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Decision

Matter of: Textron Systems Corporation

File: B-420711; B-420711.2

Date: August 1, 2022

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DIGEST

1. Protests challenging agency's technical and cost evaluation are denied where protester has not demonstrated that the agency's evaluation was unreasonable or inconsistent with the terms of the solicitation.
 2. Protest that the agency failed to perform a proper best-value tradeoff and essentially converted the basis for award from tradeoff to lowest-priced, technically acceptable is denied where the record shows that the agency performed a best-value tradeoff that was reasonable and adequately documented.
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DECISION

Textron Systems Corporation, of New Orleans, Louisiana, protests the award of a contract to Bollinger Shipyards Lockport, L.L.C., of Lockport, Louisiana, under request for proposals (RFP) No. N00024-21-R6300, issued by Department of the Navy, Naval Sea Systems Command, for production of mine countermeasures unmanned surface vehicles (MCM USVs). Textron argues that the agency miscalculated proposals and made an unreasonable source selection decision.

We deny the protest.

BACKGROUND

The MCM USV is a diesel-powered surface craft with a modular payload bay that can be loaded with different payload delivery systems (PDS) for missions like minesweeping and mine neutralization. Agency Report (AR), Encl. 13, Statement of Work (SOW) at 6. The MCM USV is about 39 feet long, with a fully aluminum hull, and relies on twin 55-horsepower engines to travel approximately 30 miles per hour. *Id.*

The MCM USV is based on an unmanned surface vehicle craft developed by the protester under a contract for the Navy's Unmanned Influence Sweep System (UISS) program. *Id.* Contracting Officer's Statement (COS) at 1. Under that contract, the protester designed and fabricated one engineering development model and the associated technical data package (TDP) for that model. *Id.* The Navy decided to compete the production effort, and therefore obtained government purpose rights in that TDP. *Id.*

For the production effort, on January 5, 2021, the Navy issued the RFP at issue here. *Id.* at 1; AR, Encl. 12, RFP at 1, 159.¹ Solicitation No. N00024-21-R6300, issued pursuant to the procedures of Federal Acquisition Regulation (FAR) part 15, sought proposals for production of the MCM USV, the required support equipment, and associated engineering support services. *Id.* at 1; AR, Encl. 12, RFP at 1, 159. The contractor would produce the craft according to the TDP and specific engineering change proposals (ECPs) included within the solicitation. RFP at 2; AR, Encl. 13, SOW at 6.

The RFP contemplated the award of a single contract with a base and four option fixed-price-type contract line item numbers (CLINs) for MCM USV production, a base and five option cost-type CLINs for engineering services, a provisioned item ordering CLIN, and an option for data rights. RFP at 20-21, 56, 108. The solicitation provided that award would be made on a best-value tradeoff basis, considering the following evaluation factors: (1) focused technical approach (technical); (2) data rights approach; (3) general management & production approach (management); (4) past performance; and (5) total evaluated cost/price (cost). *Id.* at 161.

The management factor and past performance factor were to be evaluated on an acceptable/unacceptable basis; a rating of unacceptable for either factor would render a proposal ineligible for award. *Id.* at 161-62. The technical factor and data rights approach factor were to be evaluated using adjectival ratings.² *Id.* When combined, the technical and data rights factors were significantly more important than cost. *Id.*

¹ The RFP was amended six times. COS at 1-2. All citations are to the final conformed version of the solicitation.

² The possible adjectival ratings were outstanding, good, acceptable, marginal, or unacceptable. RFP at 161-62.

The agency received proposals from two offerors, Textron and Bollinger, by the April 7, deadline for receipt of proposals. COS at 2, 9. The RFP included a provision for the waiver of first article testing (FAT). The waiver provision allowed for FAT to be waived when “supplies identical or substantially identical to those called for in the Schedule have been previously furnished by the offeror and have been accepted by the Government.” RFP at 172-173. If an offeror wished to avail itself of the waiver of FAT, the provision required offerors to submit two proposals: one offer on the basis that FAT *would not* be waived (“Offer A”); and one offer on the basis that FAT would be waived (“Offer B”). *Id.* Textron submitted two proposals (“Offer A” and “Offer B”) consistent with the FAT waiver provision. COS at 9-10; RFP at 172-73. Bollinger did not request waiver of the FAT, and therefore submitted a single proposal. COS at 9-10.

