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Decision

Matter of: SITEC Consulting, LLC; VariQ Corporation; Logistics Systems, Inc.

File: B-413526.4; B-413526.5; B-413526.6; B-413526.7

Date: April 3, 2017

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Lee Dougherty, Esq., and Katherine A. Straw, Esq., Montgomery Fazzone PLLC, for Computer World Services Corporation, the intervenor.

Robert A. Mangrum, Esq., Department of Homeland Security, for the agency.

Kenneth Kilgour, Esq., and Laura Eyester, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protests challenging the agency's evaluation of technical proposals are denied where the evaluations were reasonable, performed in accordance with the solicitation evaluation criteria, and equal.
 2. Protests challenging the agency's failure to conduct an adequate risk assessment of the awardee's price are actually challenges that the agency failed to perform a price realism analysis and, where the solicitation did not provide for a price realism analysis, such challenges are without merit.
 3. Protest challenging the agency's evaluation of past performance is sustained where the agency concedes errors in its past performance evaluation and the record establishes that one protester was prejudiced.
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DECISION

SITEC Consulting, LLC, of Cambridge, Maryland, VariQ Corporation, of Washington, DC, and Logistics Systems, Inc. (LSI), of Washington, DC, protest the issuance of a task order to Computer World Services Corporation (CWS), of Washington, DC, under request for quotations (RFQ) No. HSCG79-16-Q-PFX056, which was issued by the

Department of Homeland Security (DHS), U.S. Coast Guard (Coast Guard), under DHS' multiple-award indefinite-delivery, indefinite-quantity enterprise acquisition gateway for leading edge solutions (EAGLE II) contract, to obtain information technology support services (ITSS).¹ The protesters allege various errors in the agency's evaluation of the offerors' technical proposals and past performance and assert that the agency failed to evaluate the risk associated with the awardee's price, all of which, the protesters contend, contributed to a flawed best-value tradeoff decision.²

We sustain the protests in part and deny them in part.

BACKGROUND

The task order competition, open to HUBZone small business holders of the EAGLE II contract, contemplated award of a fixed-price task order, with certain costs reimbursed, for a 9-month base period and one 12-month option period for the operation of a centralized service desk (CSD). RFQ at 1-4. Award would be made to the firm whose proposal represented the best value to the government, considering technical approach, past performance, and price. Id. at 26. Factor 1, technical approach, was more important than factor 2, past performance. Id. Those two factors, when combined, were significantly more important than price. Id.

The RFQ provided a description of the current level of demand and the incumbent contractor's service performance. Specifically, the solicitation stated that the CSD processes approximately 260,000 tickets per year and fields 121,000 phone calls per year; resolves 60 percent of the tickets and transfers the remaining 40 percent to internal agency services partners; and responds to tickets from within 2 days to 4-7 days during peak operations. RFQ at 27.

Given these existing levels of demand and support, for the technical approach factor, the RFQ asked offerors to explain how they would meet these operational requirements, with an emphasis on the following:

- Knowledge and applied use of industry best practices in a 24x7 world-wide enterprise IT [Information Technology] service desk operation servicing a 57,000+ user base.

¹ Although the solicitation was an RFQ, the parties adopted terms applicable to a request for proposals, including "proposal" and "offeror." Because the distinction between a quotation and a proposal has no bearing on our analysis in this protest, we use the term proposal throughout this decision.

² The agency first issued the task order to SITEC, and VariQ, LSI, and CWS protested that award. Those protests were dismissed when the agency elected to take corrective action.

- Technical ability to successfully meet or exceed the current day to day scope (complexity) and scale (quantity) of work upon contract award and ability to sustain operations post award.
- Aspects of the technical approach to achieve efficiencies throughout the period of performance that could reduce the backlog during peak months without increase in costs or reduce the time required to resume normal operations.
- Maintaining a stable contract team including recruiting and retaining qualified personnel, filling vacancies, and maintaining performance and quality of services during unanticipated employee absences.
- Ability in managing and analyzing performance metrics to achieve efficiencies.

RFQ at 27. Further, as relevant to this protest, the performance work statement (PWS), addressing the phase-in requirements, provided the following: “Orientation training shall be provided by the Government on [Coast Guard] policy and processes however it is anticipated that the Contractor shall use a substantial number of incumbent personnel and does not anticipate more than 30% of new personnel to require orientation training.” RFQ, Attach. 1, PWS ¶ 1.2.1.

With respect to the technical proposal, the RFQ advised offerors of the following:

An Offeror’s “greater” or more “in depth” understanding of the requirements will be evaluated most favorably. Offerors that demonstrate an ability to “exceed” the requirement will receive a higher rating than just “satisfying” the requirement. The Technical Approach section of the proposal response should be written to enable evaluators to assess the Offeror’s understanding of, and ability to meet or exceed the requirement.

