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**Comptroller General  
of the United States**

**United States General Accounting Office  
Washington, DC 20548**

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## Decision

**Matter of:** Information Technology & Applications Corporation

**File:** B-288510; B-288510.2

**Date:** November 7, 2001

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Jed L. Babbin, Esq., Sharon L. Babbin, Esq., and Charles R. McCarthy, Jr., Esq., O'Connor & Hannan, for the protester.

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### DIGEST

Where request for additional past performance information concerned the role of proposed subcontractors in performing the statement of work and the relevance of the subcontractors' experience to the proposed role, and did not provide offerors an opportunity to revise their offers, the request constituted clarifications under Federal Acquisition Regulation § 15.306(a)(2), and did not trigger requirements attending the opening of discussions.

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### DECISION

Information Technology & Applications Corporation (ITAC) protests the Department of the Air Force's determination to award a contract to RS Information Services (RSIS), under request for proposals No. FA2550-01-R-0001, for technical services and space operations support (TSSOS) for the Air Force Space Command's Space Warfare Center (SWC), located at Schriever Air Force Base, Colorado. ITAC challenges the evaluation of proposals and the agency's failure to conduct discussions with it concerning evaluated deficiencies and weaknesses in its proposal.

We deny the protest.

The RFP, a small business set-aside, provided for award of a cost-plus-award-fee, indefinite-delivery, indefinite-quantity contract, for a 60-day phase-in period and a base year, with 7 option years, to furnish TSSOS in support of developing integrated space system support concepts--including integrating existing and advanced technology weapons, platforms, test facilities and technical expertise--so as to

enhance combat and research and development capabilities. Under the TSSOS statement of work, the core contract effort will include: (1) support to program management and integration; (2) requirements analysis and technical support, including analysis of Air Force operational requirements and the capability of current space systems to support the identified requirements; (3) development of space warfare concepts of operations, and tactics, techniques and procedures for current and future space systems; (4) modeling, simulation and analysis; (5) education, training and aerospace course development; (6) support of evaluation and user utility demonstration of advanced technology concepts, prototypes and developing systems, including providing experts in command, control, communications, computers and intelligence architectures, systems and processes, and in space systems, architectures and programs; (7) technical support to planning and execution of test and evaluation activities; (8) support for exercises, wargames and experiments; (9) support for real world contingencies and operations; (10) intelligence support; (11) development and maintenance of information systems, computer networks and web sites; (12) support to off-site SWC organizations; and (13) support, planning and setup of SWC conferences.<sup>1</sup>

Award was to be made to the offeror whose proposal represented the best value to the government and afforded the greatest confidence that the offeror will best meet the agency's requirements affordably. Proposals were to be evaluated based on the following factors: (1) past performance, under which the agency would evaluate relevant past performance, defined in terms of similarity of technology and type of effort, to determine confidence in the offeror's probability of successfully performing as proposed; (2) mission capability, with subfactors for program management and integration, management and maintenance of information systems, computer networks and databases, response to a core sample task order, and response to a 72-hour contingency sample task order; (3) proposal risk, focusing on the risks of schedule disruption, increased costs, degraded performance and the need for increased government supervision associated with the offeror's proposed approach; and (4) cost/price reasonableness and realism. As part of their cost/price proposal, offerors were required to propose the number of labor hours and the loaded hourly rates (both on- and off-site) for at least five specified labor categories for each year of the contract, basing their labor mix on a yearly budget of \$10 million (less government estimated travel and other direct costs). The cost/price evaluation would also consider the offeror's response to the core sample task order requirement. Past performance and mission capability were equally important and

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<sup>1</sup> The RFP also provided for the possibility that the agency might issue task orders for additional tasks beyond the above core tasks, including support of missile defense activities and technical and subject matter support of the integration of space systems into command and control architectures. RFP Statement of Work (SOW) §§ 3.6, 3.13.

individually were substantially more important than proposal risk and cost/price, while proposal risk was more important than cost/price.

