnel to perform work under DA-01.

Any such disagreement is, in our view, immaterial because the TODA, who made the ultimate selection decision, had completed an independent review of the proposals, in addition to reviewing the results of the evaluation carried out by the

TET and CPET, and benefitted from his background knowledge of both the DA-01 and DA-02 task orders. Hearing Transcript (Tr.) at 154. The TODA's understanding of the scope of the DA-01 and DA-02 task orders allowed him to understand the synergies between the task orders, described in Quantech's proposal. In particular, his understanding of the responsibilities of DA-02 personnel, as they related to the activities of DA-01 personnel, made it clear to him that the resources Quantech sought to leverage from DA-02 in support of DA-01 are largely responsibilities that are within the scope of the DA-02 task order. See Tr. at 216-221.

For example, Quantech proposed that DA-02 personnel would staff technical decision memoranda (TDM) and developmental decision memoranda (DDM), which are DA-01 requirements. AR, Tab 6, Quantech Technical Volume at 23. When asked about this during the hearing, the TODA explained that DA-01 personnel would be responsible for writing the DDM with the program-specific content, and the DA-02 personnel, as part of the scope of DA-02, would be responsible for staffing the DDM through the approval process. See Tr. at 216-221. Thus, although the task orders are separate, and have separate staff, as Quantech recognized in its discussions response, they are also inherently interrelated and have overlapping scopes with regard to achieving common objectives, and Quantech's references to coordination with DA-02 personnel are properly understood in this context.

The TODA further testified to the close coordination between DA-02 and DA-01, specifically the time-saving synergies between "staff" (DA-02) and "line" (DA-01) work, and explained that DA-02 personnel are responsible for transferring knowledge and information to DA-01 personnel. Tr. at 170. Accordingly, the TODA understood Quantech as having proposed to take advantage of the synergies created by the close coordination with DA-02, and to having staffed its proposal to account for the existing synergies. The TODA noted that the interactions between DA-02 and DA-01 occur on a regular basis, but that Quantech was the only offeror to expressly identify and recognize these synergies in its technical proposal and use them as a basis for quantifying adjustments to its staffing levels. See Tr. at 174 (TODA explaining that Quantech undertook the risk to quantify the savings from the synergies in the form of labor hours reductions). Based on the record, including the TODA's testimony, we have no reason to conclude that Quantech's proposal was fundamentally ambiguous regarding its utilization of DA-02 resources, that the TODA's conclusions were unreasonable or that the TODA failed to understand what Quantech had proposed.

ASC also argues that the risk posed by Quantech's technical approach (its staffing in terms of number and labor mix) precluded an excellent rating for Quantech's overall technical approach, an exceptional rating under the technical approach subfactor, and an excellent rating under the labor mix and hours subfactor.⁵ Protest at 5.

⁵ The RTOP defined "exceptional" as:

(continued...)

The crux of ASC's argument stems from the fact that MDA made a probable cost adjustment of slightly more than 10% to Quantech's proposed cost to address the possibility that the efficiencies associated with Quantech's technical approach might not be realized. ASC's Comments on the AR at 9. In particular, these are the efficiencies resulting from Quantech's agile workforce concept and proposed plan to take advantage of synergies between DA-01 and DA-02 by leveraging the resources

(...continued)

The proposal demonstrates the requirements of the performance work statement are very well understood. The offeror will likely provide a very high capability of performance that **represents virtually no risk to the government**. The proposal clearly contains exceptional features that meet or exceed the highest expectations of the government. There are no weaknesses or the weaknesses are so minor as to be considered inconsequential. RTOP at 12 (emphasis added).

The RTOP defined "excellent," as:

The proposal demonstrates the requirements of the performance work statement are well understood. The offeror will likely provide a high capability of performance which **represents low risk to the government**. The proposal contains excellent features that will likely produce results very beneficial to the government. There may be minor weaknesses in some aspects. Id. (emphasis added).