RFQ at 27. The RFQ required offerors to “assume that the Government has no prior knowledge of their facilities or experience,” and advised offerors that the agency “will base its evaluation on the information presented in the offeror’s quote.” Id. at 24. In addition, the RFQ stated that the agency would evaluate the overall quality, reasonableness, and soundness of an offeror’s technical approach to perform the requirement, and proposals should be written to enable evaluators to assess the offeror’s understanding of the requirement, and the ability to meet or exceed it. Id. at 27.

With respect to past performance, the RFQ advised offerors that the government would evaluate “relevant past performance.” Relevant is defined as “similar to the IT services in the PWS and similar in nature, scope, size and complexity to the required services.” RFQ at 27. Offerors could submit past performance references for themselves and all major subcontractors. See id. In addition, the RFQ advised offerors that price would be evaluated for reasonableness and completeness, and to determine whether the offers contain unbalanced pricing. Id. at 28.

The agency received proposals from the three protesters and the awardee. Each offeror provided a subcontractor with “some level of current or previous incumbency within the contract.”³ Supp. Contracting Officer’s Statement (COS) at 21.

The agency evaluated technical proposals using an adjectival rating scale of superior to unsatisfactory. As relevant to this protest, a superior proposal was one that “[e]xceeds the minimum performance or capability requirements in a way significantly beneficial to the Government. There are no significant weaknesses or deficiencies.” AR, Tab J, Award Decision at 11. A satisfactory technical proposal “[m]eets the minimum performance or capability requirements. There may be weaknesses. There are no significant weaknesses or deficiencies.” Id. The agency defined a “strength” as an “element of the quote that exceeds a requirement of the solicitation in a beneficial way to the Government” and a “weakness” as a “flaw in the quote that increases the likelihood of unsuccessful contract performance.” Id. at 12. The evaluation scheme provided for significant weaknesses, but not significant strengths. Id. In addition, past performance would be rated as follows:

Rating	Definition
Significant Confidence	The Vendor’s past performance record provides little doubt that the offeror will successfully <u>perform the required effort</u> . Little Government intervention is expected to be required in achieving the required level of performance.
Confidence	The Vendor’s past performance record indicates the Vendor should be able to successfully <u>perform the required effort</u> . Some Government intervention is expected to be required in achieving the required level of performance.
Neutral	The Vendor has no relevant performance record. A thorough search was unable to identify any relevant past performance information (see FAR [Federal Acquisition Regulation] 15.305). This is a neutral rating. It does not hinder or help the Vendor.
Little Confidence	The Vendor’s past performance record provides that substantial doubt exists that the Vendor will successfully <u>perform the required effort</u> . Substantial Government intervention is expected to be required in achieving the required level of performance.

Id.

³ The current prime contractor for this requirement is Dell Systems Federal Government (DSFG). VariQ and CWS are two of DSFG’s numerous subcontractors. Supp. Agency Report (AR) at 3. VariQ has proposed DSFG as a major subcontractor/teaming partner. Id.

The technical evaluation team identified one or more strengths in all of the offerors' technical proposals: the agency assessed a single strength in VariQ's technical proposal, two strengths in CWS' technical proposal, four strengths in SITEC's technical proposal, and two strengths in LSI's proposal. AR, Tab G, Second Technical Evaluation Team (TET) Report at 1-7. VariQ's proposal was assessed one weakness. Id. at 2. The agency assessed no significant weaknesses in any of the offerors' proposals.

The table below summarizes the agency's evaluation of the four proposals:

Offeror	Technical	Past Performance	Evaluated Price
VariQ	Satisfactory	Confidence	\$14,590,725.75
CWS	Satisfactory	Confidence	\$12,279,793.44
SITEC	Superior	Confidence	\$15,042,497.80
LSI	Satisfactory	Confidence	\$12,153,680.36

AR, Tab J, Award Decision at 11.

The Price Evaluation Team found the prices of all four offerors to be reasonable and complete. AR, Tab I, Revised Price Analysis Report at 10. The agency's tradeoff analysis considered the relative value of LSI's, CWS', and VariQ's proposals and concluded that, because "LSI and CWS both have significantly lower total evaluated prices and the same overall technical and past performance ratings with no weaknesses, significant weaknesses or deficiencies," the agency saw no benefit in VariQ's proposal that warranted paying a price premium. Tab J, Award Decision at 29. Ultimately, the agency found that CWS' proposal represented the best value to the government. Id. at 30. The task order was issued to CWS, and these protests followed.⁴

DISCUSSION

The protesters assert various challenges to the agency's technical evaluation, all of which, as discussed in detail below, we find provide no basis on which to sustain the protests. The protesters also assert that the agency failed to properly evaluate the risk CWS' proposed prices posed to the awardee's contract performance. On the facts presented here, we find that allegation also to be without merit. Finally, VariQ challenges the agency's evaluation of past performance; the agency concedes errors in the evaluation of the past performance of CWS, LSI, and SITEC. Because we find a reasonable possibility of prejudice to VariQ, we sustain that allegation.⁵

⁴ Because the value of the task order exceeds \$10 million, GAO has jurisdiction to consider this protest. See 41 U.S.C. §§ 4106(d)(5), (f).

