



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

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Matter of: KRA Corporation

File: B-278904; B-278904.5

Date: April 2, 1998

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DIGEST

1. Agency evaluation of technical proposals is unobjectionable where the record establishes that the evaluation was reasonable and consistent with the stated evaluation factors; protester's mere disagreement with the agency's conclusions does not render the evaluation unreasonable.
2. Protest that agency failed to perform proper cost/technical tradeoff is denied where source selection official considered technical evaluations, past performance ratings, and cost in his award determination and reasonably determined that the evaluated technical superiority of the six highest technically-rated proposals warranted payment of the cost premium associated with certain of these proposals vis-à-vis other lower technically-rated, lower cost proposals.

DECISION

KRA Corporation protests the Department of Energy's (DOE) decision not to award KRA a contract under request for proposals (RFP) No. DE-RP01-97EI30000, issued by DOE for technical services for the Energy Information Administration (EIA).¹ KRA primarily challenges the agency's evaluation of KRA's technical proposal and the source selection determination.

We deny the protest.

¹EIA is an independent statistical and analytical agency within DOE.

DOE issued the RFP, referred to as the EIA Omnibus Procurement (EOP), via the Internet on July 7, 1997. This solicitation, which combined technical support services that were currently being performed for EIA under 11 separate support services contracts, sought separate proposals for 3 functional areas/contract line items (CLIN), consisting of information management and product production (IM&PP) support services (CLIN 001); energy analysis and forecasting support services (CLIN 002); and information technology support services (CLIN 003). For each CLIN, the RFP listed a maximum number of direct productive labor hours (DPLH), consisting of 528,984 DPLH for CLIN 001, 183,000 DPLH for CLIN 002, and 412,920 DPLH for CLIN 003. The RFP provided for multiple indefinite-quantity awards with awardees becoming eligible for post-award competition for task orders for a 3-year base period with one 2-year option. Since each contract will have cost reimbursement and fixed-price provisions, the RFP provided that task orders will be issued on both a cost-plus-fixed-fee and a fixed-price basis.

Section L.15 of the RFP stated that DOE would "award contracts resulting from this solicitation to the responsible offerors whose offer conforming to the solicitation will be the most advantageous to the Government, cost or price and other factors, specified elsewhere in the solicitation, considered" and advised that DOE intended to award on the basis of initial offers without discussions. Section M-1(B) reiterated that award would be made to the offerors whose conforming proposals were determined to be most advantageous to the government. At section M-3, the RFP identified the following weighted evaluation factors and subfactors:

- | | |
|---|----|
| 1. Business management, technical and organizational approach | 50 |
| 1.1 Business management plan | 20 |
| 1.2 Technical plan | 20 |
| 1.3 Organizational approach | 10 |
| 2. Past and present experience | 20 |
| 3. Corporate resource management | 20 |
| 3.1 Retain labor categories | 5 |
| 3.2 Additional resources | 5 |
| 3.3 Staff training and development | 5 |
| 3.4 Provide automated data processing (ADP)
hardware, software, facilities | 5 |
| 4. Videotape response/presentation | 10 |
| 5. Past performance | |

Offerors were advised that past performance would be adjectivally rated, and that the technical proposal was significantly more important than past performance or cost, and that past performance was also more important than cost.

In submitting a total estimated price, offerors were advised at section L.34(2) to include a fixed-price quotation for 50 percent of the maximum amount of level of effort (LOE) or DPLH for the total 5-year contract term. Section M.4 of the RFP

advised offerors that the proposed fixed price for a particular functional area would be doubled and that amount would be used as a task order ceiling amount, indicating that this amount would provide the basis for the price comparisons of the proposals.

KRA was 1 of 12 offerors that submitted proposals on CLIN 001, IM&PP support services, which consists of data operations, including, among other things, survey data collection, survey and data systems operations, sampling and estimation, and data integration and analysis; data integration, including, among other things, acquiring and developing data, maintaining integrated databases, performing system and quality lists, and calculating summary statistics; and, product production, including, among other things, production, publication, and dissemination and automated systems support for the dissemination of energy data.