On July 28, the Navy notified Textron that the Navy had reviewed initial proposals, determined that it would not waive the FAT requirement, and accordingly excluded Textron’s “Offer B” from the competitive range and further consideration. AR, Encl. 14, Notice of Competitive Range Exclusion. On the same day, the Navy entered into discussions with Textron (for its “Offer A” proposal) and Bollinger. COS at 9-10. Both offerors submitted final proposal revisions by the October 12 deadline. *Id.*

A source selection evaluation board (SSEB) evaluated proposals under the non-cost factors, and a separate cost analyst team (CPAT) evaluated proposals under the cost factor. COS at 9-10. A source selection advisory council (SSAC) reviewed the SSEB and CPAT reports, compared the proposals, and provided a recommendation to the source selection authority (SSA) on March 31, 2022, summarizing the evaluated ratings and costs of the proposals as follows:

	Textron	Bollinger
TECHNICAL	Outstanding	Acceptable
DATA RIGHTS APPROACH	Good	Good
MANAGEMENT	Acceptable	Acceptable
PAST PERFORMANCE	Acceptable	Acceptable
COST	\$158,412,441	\$106,617,316

AR, Encl. 3, Source Selection Advisory Council (SSAC) Report at 6; COS at 14-15.

The SSA concluded that Textron’s “superior overall technical merit [did] not outweigh the significant price premium over Bollinger’s proposal.” AR, Encl. 2, Source Selection Decision Document (SSDD) at 4. The SSA therefore selected Bollinger for award on April 3. *Id.*

After receiving notice of award and a debriefing, Textron filed this protest with our Office on April 27.

DISCUSSION

Textron's protest is focused primarily on the agency's evaluation of Bollinger's proposal. Textron asserts that the agency miscalculated Bollinger's proposal under the technical and management factors, failing to hold Bollinger to the solicitation's requirements. Protest at 9-18, 21-30; Comments & Supp. Protest at 5-41. Textron also argues that the Navy's cost realism evaluation was improper and inadequate. Protest at 31-40; Comments & Supp. Protest at 41-49. Finally, Textron asserts that the agency's award decision was unreasonable because it was based on flawed underlying evaluations, and because it was made based on cost alone instead of a meaningful best-value tradeoff as required by the solicitation.³ Protest at 40-48; Comments & Supp. Protest at 49-57.

In filing and pursuing this protest, Textron has made arguments that are in addition to, or variations of, those discussed below. We have considered all of the protester's arguments and, while we do not address them all, find that none provide any basis on which to sustain the protest.

Technical Evaluation

Textron protests the agency's assessment of a rating of acceptable for Bollinger under the technical factor, alleging that the agency failed to identify risks and weaknesses under three of the four subfactors. Protest at 9-15; Comments & Supp. Protest at 5-22. Textron further argues that the agency failed to hold Bollinger to the solicitation's requirements, and engaged in prejudicial unequal treatment by including Bollinger's proposal in the competitive range but excluding Textron's "Offer B" proposal. Comments & Supp. Protest at 22-29; Supp. Comments at 3-6. We find no basis on which to sustain the protest.

It is well established that the evaluation of proposals is a matter within the discretion of the contracting agency. *Vectrus Sys. Corp.*, B-412581.3 *et al.*, Dec. 21, 2016, 2017 CPD ¶ 10 at 3. An offeror's disagreement with an agency's judgment, without more, is insufficient to establish that the agency acted unreasonably. *Id.* In reviewing an agency's evaluation, we will not substitute our judgment for that of the agency, but instead will examine the agency's evaluation to ensure that it was reasonable and consistent with the solicitation's evaluation criteria and with procurement statutes and regulations. *MicroTechnologies, LLC*, B-413091, B-413091.2, Aug. 11, 2016, 2016 CPD ¶ 219 at 4-5.

³ Textron's protest also alleged that the Navy unreasonably evaluated Textron's proposal under the data rights approach factor and failed to evaluate Bollinger's proposed cost for balance. Protest at 18-20; 37-40. These allegations were subsequently withdrawn. Comments & Supp. Protest at 1.