Proposals were submitted by three offerors, including ITAC, RSIS and a third offeror not relevant here. After requesting clarifications from the offerors, the Air Force evaluated the initial proposals (with clarifications) as set forth below:

	ITAC	RSIS
PAST PERFORMANCE	High Confidence	High Confidence
MISSION CAPABILITY		
Program Management	Acceptable/Moderate Risk	Acceptable/Moderate Risk
Information Systems	Acceptable/Moderate Risk	Exceptional/Low Risk
Core Sample Task	Acceptable/High Risk	Acceptable/Low Risk
72-Hour Sample Task	Acceptable/Moderate Risk	Exceptional/Low Risk
COST/PRICE (Core Sample Task)		
Proposed	[DELETED] Hours /[\$[DELETED]]	[DELETED]Hours /[\$[DELETED]]
Evaluated Most Probable	No Most Probable Hours or Cost	[DELETED]Hours /[\$[DELETED]]

The source selection authority determined that RSIS's proposal represented the best value to the government based on its evaluated advantages with respect to mission capability, proposal risk and cost/price. For example, RSIS was rated exceptional/low risk under the information systems subfactor based on its proposal of: [DELETED]. In contrast, while the Air Force recognized that the ITAC team--which included the primary incumbent contractors--had demonstrated extensive communications and information systems knowledge of SWC, the agency rated its proposal as only acceptable/moderate risk based on the determination that ITAC's proposed approach was primarily business as usual and that ITAC had failed to set forth a methodology or approach for cross-utilization of personnel.

Likewise, under the core sample task order subfactor, RSIS's proposal was rated as acceptable/low risk based on a proposed management approach that included innovations and cost/risk reduction initiatives, and indicated the capability to accomplish the task with little government intervention required. In contrast, while ITAC's proposed approach to the core sample task order was generally evaluated as indicating knowledge of the details of the task and the existing system, the agency rated ITAC's proposal acceptable with a high risk in this regard based on ITAC's failure to include critical processes and milestones and its overall significant underestimate of the time and labor hours required for completion of the task. (The evaluated underestimate was such that the agency determined it could not calculate a most probable cost/required number of hours for ITAC's task order approach.) In addition, RSIS's proposal received a superior rating, exceptional/low risk, under the 72-hour contingency sample task order subfactor based on a detailed task order

management plan that: demonstrated a thorough understanding of the required tactics, techniques, procedures and training; indicated a high potential for [DELETED]; included a very good skill mix; and offered alternative solutions to assuring [DELETED]. In contrast, the agency rated ITAC's proposal acceptable with a moderate risk under this task order subfactor based on an evaluated failure to provide a fully integrated task schedule, identification of only some of the steps required to accomplish the task, and proposal of an unrealistically low number of labor hours. Upon learning of the resulting selection of RSIS, ITAC filed this protest with our Office.

ITAC argues that the evaluation and the conduct of the procurement were unreasonable for a number of reasons. In reviewing an agency's evaluation of proposals and source selection decision, our review is confined to a determination of whether the agency acted reasonably and consistent with the stated evaluation factors and applicable procurement statutes and regulations. Main Bldg. Maint., Inc., B-260945.4, Sept. 29, 1995, 95-2 CPD ¶ 214 at 4. Based on our review of the record, we find that the evaluation and the award to RSIS were reasonable. We discuss ITAC's principal arguments below.

#### PAST PERFORMANCE

ITAC challenges the past performance evaluation. In this regard, the solicitation requested the submission by offerors of "relevant Past/Present performance information," including sending an attached past performance questionnaire to knowledgeable sources for return to the agency, for themselves and for each proposed critical subcontractor, teaming contractor, and/or joint venture partner, that the offeror considers relevant in demonstrating the ability to perform the contract, RFP § L, Instructions § 11.1, "for each team member and major subcontractor," id. § 11.5.2, or simply for each subcontractor. Id. § 11.5. The solicitation generally indicated that relevant past or present performance can be for "any Federal, State, and local Government or their agencies, and commercial contracts or subcontracts having a performance period completion not earlier than three (3) years from RFP release date," id. § 11.4, but added that, in determining relevance, "consideration will be given to similar technology, type of effort (development, maintenance, contract scope, schedule and type)." RFP § M.4.1.3.1. The offerors' past performance volume was to describe "the contribution each subcontractor will make to the proposed effort along with an estimate of the percentage of total labor hours involved," id. § 11.5.2, and, with respect to the referenced contracts, was to "[e]xplain the nature of the work involved and the extent the work involved was similar to the proposed effort of this solicitation." RFP § L, Instructions § 11.5.3.1.

ITAC submitted past performance information for its team, which included ITAC and its subcontractor ACS—which were the primary incumbent prime contractors and were proposed to perform [DELETED] and [DELETED] percent of the overall new contract effort, respectively—and [DELETED] other subcontractors, [DELETED] of

which had experience on the incumbent contracts, such that all but [DELETED] percent of the proposed overall contract effort would be performed by firms with experience on the incumbent contracts. In contrast, none of RSIS's proposed team, which included RSIS performing [DELETED] percent of the overall contract effort and at least [DELETED] (and perhaps as many as [DELETED]) subcontractors performing the [DELETED] percent of the effort, was described in RSIS's proposal as having experience on the incumbent contract. However, RSIS's team members, like ITAC's team members, generally received excellent (or, for some performance sub-categories, very good) past performance ratings for their contracts, resulting in an overall high confidence rating for both offerors/teams.