Members of the technical evaluation committee (TEC)² individually evaluated each proposal and, in internal discussions, reached a consensus on the strengths and weaknesses of each proposal and assigned each a point score of 0, 2, 5, 8, or 10 under each evaluation criterion.³ Numerical ratings were multiplied by the weight for each factor and these scores were totaled. A proposal that received scores of 10 on each evaluation factor would receive a maximum point score of 1,000. Past performance was assigned an adjectival rating of "excellent," "good," "fair" or "neutral," "poor," or "unsatisfactory."

The TEC briefed the source selection official (SSO) and, based on the SSO's review of the evaluations and recommendations, the SSO determined to make awards to the six companies which submitted the highest technically-rated proposals. KRA, whose proposal was ninth ranked technically, was not awarded a contract. In his selection statement, the SSO noted: "past performance information was received and evaluated, and price proposals were evaluated. These evaluations were considered."

²Three separate TECs, one for each CLIN or functional area, evaluated the proposals.

³As relevant here, a score of 2 reflected a proposal which omitted major details and/or evidenced a lack of understanding of stated requirements. Such a response would normally have very few significant strengths but would evidence significant weaknesses. A score of 5 reflected a proposal which appeared capable of meeting the RFP requirements and had few significant strengths or significant weaknesses. A score of 8 reflected a proposal evidencing very good responses showing a high probability of meeting the RFP's requirements and had significant strengths and few significant weaknesses.

KRA's proposal received a total technical score of 470 consisting of the following point scores and weighted scores for each factor and subfactor:

	Score	Weighted Score
1. Business management, technical, and organizational approach		
1.1. Business management plan	8	160
1.2. Technical plan	5	100
1.3. Organizational approach	5	50
subtotal		310
2. Past and present experience	2	40
3. Corporate resource management		
3.1. Retain labor categories	2	10
3.2. Additional resources	2	10
3.3. Staff training and development	5	25
3.4. Provide ADP hardware, software, facilities	5	25
subtotal		70
4. Video presentation	5	50
	TOTAL	470

KRA's past performance was rated "excellent" and its proposed price was fifth low of the 12 offers. The relevant technical scores, adjectival ratings for past performance and evaluated ceiling prices for the awardees', the seventh-ranked offeror's, and the protester's proposal were as follows:

Offeror	Technical/Business Management Score	Past Performance Rating	Proposed Ceiling Price and Rank
Orkand Corp	725	good	\$27,271,220 (1)
SAIC	710	excellent	\$30,220,500 (2)
Westat	695	excellent	\$47,680,494 (10)
Abacus	590	excellent	\$43,406,470 (7)
Z, Inc.	575	excellent	\$37,296,764 (4)
Walcoff	515	excellent	\$50,420,798 (11)
[Offeror A]	[deleted]	excellent	[deleted]
KRA	470	excellent	\$41,325,514 (5)

DOE notified KRA that it had not been selected for award and, after a December 22 debriefing, KRA filed a protest with our Office.

KRA protests the evaluation of its proposal under factor 2, past and present experience, alleging that its proposal was improperly evaluated vis-à-vis the proposals of two awardees, Walcoff and Z, Inc. KRA also contends that the evaluations of its proposal under subfactors 3.1, "retain labor categories" and

3.2, "additional resources" were improper and challenges the propriety of the cost/technical tradeoff that resulted in the award selection of the proposals of the six highest technically-rated offerors.

TECHNICAL EVALUATION

Past and Present Experience

Section M.3 of the RFP advised offerors that their past and present experience would be evaluated:

based on the relevance and quality of the corporate past experience, as demonstrated by the Offeror's submitted contracts . . . to perform the types and complexity of work described in the Statement of Work for each functional area

To facilitate the evaluation, section L.31(b) required offerors to identify four recently completed (within the past 5 years) or existing contracts and to identify two recently completed or active contracts for each subcontractor proposed. For each contract listed, the offeror was to describe, among other things, the contract's scope of work/requirements/responsibilities and show how these efforts are similar to the statement of work's (SOW) functional area for which the offer was being made.