Subfactor Evaluation

Here, the RFP established four subfactors under the technical evaluation factor: (1) quality assurance; (2) concurrent production/engineering experience; (3) ECP incorporation; and (4) production schedule risk. RFP at 163-64. The protester claims that the agency unreasonably evaluated Bollinger's proposal by failing to identify risks and deficiencies under three of the four subfactors. For example, under the concurrent/engineering experience subfactor, Textron claims that Bollinger did not meet the solicitation's requirements because "while Bollinger presented ample information regarding its (manned) shipbuilding experience and its *general* procedures for incorporating ECPs and limiting schedule risk, it failed to provide adequate information regarding its specific approach *to this program*." Comments & Supp. Protest at 5.

The agency, by contrast, underscores the nature of this solicitation as a build-to-print effort for which the Navy purposefully did not require program-specific experience or knowledge.⁴ Memorandum of Law (MOL) at 3-4. The agency characterizes Textron's protest arguments as untimely challenges to the terms of the solicitation, contending that the heart of Textron's argument is that the agency should have created a solicitation that an offeror could only satisfy with the experience and knowledge that Textron gained during the UISS contract. MOL at 24-25.

Where a protester and agency disagree over the meaning of solicitation language, we resolve the matter by reading the solicitation as a whole and in a manner that gives effect to all of its provisions; to be reasonable, and therefore valid, an interpretation must be consistent with the solicitation when read as a whole and in a reasonable manner. *Crew Training Int'l, Inc.*, B-414126, Feb. 7, 2017, 2017 CPD ¶ 53 at 4. Here, we find that the solicitation, read as a whole and in a manner that gives effect to all its provisions, cannot reasonably be construed to require the particular experience and specific information that Textron argues.

In this example, Textron insists--citing to truncated language from the RFP--that the solicitation required the offeror "to provide experience 'supporting an engineering effort *similar to the MCM USV*.'" Comments & Supp. Protest at 6. Textron therefore devotes its argument to drawing distinctions between the "unmanned, remotely-operated, software-heavy drone" MCM USV program and "a manned patrol boat" like the U.S. Coast Guard's Fast Response Cutter (FRC) on which Bollinger's proposal relied for this factor. *Id.* at 6, 8-11. This argument, however, finds no support in the RFP's actual requirements.

⁴ Although the term "build-to-print" is not defined in the solicitation, as used here, it references to the solicitation containing a TDP that provides information sufficient for a competent manufacturer to fabricate, assemble, and test an item. *See Humanetics Innovative Sols.*, B-416979.3, May 15, 2019, 2019 CPD ¶ 183 at 3 n.7; *see also Raytheon Co.-Integrated Def. Sys.*, B-400610 *et al.*, Dec. 22, 2008, 2009 CPD ¶ 8 at 8 n.9 ("'Build-to-print' is a term of art that refers to producing an item based on mature, proven, detailed data packages.").

The RFP established a requirement for offerors to describe specific experience, focused on production activities where design was not static:

The Offeror shall describe specific and relevant production experience in working on government contracts where the aspects of the craft or ship design were changing concurrent with fabrication activities. In particular, Offerors should relate experience in managing the complex interactions and integration challenges associated with such development and production efforts. The Offerors shall describe, in detail, any conflicts between the design and build efforts in their previous experience and how they both identified and resolved those conflicts.

RFP at 116. The agency would then evaluate that experience to assess the offeror's ability to perform this build-to-print contract:

The Government will evaluate the Offeror's experience performing concurrent production and design efforts. The Government will evaluate the degree to which the Offeror has demonstrated meaningful experience successfully supporting an engineering effort similar to MCM USV that may require concurrent design/build efforts. The Government particularly desires an Offeror with a demonstrated ability to make quick changes to a live production line with minimal cost and schedule impact. The Government will also evaluate how the Offeror identified, evaluated, and resolved conflicts between the prior design/build efforts, as they arose.