⁵ The protesters assert various challenges to the agency's tradeoff analysis. We have considered all of these allegations and with the exception of VariQ's assertion that the tradeoff included unreasonable past performance evaluation results, we find those
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The Technical Evaluations

Evaluation of VariQ's Technical Proposal

VariQ raises various challenges to the reasonableness of the agency's evaluation of its technical proposal, especially as compared to the agency's evaluation of the awardee's proposal. Specifically, VariQ argues that it should have received a higher rating than the awardee under the technical factor and makes various assertions, including that the agency ignored information in its proposal. The agency argues that the evaluation of VariQ's technical proposal was reasonable and in accordance with the terms of the RFQ. We have reviewed VariQ's multiple technical evaluation allegations and find no merit in them.

The evaluation of technical proposals is primarily the responsibility of the contracting agency, because the agency is responsible for defining its needs and identifying the best method of accommodating them. MILVETS Systems Tech., Inc., B-411721.2, B-411721.3, Jan. 14, 2016, 2016 CPD ¶ 42 at 9-10. In reviewing an agency's evaluation, our Office will not reevaluate proposals; rather, we will examine the record to ensure that it was reasonable and consistent with the solicitation's stated evaluation criteria and applicable procurement statutes and regulations. Id. It is an offeror's responsibility to submit a well-written proposal, with adequately detailed information that demonstrates its clear understanding of the solicitation requirements. Leader Commc'ns, Inc., B-412819, B-412819.2, June 13, 2016, 2016 CPD ¶ 197 at 6.

VariQ asserts that CWS' proposal received a strength for its knowledge and use of industry best practices, which is not supported by the record, and that VariQ's proposal received no credit for plans to implement the same industry best practices. VariQ Protest at 13; VariQ Comments and Supp. Protest at 3-4. Here, the RFQ stated the agency would evaluate how offerors plan to meet the PWS' operational requirements, with an emphasis on knowledge and applied use of industry best practices in a world-wide enterprise IT service desk operation servicing a substantial number of help desk tickets. RFQ at 27. The agency assigned CWS a strength for its plan to improve processes and "experience applying tailored [DELETED] practices at the [Surface Deployment & Distribution Command] SDDC operation that processes 243K tickets per year producing increased resolution statistics, reduced ticket closure times, and maintaining exceeding service levels." AR, Tab J, Award Decision at 24.

The agency states that CWS' proposal was assessed a strength in this area because it thoroughly explained the awardee's application of best practices. Supp. COS at 2. For

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protest allegations without merit. We have considered all other protest allegations, and also find them to be without merit.

example, the agency asserts that the awardee's proposal demonstrated the following specific application of industry best practices:

As an example of our ability to tailor ITIL practices to create efficiencies, in support of SDDC we were able to increase the quality of work produced by our service representatives, and decrease the delivery time of the services we provided through the implementation of ITIL service lifecycle best practices. In addition, these processes reduced the amount of rework our technicians were required to complete associated with service delivery, and eliminated the delivery of services that added no value to the program. CWS also used ITIL best practices to manage the SDDC service portfolio, and verify existing services were meeting the needs of both our internal and external customers.

AR, Tab F, CWS Technical Proposal, at 6. The agency identifies other portions of the awardee's proposal that, the Coast Guard maintains, offer additional support for the agency's assertion that CWS' proposal provided a substantive explanation of how the awardee would apply industry best practices in ways that would enhance its contract performance. See Supp. COS at 4-5 (citing AR, Tab F, CWS Technical Proposal at 1, 5-7, 11, and 19).

VariQ asserts that the agency's defense of its evaluation improperly includes portions of the awardee's proposal not cited in the agency's original evaluation. See VariQ Comments on Supp. AR at 5. However, our Office generally considers post-protest explanations, such as offered here, where the explanation simply provides a detailed rationale for contemporaneous conclusions and fills in previously unrecorded details, and where the explanation is credible and consistent with the contemporaneous record. Federal Maint. Logistics Solutions, LLC, B-412270.5, Nov. 15, 2016, 2016 CPD ¶ 351 at 10 n.10. The agency's defense of its evaluation is therefore unobjectionable, where it identifies further support for its evaluation conclusions gleaned from the awardee's proposal.