The SOW for CLIN 001, IM&PP support services, consisted of approximately 10 pages and, as noted above, outlined three major types of work required under IM&PP, including data operations, data integration, and product production. As relevant here, data operations included survey data collection (the distribution and collection of various survey forms for EIA) and survey and data systems operations. The SOW listed 17 tasks under survey data and systems operations, including such things as performing data requirements studies, developing, maintaining and updating survey and data systems operations, contacting respondents to obtain survey data, distributing materials to respondents, developing survey forms and instructions, performing data capture, problem resolution, data correction, updating databases, reporting survey performance statistics, and designing, developing and pretesting survey instruments and preparing reports. The SOW also listed accounting/auditing/systems assessment and evaluation services as the last of 10 tasks under the data operations category. The accounting/auditing requirement stated that the offeror was to provide approximately 3,000 hours per year of professional accounting and auditing services for reviewing the accuracy of data, preparing a financial analysis report, and accounting and financial reporting problem research. The SOW also called for the "analysis of deferred taxation issues, and research in connection with reporting practices in energy industries and financial reporting consequences of energy company mergers and acquisitions" and

the preparation of annual reports and other research projects involving the application of professional petroleum engineering and auditing skills.

Data integration work calls for the offeror to acquire and develop data, including such tasks as obtaining, analyzing, and incorporating domestic and international data from EIA offices, verifying data; maintain integrated databases; perform consistency and quality tests; calculate summary statistics; develop and maintain records; and provide comparative reports.

Under product production, the SOW stated that, while publication was primarily an EIA staff responsibility, the offeror would be required to prepare forms, edit and update publications, and help in the review process. The SOW listed requirements for the National Energy Information Center (NEIC), including such tasks as responding to inquiries and disseminating paper and automated products.

In its 17-page subsection on past and present experience, KRA provided an overview of its experience and an in-depth discussion of four contracts. Walcoff's 9-page past and present experience subsection provided an abbreviated discussion of four of its past and current contracts and 12 contracts of its 7 proposed subcontractors. Z, Inc.'s 27-page past and present experience subsection highlighted certain current work and provided an in-depth discussion of four contracts.

The TEC assigned KRA's proposal a score of 2 under the past and present experience factor, based on the evaluators' finding that KRA's proposal demonstrated a lack of experience in accounting and auditing--regarded as a minor weakness--and a lack of experience in data collection and survey processing--regarded as a significant weakness, and no recognized strengths under this factor. The TEC assigned Walcoff's proposal a score of 5 on this factor, noting that the firm proposed a large team which had experience in all activities in the SOW. Similarly, the TEC assigned a score of 5 to the Z, Inc. proposal because it, too, demonstrated that the firm had performed almost every aspect of the SOW.

KRA contends that Walcoff did not provide adequate information about its past and present experience to satisfy the proposal preparation instructions and provide a sufficient basis for an evaluation superior to that received by KRA. Specifically, KRA argues that Walcoff simply provided "bullet summaries" of its contracts which did not include information sufficient for DOE to intelligently assess the "relevance and quality" of Walcoff's prior experience. KRA contrasts the detail which it provided in its proposal, pointing out that KRA's proposal listed experience in survey/data systems operations, including data collection and statistical analysis; acquiring/developing data, including the acquisition and development of data and the identification of the sources and types, of data to be collected and the content of the data collection; survey response, including nonrespondent and data validation telephone calls, production of progress reports and final reports on the methodology for program evaluation; and data collection and processing systems

assessment, including collecting survey data and processing and the comparison of data.

KRA points out that Walcoff's proposal states only that Walcoff had designed, implemented and provided training for a menu-driven automated personal computer-based data collection; conducted surveys of U.S. Postal Service employees; and, performed the National School Radon Survey to assess concentrations of radon in public schools across the country. Based on this comparison, KRA argues that its proposal was misevaluated.

The evaluation of technical proposals is a matter within the contracting agency's discretion since the agency is responsible for defining its needs and the best method of accommodating them. Loral Sys. Co., B-270755, Apr. 17, 1996, 96-1 CPD ¶ 241 at 5. In reviewing an agency's technical evaluation, we will not reevaluate the proposal, but will examine the record of the evaluation to ensure that it was reasonable and in accordance with stated evaluation criteria, and not in violation of procurement laws and regulations. Id.