Id. at 163. A review of the RFP reveals that the requirement that refers to experience with "supporting an engineering effort similar to MCM USV," when read as a whole, is most reasonably understood to describe an engineering effort where design continues to evolve during production--as the Navy expects of the MCM USV. The agency thus reasonably considered whether Bollinger's experience with the FRC program demonstrated experience executing a program that required identifying, evaluating, and resolving conflicts between existing production and changing design. Moreover, Textron does not contest that Bollinger's FRC program demonstrates such experience. See Comments & Supp. Protest at 8-11.

Essentially, Textron has argued that Bollinger's proposal could have been more detailed or based on more comparable experience. The agency, however, did not ignore this possibility, as the protester suggests. Rather this consideration was reflected in the Navy's assessment of Textron's technical proposal as being more detailed and supported by more comparable experience in this area--which contributed to the assignment of an overall technical rating of outstanding. See AR, Encl. 3, SSAC Report at 10-11. More to the point, Textron has not established that Bollinger did not meet the requirements defined by the solicitation, in a manner consistent with the agency's qualitative evaluation and adjectival rating of acceptable. Accordingly, this protest ground is denied. See *Metro Productions Gov't Servs., LLC*, B-416203, B-416203.2,

July 6, 2018, 2018 CPD ¶ 234 at 7-8 (denying protest where the protester disagreed with the agency's assessment that the awardee met the solicitation's minimum requirements).

Disparate Treatment

Textron also argues that the agency "did not apply the same standard to Bollinger as it did to Textron's Offer B when evaluating risk." Protest at 5. According to Textron, the agency unfairly excluded Textron's "Offer B" from the competitive range based on a deficiency identified in that proposal's request to waive FAT, but did not do the same to Bollinger's initial proposal, which had also been assessed a deficiency that, in Textron's view, equated to similar performance risk. Comments & Supp. Protest at 5-6.

It is a fundamental principle of government procurement that competitions must be conducted on an equal basis; that is, the contracting agency must even-handedly evaluate proposals against common requirements and evaluation criteria. *Transworld Sys., Inc.; Account Control Tech., Inc.*, B-414090.13 *et al.*, Dec. 22, 2017, 2019 CPD ¶ 2 at 9. Agencies properly may assign dissimilar proposals different evaluation ratings, however. *IndraSoft, Inc.*, B-414026, B-414026.2, Jan. 23, 2017, 2017 CPD ¶ 30 at 10. Accordingly, to prevail on an allegation of disparate treatment, a protester must show that the agency unreasonably evaluated its proposal in a different manner than another proposal that was substantively indistinguishable or nearly identical. *Transworld Sys., Inc.*, *supra* at 9-10.

As discussed above, the RFP included a provision for potential waiver of FAT requirements. RFP at 172-73 ("M-209-H001 WAIVER OF FIRST ARTICLE REQUIREMENTS (CONTRACTOR TESTING) - BASIC (NAVSEA) (OCT 2018)). In relevant part, the provision provided:

(a) If supplies identical or substantially identical to those called for in the Schedule have been previously furnished by the offeror and have been accepted by the Government, the first article requirements may be waived by the Government.

* * * * *

(b) All offerors should submit an offer on the basis that first article requirements will not be waived (hereinafter referred to as OFFER A). Offerors who believe, on the basis of paragraph (a) above, that they may qualify for waiver of first article may also submit an offer on the basis that the first article requirements will be waived (hereinafter referred to as OFFER B).

RFP at 173. The RFP explicitly warned offerors that "[t]he decision whether to grant a waiver is entirely at the discretion of the Government." *Id.*

The record shows that, after completing its initial evaluation of proposals, the Navy decided not to grant a waiver of FAT to Textron. AR, Encl. 3, SSAC Report at 5-6. The

Navy determined that Textron had not adequately justified its waiver request, and that Textron's "Offer B" therefore presented "an unacceptable level of risk to the Government."⁵ *Id.* Thus, the Navy excluded Textron's "Offer B" from the competitive range and further consideration. *Id.* At the same time, the Navy identified a deficiency in Bollinger's initial proposal associated with testing and trials safety, and the Navy raised this concern with Bollinger during discussions--a concern which Bollinger resolved with its final proposal revision. AR, Encl. 10, Bollinger Technical Proposal at 70; AR, Encl. 7, Bollinger Technical Evaluation Report at 1.