VariQ argues that, nonetheless, its proposal also demonstrated its proven commitment to using [DELETED] and other industry best practices to increase efficiencies on the current task order and therefore should have received a strength for exceeding this requirement. VariQ Comments and Supp. Protest at 3-4. In this respect, VariQ's proposal noted that VariQ's team has worked with the agency "to develop processes aligned with [DELETED] best practices in order to continuously improve service levels." Id. at 4 (citing AR, Tab E, VariQ Technical Proposal at 3). VariQ's proposal also stated that Team VariQ, in order to continuously improve performance, "[DELETED]." Id. (citing AR, Tab E, VariQ Technical Proposal at 5). The protester argues that its proposal further stated that VariQ "continuously" recommended and supported "the implementation of new technologies and processes." Id. (citing AR, Tab E, VariQ Technical Proposal at 2). The agency explains that VariQ's proposal did not receive a strength here because it provided "insufficient methodology" to clearly show the protester's application of best practices. Supp. COS at 2.

VariQ disagrees and asserts that the agency's evaluation penalized VariQ for VariQ's reliance on its teaming partner in descriptions of how Team VariQ intended to implement industry best practices. VariQ Comments on Supp. AR at 5 (citing Supp. AR at 4). In fact, the agency's stated concern was the backward-looking nature of the protester's proposal, with no substantive discussion of how VariQ would meet the future operational requirements of the current solicitation. See Supp. AR at 4; COS at 3. The record does not support VariQ's claim that the failure of VariQ's proposal to obtain a strength for its proposed implementation of best practices was the result of VariQ's reliance on its teaming partner. Based on our review of the record, including the technical proposals, we find no basis to question the reasonableness of the agency's evaluation with respect to industry best practices.

VariQ also challenges the reasonableness of the agency's technical evaluation, where CWS' proposal received a strength in part for its approach to achieving efficiencies that could reduce the service ticket backlog, while VariQ's proposal received a weakness. VariQ Protest at 10; VariQ Comments and Supp. Protest at 9-10; VariQ Comments on Supp. AR at 6-7. Here, the RFQ specifically instructed offerors to address operational aspects of the technical approach that could reduce the backlog during peak months. RFQ at 27. The agency assigned CWS' proposal a strength for its proposed review and improvement of certain processes, which could have the potential to reduce the number of tickets submitted and the need for technical intervention. AR, Tab J, Award Decision at 25.

In this respect, CWS' proposal had a section titled "Achieving Efficiencies Through a Reduction in Costs, Backlogs, and Downtime." AR, Tab F, CWS Technical Proposal at 19. CWS' proposal identified five efficiencies that the awardee asserts will reduce the backlog without increasing costs, including: cross-training; reviewing, measuring and updating performance metrics; proactively evaluating, developing, and recommending solutions to automate management of systems, etc.; developing processes to improve communications; and performing tests and recommending changes to proposed system updates. Id. at 19-20. For example, the proposal stated the following:

Team CWS will facilitate cross-training practices in order to create cost and time efficiencies across the program. In addition, cross training employees allows for all Service Desk representatives to be trained to perform the same tasks. This will enable our staff to fill in for each other in the cases of unforeseen employee absences, or surge periods. Cross-training our employees will achieve efficiencies by reducing backlogs in incident requests.

Id. at 19.

In contrast, the agency assigned VariQ's proposal a weakness because it makes no mention of backlog reduction. AR, Tab J, Award Decision at 22. VariQ argues that its proposed project management approach, continuous improvement features, and

recruitment and retention approach would enable it to achieve efficiencies regardless of volume. VariQ Protest at 11-12. VariQ also argues that it “precisely” addressed its approach to achieving efficiencies that could reduce the backlog when it proposed to improve various [DELETED] processes while performing the task order. VariQ Comments on Supp. AR at 6-7 (citing AR, Tab E, VariQ Technical Proposal at 8 (noting that VariQ’s “goal is to continuously improve processes, enabling a more customer-focused, proactive approach to Service Desk support,” and that “[p]art of this support includes continuously improving the [DELETED] to assist with many routine tasks and allow analysts to focus on more complex issues”), and at 11 (proposing features, solutions, and innovations to include “[c]ontinuously improved [DELETED]” and “[DELETED]” which will result in “more effective use of limited staffing resources”)).

Here, the awardee’s proposal identified several efficiencies that CWS asserted would reduce the backlog without increasing costs. VariQ’s proposal discussed efficiencies in ways that the agency deemed more general, without explicitly identifying any specific measures that would reduce backlogs without increasing costs. We thus see no merit to VariQ’s argument that the agency disparately evaluated proposals when it assigned CWS’ proposal a strength for identifying efficiencies that would reduce the backlog without increasing costs, without assigning VariQ’s proposal a comparable strength, and in fact, assigning VariQ a weakness.