We see no basis to conclude that the agency improperly evaluated KRA's (or Walcoff's) proposal concerning past and present experience. While Walcoff did provide only short "bullet summaries" of its contracts in the past and present experience subsection of its proposal, Walcoff also discussed its past contracts and their relevance to the SOW in detail in its technical plan. For example, as to data collection and survey processing, Walcoff's proposal indicates that it has developed surveys and survey methods for 20 years, and as one example of its work, Walcoff indicated that it has managed the U.S. Postal Service Customer Satisfaction Measurement Survey for 5 years and explained:

The survey encompasses nearly one million mailings and more than 200,000 voluntary responses per quarter We process incoming surveys at a rate of up to 10,000 each day, and we sample non-respondents periodically to control non-response bias. The data are summarized in more than 240 management reports for dissemination to postal managers. We look continuously for ways to improve the process; we recently reduced reporting intervals from every quarter to every month with the potential to transmit data weekly.

Walcoff also pointed to its survey support to the Reformulated Gasoline Survey Association, a petroleum industry consortium formed to manage reformulated gasoline compliance surveys mandated by the U.S. Environmental Protection Agency. In this regard, Walcoff's proposal stated:

We draw 135 separate samples in 32 markets throughout the year, sending them to the field collection agency within 24 hours. For

instance, we constructed a survey master database of retail gasoline stations with a sample frame consisting of 31,806 stations in 32 market areas. It is updated every year for new stations.

Walcoff's proposal also indicated that it improved the traditional door-to-door sampling approach for the Consumer Product Safety Commission by using a multistage design in determining what proportion of smoke detectors installed in homes were operable.

In contrast, KRA states in its proposal that it has provided survey data collection services and systems operations for EIA for 4 years. In describing its EIA tasks, KRA discusses data collection, data entry, data analysis and statistical analysis. For example, KRA states that it has provided "survey data collection services and systems operations for EIA" and goes on to say that "[s]urvey data collection involves receipt of EIA forms, data entry of energy data, data analysis, and statistical analysis." In its work with the Department of Health and Human Services on a survey of the effectiveness of a short-term training program for minority students, KRA states that "[d]ata were collected, analyzed, and integrated into reports that detailed the program results." KRA also states that it

conducted survey data collection and processing assessments by gathering data on program participants in such areas as demographic characteristics, fields of study, and income. Results were evaluated, reviewed and revised.

In short, KRA's comparison of the contents of its proposal to Walcoff's to try to establish that, relative to KRA's proposal, Walcoff failed to detail its past experience or show the relevance of that past experience to the work required here simply does not support that assertion. On the contrary, the record shows that, while KRA has some experience in data collection and survey processing, its experience is more limited than Walcoff's. For example, KRA's proposal indicates that it has had less experience than Walcoff in the early stages of data collection and survey processing work, specifically, the design and development of the survey and the process of data collection. Moreover, KRA's proposal is general and lacks specificity; the protester never details what type of support it has provided. As noted above, KRA explains that it collected data but provides no discussion of how the data collection was accomplished or what specific tasks KRA performed. Additionally, KRA's proposal does not discuss frame development, sampling or estimation procedures, or quality assurance and control activities. Finally, KRA's contracts are smaller in dollar value than the task orders anticipated here and smaller than the contracts Walcoff listed in its discussion of its past and present experience. Indeed, KRA's contract with EIA is its only contract that exceeds \$1 million and the total value of all four of KRA's contracts is approximately equal to that of Walcoff's smaller referenced contracts. In short, notwithstanding KRA's disagreement, we find no reason to object to the agency's determination that KRA

lacked significant experience in data collection and survey processing and that its experience was not comparable in type or complexity to that required under the RFP.