ITAC primarily challenges these ratings on the basis that RSIS's own relevant past performance is limited to the area of information technology services, and that RSIS's reliance on numerous subcontractors warranted a recognition of increased risk in the past performance area. According to the protester, it was unreasonable for the agency to assign RSIS the same overall high confidence past performance rating assigned to ITAC's team of incumbent contractors.

Our review of the record, including RSIS's proposal and the past performance questionnaires completed by its references, confirms that the focus of RSIS's past performance was primarily in the areas of information technology services and administrative support. Nevertheless, as noted by the agency, the record indicates that RSIS possessed experience in, and received favorable past performance ratings for its efforts with respect to, those core SOW areas for which its proposal indicated it would play a leading role. In this regard, RSIS proposed that it would be one of [DELETED] task leads, [DELETED], for tasks requiring modeling, simulation and analysis. RSIS described in its proposal its experience with modeling, simulation and analysis in support of algorithm development activities at the National Aeronautics and Space Administration's (NASA) Glenn Research Center, and in operating a computer graphics facility supporting modeling, simulation and analysis at NASA's Goddard Space Flight Center. Further, a past performance reference for RSIS's contract at Goddard rated RSIS's knowledge and experience with modeling, simulation and analysis techniques, and its support for space-related models, as exceptional, while two references for RSIS's contract at the Glenn Research Center gave RSIS very good ratings in the same categories. RSIS Past/Present Performance Volume at V-8, V-44 to V-45, V-50. RSIS's proposal also indicated that [DELETED] had used modeling, simulation and analysis techniques (under an engineering, analysis, design and development contract) in supporting various Department of Defense space control technology and architecture programs, and had received very good ratings for its knowledge and experience with modeling, simulation and analysis techniques, and for its support for space-related models. *Id.* at V-86 to V-87.

RSIS's proposal indicated that it would also act as [DELETED] task lead for program management/integration, information systems, and conference support. RSIS's proposal described eight contracts demonstrating its management/integration and information systems experience, and the past performance references for those

contracts generally rated RSIS's performance in those areas as exceptional or very good. *Id.* at V-35 to V-52. RSIS's proposal also described its experience in planning, support of, or conducting conferences, including conferences for as many as 2,000 attendees (at Goddard), and meetings. *See, e.g., id.* at V-39 to V-42, V-51. (The past performance questionnaires did not expressly request a rating with respect to conferences.)

We note that RSIS's approach of allocating a leading role for particular SOW tasks to the team member best suited to performing that task, rather than attempting to take the lead itself for each task, was consistent with the solicitation, which specifically contemplated that the prime or lead offeror might rely on a joint approach to performing critical aspects of the SOW and task orders issued thereunder. Again, the RFP requested past performance information not only for a single prime contractor, but also with respect to team members, joint venture partners, and critical or major subcontractors that were relevant in demonstrating the ability to perform the contract. RFP § L, Instructions §§ 11.1, 11.4, 11.5.

Notwithstanding RSIS's lack of incumbent experience, the extensive past performance information for its team, in conjunction with the past performance ratings available to the agency, reasonably indicated that the core tasks under the SOW would be performed by team members with experience in those areas and which had earned generally exceptional or very good performance ratings, the same general ratings received by the ITAC team. As for ITAC's position that RSIS's more extensive subcontracting approach warranted some lower rating, we note that RSIS's proposal in fact was downgraded for this reason under the program management and integration subfactor of the mission capability factor. Specifically, the agency noted that while RSIS had proposed a sound, integrated product team-based, subcontractor management plan, "the sheer number of subcontractors ([DELETED]) introduces some potential to negatively affect task proposal request responsiveness." Proposal Analysis Report at 38. In these circumstances, we find reasonable the agency's assigning RSIS a high confidence rating for past performance, the same rating assigned ITAC.