In addition, VariQ asserts that although the agency assigned VariQ’s proposal a strength for its intent to retain [DELETE] percent of the incumbent workforce and the resulting smooth transition, VariQ should have received an additional strength for its recruitment and retentions efforts, as other offerors did. VariQ Comments and Supp. Protest at 6. The agency notes that VariQ’s proposal was awarded one strength for recruiting and retaining qualified personnel for its intent to retain [DELETE] percent of the incumbent workforce and the resulting smooth transition. Supp. COS at 11 (citing AR, Tab G, Second TET Report at 2).

The Coast Guard explains that VariQ’s proposal did not merit an additional strength, and that offerors received only one strength under the requirement to maintain “a stable contract team including recruiting and retaining qualified personnel, filling vacancies, and maintaining performance and quality of services during unanticipated employee absences” even if they exceeded the requirement in more than one way. Supp. AR at 7-8; Supp. COS at 10-14 (noting weaknesses in VariQ’s proposal in the area of transition planning). In response, VariQ argues that it should have received separate strengths under two separate requirements. VariQ Comments on Supp. AR at 6.

This new allegation is untimely. VariQ first raised this allegation in its comments on the agency’s supplemental agency report on March 8, 2017, more than 10 days after the agency filed its report on January 26, 2017. The agency’s report provided VariQ notice of the agency’s evaluation results. VariQ had 10 days from the date of the agency’s report to raise this new allegation. Thus, this allegation is untimely and will not be further considered. 4 C.F.R. § 21.2(a)(2). Further, we see no merit to VariQ’s argument

that the agency's evaluation was unreasonable or that the agency disparately evaluated proposals.

Next, VariQ asserts that it should have received a strength for its quality assurance plan because it possesses certain industry best practice certifications. VariQ Protest at 15. VariQ argues that the agency disparately evaluated offerors' technical proposals when the agency assigned a strength to SITEC's proposal for certain certifications SITEC possesses, but failed to award VariQ's proposal a strength for different certifications. VariQ Comments and Supp. Protest at 6; VariQ Comments on Supp. AR at 7-8. The agency discounts the value of the certifications offered by VariQ, noting that none of the offerors' proposals were evaluated as having a strength based on those certifications. Supp. COS at 15. The agency argues that the Capability Maturity Model Integration (CMMI) appraisals contained in VariQ's proposal are best known for software development, not help desk or field service operations. Id. In contrast, the agency asserts that the certification for which SITEC's proposal received a strength, the [DELETED] certification, directly correlates to the daily operations of a help desk and field support. Id. VariQ's disagreement with the relative applicability of the certifications or appraisals proposed by VariQ and SITEC provides no basis on which to sustain the protest.

Lastly, VariQ argues that, because its teaming partner is the 10-year incumbent on the current contract, Team VariQ should have received the "most favorabl[e]" technical rating. VariQ Protest at 14 (citing RFQ at 27). We have addressed above VariQ's challenges to the agency's technical evaluation and have found them without merit. There is no requirement that an incumbent be given extra credit for its status as an incumbent, or that an agency assign or reserve the highest rating for the incumbent offeror. FFLPro, LLC, B-411427.2, Sept. 22, 2015, 2015 CPD ¶ 289 at 6. An incumbent's proposal, lacking specific information required by the solicitation, may reasonably receive a relatively low evaluation rating, notwithstanding the firm's incumbent status. See MarLaw-Arco MFPD Mgmt., B-291875, Apr. 23, 2003, 2003 CPD ¶ 85 at 8-9. The RFQ expressly advised offerors that the agency would evaluate proposals as written, without regard to information not provided in proposals. RFQ at 24. On this record, therefore, we see no merit to VariQ's claim that its incumbency should necessarily have resulted in its proposal receiving the most favorable technical evaluation rating.

Evaluation of LSI's Technical Proposal

LSI asserts that the agency disparately evaluated the offerors' proposals when it assigned strengths to the proposals of VariQ and CWS for those offerors' ability to exceed the daily scope of the contract, the daily complexity of the contract, and the scale and quantity of the work, without assigning a similar strength to LSI's proposal. LSI Comments at 6-7; see LSI Protest at 6-9. LSI, however, quotes from the evaluation summaries for its competitors' proposals, and the quoted language--parts of which were the same for all offerors--is not the actual strengths or weaknesses assigned by the agency. See id., citing AR, Tab G, Second TET Report at 2 and 6.

Here, the agency assigned VariQ's proposal a strength for its ability to meet day-to-day requirements and proposing to retain approximately [DELETED] percent of the incumbent workforce, which would minimize the disruption of the service desk. AR, Tab G, Second TET Report at 2; Tab J, Award Decision at 21. CWS' proposal received the following two strengths: knowledge and applied use of industry best practices in a 24x7 worldwide enterprise IT service desk operation servicing a 57,000 plus user base; and a technical approach that would achieve efficiencies throughout the period of performance that could reduce the backlog during peak months without an increase in cost or reduction in the time required to resume normal operations. Id. at 3; Tab J, Award Decision at 24-25.