The RTOP defined low risk as having "little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal government monitoring will likely be able to overcome any difficulties." Id. at 13.

The RTOP defined "satisfactory" as:

The proposal demonstrates an acceptable understanding of the PWS. The offeror will likely provide an adequate capability of performance which **represents no higher than a moderate level of risk to the Government**. There is sufficient confidence that a fully compliant level of performance will be achieved. There may be weaknesses but none that would preclude adequate performance. Id. at 12 (emphasis added).

The RTOP defined moderate risk as having potential to cause "disruption of schedule, increased cost or degradation of performance. Special contractor emphasis and close government monitoring will likely be able to overcome difficulties." Id. at 13.

of DA-02.⁶ AR, Tab 10, Cost/Price Evaluation Report at 7. ASC also argues that MDA made a probable cost adjustment to account for risk in Quantech's proposal because its technical approach and proposed labor mix and hours reflected a moderate level of risk. ASC's Comments on the AR at 9. According to ASC, the risk inherent in Quantech's proposal is sufficient to preclude Quantech from receiving an exceptional rating, which required a finding of virtually no risk, or a rating of excellent, indicating a low risk, under the terms of the RTOP. Id.

The record reflects that Quantech's proposal described the "bottoms-up" approach it used to develop its staffing plan, and we have no reason to conclude that the agency miscalculated risk associated with this plan, resulting in improper ratings. AR, Tab 6, Quantech Technical Volume at 15. In this regard, Quantech developed performance work and task product estimates by labor category, including developing "an average-time-to-complete hourly estimate for all products including required skill-mix." Id. Quantech then derived its initial staffing levels by multiplying their product estimates by the number of organizations requiring a product as well as the frequency that each product would be required. Id. Quantech then revised "initial product estimates, both hours and skill mix, to account for efficiencies gained from [DELETED]. Id. at 16. In its proposal, Quantech explained that while its initial staffing plan included 110 FTEs, it was able to reduce its staffing by 12 FTEs, proposing 98 FTEs, by [DELETED]. Id. at 18.

In its rationale supporting Quantech's rating under the labor mix and hours subfactor, the TET explained that the labor mix and hours proposed by Quantech "are a result of not only analyzing the required tasks, but also taking reductions based on best practices and sharing of information across both [DA-01 and DA-02] task orders." AR, Tab 9, Technical Evaluation at 25. The TODA and the TET agreed that the proposed cross-utilization of resources was an exceptional feature and noted that "Quantech's labor mix and hours are based on [task order] size, complexity and number of geographic locations, making the proposed labor mix and hours more than adequate to accomplish all PWS requirements." AR, Tab 9, Technical Evaluation at 25-26; AR, Tab 11, Task Order Award Decision and Addendum at 8-9. Additionally, in support of Quantech's technical approach rating, the TET noted that the proposed analysts and contract program manager are

⁶For example, according to ASC, it was unreasonable to assign an exceptional rating to Quantech's proposed technical approach because Quantech proposed to utilize [DELETED] the contract program manager responsible for DA-02 to perform all of the requirements of the DA-01 PWS. ASC's Comments on the Supplemental AR at 2. This was, in ASC's view, an example of insufficient staffing. ASC also argues that, while the agile workforce concept will supposedly allow Quantech to [DELETED], Quantech's approach would "degrade, not enhance" its ability to perform the requirements of both programs. Id. at 3.

“seasoned in the acquisition arena,” and, under the agile workforce concept, would be available to [DELETED]. AR, Tab 9, Technical Evaluation at 24.

While it is true that the TET recommended a 56,400 hour adjustment to Quantech’s probable hours to account for the 12 FTE differential between Quantech’s initial staffing plan and the one it ultimately proposed, because there is “some cost risk that these assumed efficiencies may not be realized,” the TET also found that “Quantech’s bottoms-up analysis for each [performance objective] provided adequate assessment of staff allocation and task complexity” and confirmed that the skill mix was sufficient to accomplish the work based on Quantech’s technical approach. Id. at 25; AR, Tab 10, Cost/Price Evaluation Report at 7. This adjustment reflected a cost risk mitigation approach and was not inherently inconsistent with the agency’s judgments concerning the overall level of risk associated with Quantech’s approach to its staffing levels and labor distribution. AR, Tab 10, Cost/Price Evaluation Report at 7.