#### CORE SAMPLE TASK ORDER

ITAC challenges the evaluation of its core sample task order proposal. According to the protester, the high risk rating its proposal received in this area resulted from application of an independent government cost estimate that was inaccurate and did not reflect ITAC's proposed approach. In this regard, under the 12-month core sample task order scenario of the RFP, offerors were required to submit a task order management plan (TOMP) setting forth the offeror's methodology and approach, including its mix of qualified personnel and labor hours, to developing a solution to take advantage of the Iridium satellite telecommunications architecture/system to deliver near-real time imagery and products. The task order SOW included seven subtasks: (1) development of a concept of operations; (2) analysis of the proposed concepts to assess their capabilities and vulnerabilities in the current operational

environment; (3) evaluating and recommending a suitable architecture incorporating off-the-shelf hardware and software to deliver imagery data through Iridium using the previously selected concept of operations; (4) assessing the existing architectures at the agency's Combined Air Operations Center-Space ("War Room") and another location at which the selected concept can be demonstrated, and integrating off-the-shelf components into the existing architecture to support the demonstration; (5) developing lesson plans to train operators and technicians in use and maintenance of the system, and conducting actual training sessions for end users; (6) demonstrating the concept by transmitting near real-time imagery data between the demonstration sites and preparing a report on measures of performance and effectiveness; and (7) support efforts for transitioning equipment, products, and/or prototypes that were successfully demonstrated into operational status.

The Air Force tasked the Aerospace Corporation, a federally-funded research and development center specializing in space and missile-related activities, to prepare an independent government estimate of the effort required to accomplish the sample task order requirements. A very detailed work breakdown statement was prepared that set forth the required level of effort for each of four--of the five specified in the solicitation--labor categories for each sub-subtask over each week of the 12-month performance period. The resulting independent government estimate totaled [DELETED] hours. Upon receiving offers, however, the agency determined that Aerospace's estimate included follow-on sustainment of the concept after transition to operational status, a role not required under the SOW or costed by the offerors, and also a significant program management effort likewise not expressly required under the SOW or costed by the offerors. After deleting [DELETED] sustainment hours and reducing the allocated program management effort from [DELETED] to [DELETED] hours, the resulting overall final government estimate totaled [DELETED] hours, all allocated to elements of work for which the estimate did not change after the receipt of proposals. Agency Comments, Oct. 31, 2001, at 1-3, attach.

In its core sample task proposal, RSIS proposed [DELETED] labor hours divided among all five of the labor categories specified in the RFP; its level of effort was adjusted upward, to [DELETED] hours, in the agency's most probable cost analysis. In contrast, ITAC proposed a level of effort totaling only [DELETED] hours divided between 2 labor categories. Further, although the task order SOW specified a 12-month performance period, and ITAC recommended establishing a 12-month limit to allow for any unforeseen circumstances, ITAC proposed an actual schedule under which it would perform the task order, from development of the concept of operations through demonstration and transition to operational status, of only approximately 4-2/3 months. ITAC TOMP at 26. The Air Force determined that ITAC's estimates of the required effort and schedule were unrealistically reduced, and that ITAC had failed to include critical processes and milestones, rendering its proposed approach high risk. (The agency found the approach so unrealistic that it could not calculate a most probable cost/required number of hours for ITAC's task order proposal.)

ITAC argues that the independent government estimate, and the agency's determination that ITAC's proposed level of effort was unrealistic, failed to take into account information available from Motorola, which designed and built the Iridium satellite system. According to the protester, consistent with the SOW direction to consider off-the-shelf solutions, it contacted Motorola and discovered that savings with respect to required staffing were available through use of Motorola information.

We find no basis to question the agency's determination that ITAC's proposed schedule and level of effort for the core sample task requirement were unrealistic. The record indicates that the agency's evaluation of proposals in this area was based on a detailed work breakdown statement, prepared by subject matter experts in the area of space and missile-related activities, which estimated the time and effort by various labor categories required to perform each sub-subtask of the task order SOW. This estimate was then adjusted to account for each offeror's unique approach to the cross-utilization of personnel, resulting in unique, differing total levels of effort for the two offers (as well as labor hour estimates for each proposed labor category which differed between the offerors and from the initial independent government estimate). Proposal Analysis Report at 44.

While ITAC stated in its sample task proposal that it had established a relationship with Motorola from which it could obtain unique insight and access into the Iridium system, including taking advantage of Motorola-prepared training and transition materials, ITAC's general references in this regard did not explain in any significant detail the existing Motorola concepts and information it proposed to use and, specifically, how their use warranted such a dramatically reduced schedule and level of effort. *Id.* at 1, 10, 18-23. For example, as noted by the agency, while ITAC generally proposed to take advantage of Motorola training materials, it set forth a detailed approach to course development that appeared inconsistent with its proposed staffing ([DELETED] hours for both developing the training courses and conducting the training). *Id.* at 18-20, 28. It is an offeror's obligation to submit an adequately written proposal, and it cannot reasonably complain when a poorly prepared proposal is downgraded. *See Alaskan Publ'ns*, B-283272, Oct. 27, 1999, 99-2 CPD ¶ 102 at 8.