The agency evaluated LSI's proposal as containing the following two strengths: an approach to maintaining a stable contract team, including recruiting and retaining qualified personnel, filling vacancies, and maintaining performance and quality of services during unanticipated employee absences; and a technical approach that would achieve efficiencies throughout the period of performance that could reduce the backlog during peak months without an increase in cost or reduction in the time required to resume normal operations. AR, Tab G, Second TET Report at 6-7; Tab I, Award Decision at 23. Note that LSI's second strength mirrors the second strength in CWS' proposal. Nothing in the record supports LSI's assertion that the agency disparately evaluated technical proposals by awarding the proposals of VariQ and CWS--but not LSI--a strength for those offerors' ability to exceed the daily scope of the contract, the daily complexity of the contract, and the scale and quantity of the work.⁶

⁶ LSI also asserts that the agency disparately evaluated proposals when it assumed that the efficiencies proposed by the awardee would prove effective and therefore assigned the awardee's proposal a strength, but questioned whether the user would adopt LSI's proposed efficiencies and therefore did not assign LSI's proposal a similar strength when conducting the best-value tradeoff. LSI Comments at 2-3. SITEC likewise challenges the agency's evaluation, based on the agency's concerns about whether strengths in SITEC's proposal would produce improved contract performance. See SITEC Comments on AR at 30-31. Specifically, SITEC asserts that, having recognized strengths in SITEC's proposal, the source selection authority (SSA) "acted unreasonably" when the SSA concluded that "there is nothing [in the strengths identified in SITEC's proposal] that guarantees the reduction in attrition and backlog that we seek" that would offset SITEC's highest price. See AR, Tab J, Award Decision at 29.

Contrary to the protesters' assertions, the evaluation record demonstrates that the agency was uniformly concerned that processes that relied on their adoption by the end user would produce anticipated efficiencies. That included not just the lack of a "guarantee[]" in SITEC's proposal, noted above, but also questions regarding the strengths assigned to CWS' proposal. See AR, Tab J, Award Decision at 30 (noting that "CWS also proposes improvements to the Self Help process which cannot be quantified"). The record demonstrates that the price/technical tradeoff discriminator was CWS' proposed efforts by its engineers and architects to improve service desk

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LSI also argues that the agency disparately evaluated the offerors' proposals when it assigned strengths to the proposals of SITEC and CWS with respect to process improvements. LSI contends that the agency unreasonably failed to evaluate as strengths LSI's proposed use of the following tools to create process improvements: the implementation of ITIL process areas; the use of the HDI best practices and procedures; and a commitment to work with the agency to help it meet International Organization for Standardization standards for service management. LSI Comments at 4-5.

Here, the agency assigned strengths to SITEC's and CWS' proposals because the proposals demonstrated successful implementation of process improvements. Specifically, the agency evaluated SITEC's proposal as containing a strength, in part, because SITEC had achieved [DELETE] certification in [DELETE]. AR, Tab J, Award Decision at 26. As noted above, CWS' proposal demonstrated the awardee's experience applying tailored ITIL practices. *Id.* at 24; AR, Tab G, Second TET Report at 3 (the TET noted CWS' "experience applying tailored ITIL practices at the SDDC operation that processes 243K tickets per year producing increased resolution statistics, reduced ticket closure times, and maintaining or exceeding service levels"). We see no basis on this record to question the reasonableness of the agency's evaluation of an offeror's proposal as containing a strength for significant process improvements, where the record establishes that the agency evaluated more favorably proposals from offerors that had demonstrated prior successful implementation of those processes.

Agency Assessment of Risk in CWS' Proposal

SITEC argues that the RFQ required that the contractor hire a substantial number of the incumbent employees, and that, because CWS' price is too low, CWS will not be able to make those hires. SITEC asserts that the agency failed to assess this performance risk inherent in CWS' proposal.⁷ SITEC Comments at 21-26. The agency asserts that, when read in context, PWS ¶ 1.2.1, "Phase-In Requirements," says nothing more than that the agency anticipates that a contractor will use a substantial number of incumbent personnel, without creating an incumbent personnel hiring requirement. Moreover, the

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functions, which, in the agency's view, would provide long-term improvements to the CSD Service Desk. We see no support in the record for an assertion that the agency disparately assessed the adoptability of offerors' assigned strengths when making the award decision.