Based on the record, we conclude that MDA’s rationale was well documented and reasonable, and ASC has failed to demonstrate otherwise.⁷ As previously noted, a protester’s mere disagreement with an agency’s judgment is not sufficient to establish that an agency acted unreasonably. Trofholz Techs., Inc., supra.

ASC also challenges its own rating under the labor mix and hours subfactor, arguing that it should have received an excellent, rather than a satisfactory rating. Protest at 15. As discussed above, the TET identified one excellent feature in ASC’s proposal, under the labor mix and hours subfactor and noted that the absence of more than one exceptional or excellent feature precluded ASC from receiving a higher rating, consistent with the definition of excellent provided by the RTOP. AR, Tab 9, Technical Evaluation at 8; RTOP at 12.

In challenging the agency’s evaluation, ASC has identified no specific flaw in the findings with regard to its proposal, and has not shown that the TET’s evaluation was inconsistent with the solicitation criteria. Rather, ASC argues that it should have received an excellent rating since Quantech received such a rating based on what was essentially a single strength, its proposed agile workforce and synergies. We disagree.

First, as detailed above, Quantech’s agile workforce and synergies concepts were distinct, although somewhat related, concepts. The agile workforce involved

⁷ ASC also argues that Quantech’s overall technical rating should be lower, based on the assertion that MDA had incorrectly assigned ratings under the technical approach and labor mix and hours subfactors. As we have no reason to question MDA’s ratings of those subfactors, ASC’s argument has no merit.

Quantech's [DELETED]. Quantech's use of synergies, on the other hand, stemmed from its leveraging of resources available on DA-02 through knowledge sharing and transfer. Accordingly, the agency reasonably viewed these aspects of Quantech's proposal as separate and distinct strengths. Second, ASC does not explain how the single excellent feature identified in its own proposal should have been counted as more than one feature, thus resulting in a higher rating for ASC. In sum, ASC's challenges to its evaluation under the labor mix and hours subfactor amount to nothing more than disagreement with the agency's evaluation.

Cost Realism Evaluation

ASC argues that the evaluators conducted a flawed cost realism analysis of Quantech's approach. ASC's Comments on the AR at 12. Specifically, ASC argues that Quantech's significant cost advantage is grossly overstated, and states that it "strains credibility for MDA to assert that the supposed 'synergy' will enable Quantech to perform all of the requirements at a proposed 507,953 hours, when ASC proposed 620,953 hours and the IGE was 624,450 hours." *Id.* at 9, 12. ASC also argues that there is no evidence that MDA performed a critical analysis of Quantech's proposal.⁸ ASC's Comments on the Supplemental AR at 7.

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed costs are not considered controlling because, regardless of the costs proposed, the government is bound to pay all actual, allowable costs. FAR §§ 15.305(a)(1), 15.404-1(d); Tidewater Constr. Corp., B-278360, Jan. 20, 1998, 98-1 CPD ¶ 103 at 4. Consequently, an agency must perform a cost realism analysis to evaluate the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR § 15.404-1(d)(2); Hanford Envtl. Health Found., B-292858.2, B-292858.5, Apr. 7, 2004, 2004 CPD ¶ 164 at 9. However, an agency is not required to conduct an in-depth cost analysis, or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. See Cascade Gen., Inc., B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8. Similarly, an agency's cost realism