Further, we think the evaluators could reasonably view ITAC's omission of critical processes and milestones as further indicating that reliance on information from Motorola did not, in itself, account for the proposed significant reduction in schedule and staffing. For example, the agency considered ITAC's proposal of only [DELETED] (after the demonstration) for implementation of training to be inadequate, since multiple training sessions, possibly at different locations, may be required to train operators, technicians and end-users. In addition, the agency questioned ITAC's failure to propose any training before the demonstration and its allocation of only [DELETED] for conducting the demonstration; ITAC itself recognized the need for training to ensure that personnel were prepared to conduct the demonstration, and the agency determined that conducting dry-runs and

setup/checkout for the demonstration also would be necessary. Proposal Analysis Report at 21; ITAC TOMP at 18, 26. Likewise, the fact that the level of ITAC's proposed effort was significantly below the independent government estimate for all SOW tasks called into question ITAC's claim that the discrepancy with respect to effort and schedule resulted from the agency's failure to consider ITAC's reliance on information from Motorola. Although ITAC argues that the first five tasks, from development of a concept of operations through conducting training, "specifically relate to the Motorola product," ITAC's proposed effort ([DELETED] hours) for the remaining two tasks, demonstration of the capability and transition planning and support, were also significantly below the government independent estimate ([DELETED] hours). ITAC Comments, Nov. 1, 2001, at 2. We conclude that the Air Force reasonably determined that ITAC's sample task proposal failed to support its proposed significantly reduced level of effort and schedule, that the proposed level of effort and schedule were unrealistic, and that ITAC's proposal in this area therefore was high risk.

## DISCUSSIONS

ITAC asserts that the Air Force failed to conduct meaningful discussions regarding ITAC's evaluated deficiencies and weaknesses. In this regard, the RFP advised offerors that the government reserved the right to award without discussions. RFP § L, Instructions to Offerors §§ 3.0, 6.0. After the receipt of proposals, the agency issued a number of evaluation notices (EN) requesting additional information. Each notice included the statement that it was a clarification issued pursuant to Federal Acquisition Regulation (FAR) § 15.306(a), governing exchanges between the government and offerors when award without discussions is contemplated, and each specifically stated the clarification did not constitute oral discussions. ITAC asserts that two of the requests for clarification, ITAC EN 0001 and RSIS EN 0002, did in fact constitute discussions, since they requested past performance information without which high confidence ratings could not have been assigned to ITAC's and RSIS's proposals. ITAC concludes that the Air Force, having opened discussions, was required to advise ITAC of all of the deficiencies and weaknesses in its proposal, which it failed to do.

We do not agree that these ENs constituted discussions. Under FAR § 15.306(a)(2), if award will be made without conducting discussions, "offerors may be given the opportunity to clarify certain aspects of proposals (e.g., the relevance of an offeror's past performance information and adverse past performance information to which the offeror has not previously had an opportunity to respond) or to resolve minor or clerical errors." Such limited exchanges do not constitute the conduct of discussions, which would generally necessitate holding meaningful discussions with all offerors in the competitive range. FAR § 15.306(d). The ENs here fell within the clarifications provision. ITAC EN 0001 cited RFP § L, Instructions to Offerors § 11.5.2, which required offerors to include in their description of past performance a description of the contribution each subcontractor would make to the proposed effort; the EN specifically requested that ITAC describe by SOW subparagraph the

contribution of its proposed subcontractors as the lead or on a support basis. This information would permit the agency to assess the relevance of ITAC's subcontractors' experience to their role in performing the current effort. RSIS EN 0002 cited RFP § L, Instructions to Offerors § 11.5.3.1, which required offerors to explain how the past performance cited in their proposals was similar to the effort contemplated under the SOW; the EN requested RSIS to provide additional past performance information for 11 of its subcontractors, focusing on the team member's lead or support roles with respect specific SOW paragraphs, so as to permit the agency "to verify relevant past performance for their lead and support roles." Again, this information related to the agency's assessment of the relevance of the subcontractors' past performance to the current effort. As such, the ENs constituted clarifications, not discussions.

The protest is denied.

Anthony H. Gamboa  
General Counsel