KRA also alleges that Walcoff's past and present experience does not demonstrate accounting or auditing work, arguing that Walcoff is as weak as, or weaker than, KRA in this area. The protester argues that, while KRA's proposal discussed certain accounting experiences and linked these experiences to the SOW, Walcoff's proposal "did not even mention 'accounting.'" According to KRA, the only description of financial work that Walcoff referenced was a general statement that Walcoff had "[r]eviewed all audited annual financial statements for all [Housing and Urban Development] HUD-held and HUD-insured loans collateralized by multi-family properties."

In this regard, the evaluators found no particular strengths in Walcoff's experience concerning accounting or auditing. Walcoff specifically noted accounting tasks for only one contract discussed in its proposal. However, Walcoff proposed to use [deleted] subcontractors for auditing and accounting services. The references for [deleted] of these proposed subcontractors indicated that the subcontractors had performed accounting and auditing work. The [deleted] subcontractor is a public accounting firm which obviously has had accounting and auditing experience.

KRA's discussion of its past and present accounting/auditing experience states only that KRA uses [delete]. Neither of these statements suggests the types of professional accounting or auditing work contemplated under the solicitation. Unlike Walcoff's references, none of KRA's references suggests that accounting or auditing work was involved in their contracts. Moreover, despite the fact that the RFP notified offerors that, among other labor categories, a certified public accountant (CPA) would likely be required to perform some tasks in the SOW, KRA did not indicate that it had a CPA available or on-staff. Rather, KRA suggested that it would use an unnamed CPA firm to perform auditing tasks. Accordingly, the agency reasonably determined that KRA's past and present experience was weak with respect to accounting and auditing experience.

KRA next asserts that its proposal should have received the same score as the Z, Inc. proposal under the past and present experience factor because the evaluators' individual worksheets "are virtually indistinguishable" as to the identification of strengths and weaknesses of the two offerors. As noted above, the evaluators regarded KRA's limited data collection and survey processing as a significant weakness and its limited auditing and accounting experience as a minor weakness. The evaluators found that Z, Inc. had experience with every function listed in the SOW except auditing/accounting--a minor weakness--and data dissemination for NEIC--a minor weakness.

KRA argues that DOE improperly concluded that KRA's proposal did not demonstrate the complexity of accounting and auditing experience required, when contrasted with DOE's failure to assess Z, Inc.'s proposal as not demonstrating any accounting experience. KRA also argues that its second alleged weakness--a lack of data collection and survey processing experience--is not as serious a shortcoming as Z, Inc.'s second alleged weakness--the lack of NEIC experience--since data collection and survey processing comprise only 2 of the 10 tasks under data operations, while lack of NEIC experience permeates an entire third of the SOW--the product production operation.

In fact, the KRA and Z, Inc. proposals were treated identically with respect to their lack of accounting/auditing experience. Essentially, DOE found that neither offeror demonstrated relevant accounting experience. We see nothing objectionable in this assessment since, as noted above, and contrary to KRA's position, the accounting/auditing work cited by KRA was not the kind of professional accounting work outlined in the SOW.

We also find without merit KRA's assertion that its lack of data collection and survey processing experience is not as significant as Z, Inc.'s lack of NEIC experience. In this regard, KRA too narrowly interprets its data collection and survey processing weakness. KRA argues that data collection is one task and survey processing experience is a second task under data operations in the SOW. However, there are no tasks in the SOW specifically titled "data collection" or "survey processing." There is one task called "Survey Data Collection" but it describes only the distribution and collection of various survey forms for EIA, and thus is a more narrow application than what the agency intended when using the phrase "data collection."

Our review of the SOW shows that the broad terms "data collection" and "survey processing" refer to tasks under both data operations and data integration, which involve the offerors' experience in the design, development, and analysis of surveys, as well as the maintenance and updating of data, data systems, and databases. For example, one task, sampling and estimation under data operations, requires the offeror to develop optimal sample designs, which clearly relates to "data collection." Similarly, the task "acquire and develop data" under data integration requires the offeror to obtain, analyze and incorporate domestic and international data from EIA offices--a responsibility that relates both to data collection and survey processing. Thus, two-thirds of the work under CLIN 001 relates to the area of weakness identified by DOE in KRA's proposal. Product production comprises the remainder of the work under this line item. Accordingly, Z, Inc.'s lack of experience in NEIC requirements was reasonably assessed by the agency as having less significance than KRA's lack of significant experience in data collection and survey processing.