⁸ ASC asserts that, during the hearing, the agency stipulated that the cost evaluators did not conduct a meaningful cost realism analysis because they did nothing more than "plug in" numbers in a spreadsheet. ASC's Post Hearing Comments at 10. ASC mischaracterizes MDA's stipulation. The agency's representation was limited in scope to the upward cost adjustment associated with the TET's recommended increase in Quantech's staffing level by 10 FTEs. In this regard, the agency represented that the CPET did not further question the TET's technical finding regarding the appropriate staffing level increase and calculated the concomitant increase in Quantech's price using the labor dollars values established in Quantech's proposal. Tr. at 266.

analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency as of the time of its evaluation. See SGT, Inc., B-294722.4, July 28, 2005, 2005 CPD ¶ 151 at 7; Metro Mach. Corp., B-295744, B-295744.2, Apr. 21, 2005, 2005 CPD ¶ 112 at 10-11.

The cost realism analysis in this case is well documented. See AR, Tab 10, Cost/Price Evaluation Report. The agency developed an independent government estimate (IGE) based on estimates of staff hours required to support individual sub-organizations, and the labor rates of the incumbent for the existing task order. AR at 6. According to the CPET, however, because the IGE was not premised on a task-based analysis of the solicited requirements, the agency did not believe it could rely solely on the estimate for purposes of making probable cost adjustments to the offeror's proposals. AR, Tab 10, Cost/Price Evaluation Report at 3. Instead, the CPET used the IGE for two primary purposes: (1) to flag any data outliers for further consideration/analysis (*i.e.*, labor hours, direct labor rates, indirect burden); and (2) as a budgetary tool to determine if sufficient funds were available for task order award. Id.

As discussed above, the TODA and the TET agreed that Quantech merited an excellent rating under the labor hours and mix subfactor, based on its proposed approach, but concluded that a 56,400 hour adjustment to the probable hours was warranted because these assumed efficiencies may not be realized. Id. at 7. The CPET compared Quantech's proposed labor hours and mix--as well as its probable labor hours and mix, which included the 56,400 hour upward adjustment--to the IGE, looking for any outliers in terms of reasonableness and realism, and noted that the proposed and probable hours were 18.66% and 9.62%, respectively, lower than the IGE. Id. at 7. The CPET brought this to the attention of the TET who affirmed that the probable hours were realistic based on "Quantech's innovative technical approach and anticipated synergies" for performance of the two task orders. Id. The TET also stated that "Quantech's bottoms-up analysis for each [performance objective] provided adequate assessment of staff allocation and task complexity" and confirmed that the skill mix was sufficient to accomplish the work based on Quantech's technical approach. Id. Given the confirmation from the technical evaluators that Quantech's staffing levels were realistic, the CPET had no further concern regarding the realism of Quantech's costs.

The record reflects that MDA performed a thorough cost realism analysis of Quantech's price submission. As stated above, an agency's cost realism methodology need only be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency as of the time of its evaluation. See SGT, Inc., supra; Metro Mach. Corp., supra. Further, because the contracting agency is in the best position to make this determination, we review an agency's judgment in this

area only to see that the agency's cost realism evaluation was reasonably based and not arbitrary. Hanford Env'tl. Health Found., *supra*, at 10. Here, the agency's cost realism analysis was well-documented, and in no way arbitrary.

Organizational Conflict of Interest

ASC also alleges that Quantech had an unfair competitive advantage in competing for the DA-01 task order, by virtue of its unequal access to competitively useful information gained from its performance of the DA-02 task order. Protest at 13-14. ASC asserts that Quantech possessed "inside information" that was not otherwise available to other offerors, by virtue of the relationship between the two task orders. According to ASC, Quantech's performance on the DA-02 task order enabled Quantech to propose a synergistic approach for the DA-01 task order because, among other things, Quantech indicated in its proposal that in performing DA-02, it had identified "process improvements and streamlining initiatives for analysis and assessments of interdependencies... for incorporating best practices in acquisition and/or programmatic areas for the defense acquisition executive." *Id.* at 14.