⁷ Likewise, VariQ asserts that the agency ignored the risk in the awardee's proposal. Specifically, VariQ argues that CWS' proposed labor rates demonstrate a misunderstanding of the requirements and an inability to maintain a stable contract team, recruit and retain personnel, fulfill vacancies and maintain quality performance such that the awardee should not have received a satisfactory technical rating. VariQ Protest at 15-16; VariQ Comments & Supp. Protest at 11.

agency asserts that it considered risk of performance, and that nothing in CWS' past performance caused the agency to be concerned that CWS would not live up to its obligations under the contract. COS at 20.

As explained below, the solicitation cannot reasonably be read as containing an incumbent personnel hiring requirement. Moreover, our Office considers an assertion that an agency failed to consider a price that was allegedly too low to be a challenge to the agency's price realism analysis and not the agency's technical evaluation.

Where a dispute exists between the parties as to the actual meaning of a particular solicitation provision, our Office will resolve the matter by reading the solicitation as a whole and in a manner that gives effect to all its provisions; to be reasonable, an interpretation of a solicitation must be consistent with such a reading. Colt Defense, LLC, B-406696, July 24, 2012, 2012 CPD ¶ 302 at 7; The Boeing Co., B-311344 et al., June 18, 2008, 2008 CPD ¶ 114 at 34.

Here, PWS ¶ 1.2.1 provided the following: "Orientation training shall be provided by the Government on [Coast Guard] policy and processes however it is anticipated that the Contractor shall use a substantial number of incumbent personnel and does not anticipate more than 30% of new personnel to require orientation training." RFQ, Attach. 1, PWS ¶ 1.2.1. The phrase "shall use a substantial number of incumbent personnel," read in context, shows that the agency expected, but did not require, the successful offeror to hire a substantial number of incumbent personnel. The protester identifies no other language in the solicitation to support its contention that the RFP required contractors to hire at least a certain percentage of the incumbent work force. See SITEC Comments at 21 (arguing that the RFP, read as a whole, "indicates that an offeror is expected to hire a substantial number of incumbent employees," but citing only to PWS ¶ 1.2.1) (emphasis added). Considered in context, PWS ¶ 1.2.1 cannot reasonably be read as imposing an incumbent hiring requirement.

Even without such a solicitation requirement, SITEC asserts that the awardee promised to retain more of the incumbent workforce than the awardee's proposed wages will allow. See SITEC Protest at 26 (citing AR, Tab F, CWS Technical Proposal at 3) (noting that CWS "will quickly hire incumbent personnel").⁸ SITEC's suggestion that the agency was required to assess the risk the awardee's low price posed to the agency describes a price realism analysis. Crown Point Sys., B-413940, B-413940.2, Jan. 11, 2017, 2017 CPD ¶ 19 at 5. A price realism evaluation, which involves an assessment of whether a price is too low, is conducted for the purpose of assessing a vendor's understanding of the contract requirements or to assess the risk inherent in a vendor's

⁸ In its comments to the agency report, SITEC notes the awardee's assertion in its past performance proposal that CWS would "capture a majority of the incumbent contractors." SITEC Comments at 21-22 (citing AR, Tab F, CWS Past Performance Proposal at 1). There is no suggestion in the record that the RFQ required prime contractors to team with (or hire) a certain number of incumbent contractors.

proposal or quotation. Ball Aerospace & Techs. Corp., B-402148, Jan. 25, 2010, 2010 CPD ¶ 37 at 8. In order to conduct a price realism analysis, an agency must provide for such an analysis in the solicitation, and in this case the RFQ did not provide for such an assessment. Id. Where a price realism analysis is not contemplated by the solicitation, such a challenge to the agency's evaluation is without merit.⁹ Crown Point Sys., supra.

Past Performance Evaluation and Prejudice

VariQ asserts that the agency deviated from the stated past performance evaluation criteria when it evaluated the awardee's past performance as confidence, rather than as neutral.¹⁰ In reviewing a protester's challenge to an agency's evaluation of vendors' past performance, our Office does not independently evaluate proposals; rather, we review the agency's evaluation to ensure that it is reasonable and consistent with the terms of the solicitation and applicable statutes and regulations. CSR, Inc., B-413973, B-413973.2, Jan. 13, 2017, 2017 CPD ¶ 64 at 5.

A review of the agency's own evaluation of past performance information supplied by CWS, SITEC, and LSI supports a past performance rating of neutral for each of those offerors. As set forth above, the RFQ advised offerors that the government would evaluate "relevant past performance" and defined relevant as "similar to the IT services in the PWS and similar in nature, scope, size and complexity to the required services."