Further, KRA is mistaken in its assertion that NEIC experience "permeates" product production tasks. Only two tasks are listed under product production, including

specific requirements, which require, for example, producing graphical interpretations of data, producing text for reports, and preparing reports for publication. NEIC work, which includes providing telephone and written responses to inquiries, logging inquiries, maintaining shelf and reserve stock of EIA publications, maintaining and updating the EIA electronic publishing system, and supporting the preparation and maintaining the quality of EIA publications simply does not "permeate" the other tasks under product production.

Retain Labor Categories

As noted above, section L.31(b) of the RFP provided instructions regarding proposal preparation. For criterion 3, corporate resource management, the RFP asked offerors, among other things, to describe personnel resource management capabilities and procedures used to acquire and allocate personnel. Offerors were also asked to describe corporate resources available to respond to unanticipated/nonrecurring situations which may be tasked during the contract period and to provide a description and demonstrate the effectiveness of their current employee training development program.

In outlining the criteria for award at section M.3, the RFP reiterated that offerors would be evaluated on their ability to provide and retain by labor category the required personnel resources,⁴ their ability to provide additional resources for unanticipated/nonrecurring situations, and the demonstrated commitment to and accomplishment of staff training and development.

In its proposal, KRA stated that it employed only the best qualified employees and that it did "everything we can to ensure the employees stay with KRA." The protester provided a chart in its proposal that outlined its benefits package, including three main categories: health and welfare, retirement and savings, and rewards and bonus. In relevant part, under rewards and bonus, KRA listed [deleted]. DOE evaluated KRA's proposal as having "no employee incentive," citing this as a weakness in the proposal.

KRA argues that DOE improperly assessed KRA's incentive program. KRA argues that the information it provided in this area was more detailed than the information concerning employee incentives provided by any of the awardees. For example,

⁴KRA also alleges that under subfactor 3.1, ability to provide and retain required personnel, Walcoff's proposal, which received a score of 8, "was no better than the other awardees," all of whom received a score of 5. We dismiss this grounds of protest because KRA is essentially contending that these other offerors should have received higher scores, and KRA is not an interested party to assert on behalf of another that the other's proposal was improperly scored. See Recon Optical Inc. et al., B-272239, B-272239.2, July 17, 1996, 96-2 CPD ¶ 21 at 3-4.

KRA alleges that Walcoff stated only that "we maintain a bonus program that recognizes and rewards outstanding performance." DOE states that the three incentives listed by KRA, the [deleted], are vaguely worded and do not evidence any particular relationship to employee retention or improved performance.

While KRA disagrees with the agency's assessment of this aspect of its proposal, we see no basis to question it. As the agency argues, KRA provided little detail on its incentive program, and the types of incentives offered, for example, the [deleted], are unrelated to employee retention. Also, KRA provides no indication of what performance incentive--cash awards, certificates of achievement, or some other device--is awarded to an employee who achieves at work or in the community. Finally, contrary to KRA's assertion, Walcoff's proposal identified competitive salaries, a complete benefits package, and diversity in work assignments in addition to its bonus program as management practices it employs to retain personnel. In sum, we see no reason to conclude that the evaluation of proposals under this criterion was unreasonable.

Additional Resources

As noted above, the RFP also provided for the evaluation of offerors on their ability to provide additional resources in special situations. In its proposal, KRA listed several alternatives to respond to the need for additional resources, including the protester's continuous search for employees, extended or overtime opportunities for current employees, [deleted]." DOE determined that KRA's response was inadequate, noted this as a weakness in its evaluation, and assigned KRA a score of 2 on this subfactor.

Again, KRA complains that DOE evaluated offerors unequally on this subfactor. KRA argues that its four alternatives to manage or augment its staff to address EIA's emergencies adequately address the issue, and that Walcoff, for example, did not offer "to approach these emergencies in any more detailed a manner than KRA," yet Walcoff's proposal was scored higher than KRA on this subfactor.