The Federal Acquisition Regulation (FAR) requires that contracting officials avoid, neutralize, or mitigate potential significant conflicts of interest so as to prevent an unfair competitive advantage or the existence of conflicting roles that might impair a contractor's objectivity. FAR §§ 9.504(a), 9.505. The situations in which OCIs arise, as described in FAR subpart 9.5 and the decisions of our Office, can be broadly categorized into three groups: biased ground rules, unequal access to information, and impaired objectivity. Organizational Strategies, Inc., B-406155, Feb. 17, 2012, 2012 CPD ¶ 100 at 5. As relevant here, an unequal access to information OCI exists where a firm has access to nonpublic information as part of its performance of a government contract, and where that information may provide the firm a competitive advantage in a later competition for a government contract. FAR § 9.505(b); CapRock Gov't Solutions, Inc., et al., B-402490 *et al.*, May 11, 2010, 2010 CPD ¶ 124 at 25. A protester must identify hard facts that indicate the existence or potential existence of a conflict; mere inference or suspicion of an actual or potential conflict is not enough. TeleCommunication Sys. Inc., *supra*, at 3.

Here, ASC fails to satisfy the standard required to prove the existence of an OCI because it does not identify hard facts in support of these allegations, indicating that Quantech was privy to any specific non-public competitively useful information, such as proprietary, sensitive, or source selection information. *Id.* at 6. ASC fails to explain how Quantech's identification of the improvements and initiatives identified in Quantech's proposal implicates nonpublic information or reflected an improper competitive advantage in the DA-01 competition. It is well-settled that an offeror may possess unique information, advantages, and capabilities due to its prior experience under a government contract, including performance as the incumbent contractor. Our Office has held that the government is not required to equalize competition to compensate for such an advantage, unless there is evidence of

preferential treatment or other improper action. See FAR § 9.505-2(a)(3); Onsite Health Inc., B-408032, B-408032.2, May 30, 2013, 2013 CPD ¶ 138 at 9. The existence of an advantage, in and of itself, does not constitute preferential treatment by the agency, nor is such a normally occurring advantage necessarily unfair. Id. We fail to see how Quantech's proposal reflects anything other than its general knowledge of the agency's organization and every day operations, which, in our view, amounts to knowledge inherent to Quantech's performance as the incumbent DA-02 contractor.

In reaching our conclusion, we also note that, in response to this protest, the contracting officer conducted an investigation into the alleged OCI and found that Quantech was not involved in developing the RTOP requirements or in the task order source selection. CO Statement at 13. The CO concluded that Quantech "would not have been privy to any proprietary or source selection sensitive information associated with this procurement." Id. The identification of conflicts is a fact-specific inquiry that requires the exercise of considerable discretion. Guident Techs., Inc., B-405112.3, June 4, 2012, 2012 CPD ¶ 166 at 7; see Axiom Res. Mgmt., Inc. v. United States, 564 F.3d 1374, 1382 (Fed. Cir. 2009). We review an agency's OCI investigation for reasonableness, and where the agency has given meaningful consideration to whether a significant conflict of interest exists, we will not substitute our judgment for the agency's, absent clear evidence that the agency's conclusion is unreasonable. See TeleCommunication Sys. Inc., B-404496.3, Oct. 26, 2011, 2011 CPD ¶ 229 at 3-4; PCCP Constructors, JV; Bechtel Infrastructure Corp., B-405036 et al., Aug. 4, 2011, 2011 CPD ¶ 156 at 17. Given the record here, we have no basis to conclude that Quantech should have been excluded from the competition due to an unmitigated OCI.

In sum, based on our review of the entire record and considering all of the arguments raised by ASC, we find no basis to question the agency's evaluation of technical proposals or cost realism analysis, and no reason to believe that the agency's conclusions regarding Quantech's alleged OCI are unreasonable. Because the protester's challenge to the best value determination was based primarily on assertions that MDA's evaluation of the offeror's technical proposal and the cost realism analysis were flawed, the protester's challenge to the best value determination is similarly unfounded.

The protest is denied.

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General Counsel