⁹ SITEC also asserts that the agency failed to document the ways in which its evaluation of proposals prior to the corrective action differ from the final proposal evaluation preceding the most recent contract award. See SITEC Comments at 32-35. Our Office has long recognized that different evaluation panels could reasonably reach different conclusions regarding the quality of an offeror's proposal given the subjective judgment necessarily exercised by evaluators. Warvel Prods., Inc., B-281051.5, July 7, 1999, 99-2 CPD ¶ 13 at 10-11. In reviewing the results of a reevaluation, "our primary concern is not whether the ratings are consistent with the earlier panel's ratings, but rather, whether they reasonably reflect the relative merits of the proposals." East West, Inc., B-400325.10, July 6, 2011, 2013 CPD ¶ 128 at 6. Any SITEC challenges to the final evaluation that rest not on the unreasonableness of it, but only on the lack of congruence between it and the previous evaluation, are without merit.

¹⁰ In its Comments and Supplemental Protest, filed on February 6, 2017, VariQ challenges the agency's evaluation of VariQ's past performance as confidence rather than significant confidence. VariQ Comments and Supp. Protest at 8-9. That allegation is untimely since it was filed more than 10 days after the agency debriefing on December 22, 2016. 4 C.F.R. § 21.2(a)(2). VariQ's timely challenge to the evaluation of past performance was that a "proper evaluation would have recognized that even if [the proposals of VariQ and CWS] were rated similarly, VariQ's proposal contained numerous discriminators based on its team's recent and relevant Coast Guard ITSS experience." VariQ Protest at 17 (emphasis in original). As explained below, the agency concurs.

RFQ at 27. The agency determined that while LSI and CWS had some past performance that was similar in scope, it was smaller in size. AR, Tab J, Award Decision at 24-25. The agency determined that SITEC had past performance that was narrower in scope than the current requirement. Id. at 28. However, in all cases, because the agency did not find any negative past performance, it assigned each of those offerors a confidence rating. The agency concedes that neutral is the appropriate past performance rating for all of the offerors except VariQ, while asserting errors in the past performance evaluation did not prejudice the protester. Supp. COS at 27 (noting that the “Government does acknowledge that the past performance rating for [all of the offerors except VariQ] should have been deemed to be neutral”).

Competitive prejudice is an essential element of a viable protest; where the protester fails to demonstrate that, but for the agency’s actions, it would have had a substantial chance of receiving the award, there is no basis for finding prejudice, and our Office will not sustain the protest. Swets Info. Servs., B-410078, Oct. 20, 2014, 2014 CPD ¶ 311 at 14. However, GAO will “resolve doubts regarding prejudice in favor of the protester; a reasonable possibility of prejudice is sufficient to sustain a protest.” Alutiq-Banner Joint Venture, B-412952 et al., July 15, 2016, 2016 CPD ¶ 205 at 11; see also Patriot Sols., LLC, B-413779, Dec. 22, 2016, 2016 CPD ¶ 376 at 5; Halbert Constr. Co., Inc., B-413213, Sept. 8, 2016, 2016 CPD ¶ 254 at 17-18.

The agency argues that VariQ was not prejudiced by the agency’s unreasonable past performance evaluation:

VariQ’s past performance did not change and even if the other three vendors had been given a “Neutral” rating for past performance the SSA could not have used that as a discriminator due to the fact that a “Neutral” rating can neither hinder nor help the vendor.

Supp. COS at 28. The agency’s assertion that the SSA could not have considered VariQ’s past performance confidence rating in VariQ’s favor in its tradeoff decision, because the other offerors’ proposals were rated neutral, is inconsistent with prior decisions of this Office. Although agencies may not rate an offeror that lacks relevant past performance favorably or unfavorably with regard to past performance, an agency may, in a price/technical tradeoff, determine that a high past performance rating is worth more than a neutral past performance rating. American Floor Consultants, Inc., B-294530.7, June 15, 2006, 2006 CPD ¶ 97 at 5; see CMC & Maint., Inc., B-292081, May 19, 2003, 2003 CPD ¶ 107 at 4.

Here, the RFQ stated that the technical factor is more important than the past performance factor and that those two factors combined are significantly more important than price. RFQ at 26. The record shows that there are variances behind the technical factor ratings, the offeror’s prices are clustered relatively closely together, and, as the agency has now stated, VariQ’s proposal is the only one to have a past performance rating of confidence rather than neutral. Under these circumstances, we find a

reasonable possibility that the protester was prejudiced. Consequently, we sustain VariQ's challenge to the agency's past performance evaluation.

RECOMMENDATION

We recommend that the Coast Guard conduct and document a new past performance evaluation and tradeoff analysis. We also recommend that VariQ be reimbursed the reasonable costs of filing and pursuing its protest, including reasonable attorneys' fees. 4 C.F.R. § 21.8(d)(1). VariQ should submit its claim for costs, detailing and certifying the time expended and costs incurred, with the contracting agency within 60 days after receipt of this decision. 4 C.F.R. § 21.8(f)(1).

The protests are sustained in part and denied in part.

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