DOE reasonably rated Walcoff's proposal higher because Walcoff's proposal set forth the need for additional support not [deleted]. Walcoff stated that such support may be [deleted]. Walcoff indicated that [deleted]. Walcoff provided a more complete response than KRA, discussing level of support, required skills, and the identification of resources. Thus, KRA's objection provides no basis to question the evaluation of either KRA or Walcoff in this respect.

SOURCE SELECTION DECISION

KRA also argues that DOE did not perform any cost/technical tradeoff, noting that the agency's report on the protest does not present a tradeoff analysis or explicitly state that the SSO made a tradeoff. KRA further argues that the SSO did not

understand the differences between the proposals, pointing out that, during a telephonic hearing conducted by our Office, the SSO, when asked to discuss his understanding of the differences between the proposals in specific evaluation areas, did not have any specific knowledge of the different aspects of the proposals. KRA also alleges that, although the SSO stated that he was aware that KRA had scored higher than Walcoff under the most highly weighted criterion, the SSO failed to consider this fact in the award determination, instead improperly relying exclusively on total technical point scores. The protester objects that DOE has presented a supplemental source selection statement and mathematical calculations, both prepared only in response to the protest, to support its award decision. Because the protester proposed a lower cost than Walcoff, the lowest technically-ranked offeror to receive an award, the protester believes that KRA should have been awarded a contract under a proper cost/technical tradeoff.

The agency's position is that the SSO did perform an appropriate cost/technical tradeoff and that the resulting award determinations were substantiated. The agency points out that the appropriate cost information, consisting primarily of the proposed ceiling prices for each offeror, was given to the SSO and the source selection statement expressly states that all factors, including past performance and price, were evaluated and considered. The SSO prepared a supplemental source selection statement explaining his selection decision, which stated that Walcoff's "overall evaluated technical score was higher than KRA's, and this figured significantly in [his] decision," and that in selecting Walcoff for award, he "was fully aware of its cost in comparison to the other offerors that were not selected, including KRA." The SSO continued by explaining that, while KRA's cost proposal was competitive, "KRA did not demonstrate sufficient technical expertise and experience in the areas of EIA's [SOW]."

Source selection officials in negotiated procurements have broad discretion in determining the manner and extent to which they will make use of technical and cost evaluation results. Grey Advertising, Inc., 55 Comp. Gen. 1111, 1120 (1976), 76-1 CPD ¶ 325 at 12; Mevatec Corp., B-260419, May 26, 1995, 95-2 CPD ¶ 33 at 3. In exercising that discretion, they are subject only to the tests of rationality and consistency with the established evaluation criteria. Id. As a general rule, however, agencies are required by the Competition in Contracting Act of 1984 (CICA) to include cost or price as a significant factor in the evaluation of proposals. 41 U.S.C. § 253a(b)(1)(A) (1994); see Federal Acquisition Regulation § 15.605(b)(1)(I) (June 1997).

First, to the extent that the protester's argument is premised on its position that KRA was entitled to a more favorable technical evaluation, the argument is unfounded because, as explained above, KRA's technical evaluation was unobjectionable. Next, despite the brevity of the source selection statement, it is clear from the record that cost/technical tradeoffs were performed in making the

award determinations, and the record establishes that the cost/technical tradeoffs were reasonable and substantiated.

The SSO expressly states in his source selection statement that DOE considered past performance and price in making its award determination. While the protester complains that the precise technical advantages were not quantified in determining that any of the proposals warranted the payment of a particular cost premium, in performing a cost/technical tradeoff there is no requirement that a selection official dollarize the process by making a precise mathematical calculation that an additional dollar will be paid only if there is a corresponding discrete technical advantage. Marion Composites, B-274621, Dec. 20, 1996, 96-2 CPD ¶ 236 at 8 n.5. Here, during the telephonic hearing, the SSO explained that he received extensive oral and written reports from the TEC presenting and explaining the evaluation and the award recommendations and that he questioned the evaluation team members concerning the evaluation. He focused on the technical ranking form, which ranked offerors by technical scores and listed their size status, past performance ratings, and proposed costs. The SSO stated that he compared the offerors' technical scores and costs and balanced the major factors in making his decision. Specifically, he first looked for logical "break points" in technical scores and examined ceiling prices to ensure that awards would be made to firms which provide a technical advantage at a reasonable cost. The SSO stated that, while he would have preferred to be able to select the lower cost proposals, cost was not the predominant evaluation factor and he found that in balancing the factors, cost did not change the technical rankings.

In this regard, the SSO explained that his primary focus was on whether or not to make an award to [Offeror A], the technically seventh-ranked offeror with a technical score of [deleted] at a relatively low cost of \$[deleted]. The SSO explained that he and the evaluators had closely reviewed and analyzed the differences between the Walcoff and the [Offeror A] proposals because of the possibility that [Offeror A], whose technical evaluation was only [deleted] points lower than Walcoff's and whose price was \$[deleted] million less than Walcoff's, should have been awarded a contract. However, in balancing the technical and cost factors, the SSO was deeply concerned that [Offeror A's] proposal had received a score of 2, or "poor," on one subfactor. The SSO believed that an offeror with such a low score on any criterion presented a real risk of unacceptable technical performance. In contrast, Walcoff's proposal was evaluated as a 5 or better on all evaluation factors and subfactors. Taking this performance risk potential into consideration, the agency concluded that award to [Offeror A] was not warranted, notwithstanding [Offeror A's] relatively low cost.

The SSO similarly considered the KRA proposal, but concluded that KRA's proposal was not as attractive as [Offeror A] because [Offeror A] was higher ranked technically than KRA and [Offeror A's] cost was \$[deleted] million lower than KRA's. Additionally, although KRA had a higher technical score than Walcoff on

criterion 1, KRA, like [Offeror A], had received scores of 2 ("poor")--in KRA's case under one factor and two subfactors. The SSO determined that KRA's higher score on business management did not adequately compensate for the "poor" scores under the second and third evaluation factors. Further, the SSO viewed as a significant strength Walcoff's approach of highly qualified subcontracting for those areas in which it did not have extensive experience or qualified staff in-house. The SSO determined that this more costly approach was significantly superior to KRA's proposal to use its own staff, even for areas in which KRA's staff lacked strong relevant experience or qualifications.

In addition, the record does not support the protester's position that the SSO did not understand the differences between the proposals. During the hearing, the SSO explained that, while he did not read the actual proposals, he reviewed and discussed the summary information presented to him in which the strengths and weaknesses of each proposal were explained and was aware that KRA's technical expertise and experience in tasks listed in the SOW were weak. He was also aware that KRA's proposal demonstrated a more limited scope of experience and less complex work than required by the SOW. In short, the SSO had before him an accurate and thorough evaluation of the competing proposals which provided a reasonable basis for adopting the evaluators' award recommendations.⁵ Moreover, in view of the respective costs and technical evaluations of the [Offeror A] and KRA proposals, it is questionable whether KRA is a sufficiently interested party to even raise this protest issue. Under our Bid Protest Regulations, only a party whose direct economic interest would be affected by the award of a contract or by the failure to award a contract may protest. 4 C.F.R. § 21.0(a) (1997). To the extent that KRA's argument is that another award should be made or that a firm other than Walcoff should be awarded a contract, [Offeror A] (whose proposal evaluation KRA has not questioned), not KRA, would be that firm. Therefore, KRA would not be affected by the agency's decision to award another contract or to replace Walcoff with another offeror.

⁵Source selection officials may reasonably rely upon the expert advice and evaluation recommendations of the evaluation committee and need not actually read the proposals to make an integrated assessment of the proposals and a reasonable award selection. Pan Am World Servs., Inc. et al., B-231840 et al., Nov. 7, 1988, 88-2 CPD ¶ 446 at 22.

Under the circumstances described above, we see nothing improper in this selection decision. It reflects an appropriate comparison of the competing proposals and a reasoned determination to select certain higher-cost proposals. Particularly here, where the RFP provided that technical factors were significantly more important than cost, we have no basis to object to the award decision.

The protest is denied.

Comptroller General
of the United States