Textron claims that the agency "failed to justify its decision" to eliminate Textron's "Offer B" from consideration, "while *including* Bollinger's proposal in the competitive range" when the agency made "similar findings" of unacceptable risk in the "proposed approaches to certain testing requirements." Supp. Comments at 3. In other words, Textron asserts that because the agency included Bollinger in the competitive range, despite having identified a deficiency in Bollinger's initial proposal, the agency was not permitted to eliminate Textron's "Offer B" based on what the protester claims to be "similar" risks associated with waiving FAT in that proposal.

The agency responds that it evaluated Textron's "Offer B" according to the solicitation provision for presenting alternative proposals, one that incorporates the FAT requirements and one that assumes they have been waived. Supp. MOL at 2. The agency contends that it eliminated Textron based on considering the propriety of waiving FAT, which is not a question it had to entertain for Bollinger's proposal. *See id.* We agree that Textron has not demonstrated that its "Offer B" proposal and Bollinger's proposal were similarly situated, much less substantively indistinguishable, where one proposal addressed the solicitation requirements with FAT waived, and the other proposal incorporating the requirement for FAT. As a result, Textron has not established that it was improper for the agency to treat the two proposals differently.⁶ *Transworld Sys., Inc., supra* at 9-10. This ground is therefore denied.

⁵ Specifically, the Navy found:

After an initial evaluation of the submitted proposals, the SSEB concluded that Textron Offer B, which would not include First Article Testing (FAT), had a deficiency in Factor 1 for the proposal's justification to waive FAT. The SSEB determined that the Offeror's proposed test strategy to waive FAT of the first full rate production (FRP) craft prior to acceptance testing of additional production craft presents an unacceptable level of risk to the Government. As such, the SSEB determined that Textron's Offer B was not awardable and recommended that Textron's Offer B not be included within the competitive range.

SSAC Report at 5-6.

⁶ Moreover, Textron has not established that it was otherwise improper for the agency, under the solicitation's waiver provision, to eliminate the "Offer B" proposal where the agency determined that waiver of the FAT requirement was not appropriate.

Management Evaluation

Textron also argues that the agency did not provide or adequately document a rationale for the evaluators' finding that Bollinger's proposal was acceptable under the management evaluation factor. Comments & Supp. Protest at 26-41. Textron contends that Bollinger should have been evaluated as unacceptable and excluded from award. *Id.*

For the management factor, the solicitation established three subfactors: (1) build-to-print production approach; (2) production engineering approach and configuration management; and (3) management approach. RFP at 118-22. Under the build-to-print production approach subfactor, the offeror was required to describe its approach that "[o]verall . . . shall demonstrate a reasonable likelihood that the Offeror would timely deliver the maximum potential quantities under this contract" *Id.* at 119. For the production engineering approach and configuration management subfactor, the offeror was to "demonstrate an executable approach and sufficient understanding of the challenges and opportunities associated with concurrent design-build efforts." *Id.* For the management approach subfactor, the offeror was to describe how it would "plan and organize in support of the deliverables required by the SOW," addressing personnel management; progressing; and plans for program, risk, and subcontractor management. *Id.* Consistent with the RFP, the Navy evaluated proposals on an acceptable/unacceptable basis for this factor. *Id.* at 166-68.

Textron first objects to the agency's evaluation under this factor because the agency's evaluation documentation "consisted of a rote recitation of evaluation criteria" and a plain statement that the SSEB had evaluated Bollinger's proposal and determined it clearly met the minimum requirements. Comments & Supp. Protest at 26-27. The Navy responds that the protester is really complaining about "the Navy not documenting every discrete instance of Bollinger meeting the requirements," and that such documentation was not required. MOL at 39-40. We agree. While the protester may desire a more detailed evaluation record, an agency is not required to document all "determinations of adequacy" or explain why a proposal did not receive a weakness or strength for any particular item. *Enterprise Servs., LLC et al., B-415368.2 et al., Jan. 4, 2018, 2018 CPD ¶ 44 at 8.*

In response to the agency's assertion, Textron denies that it "take[s] 'issue with the Navy not documenting every discrete instance of Bollinger meeting the requirements under" this factor, asserting that its real objection is "that the Navy has failed to make *any* assessment regarding whether Bollinger meets the requirements under Factor 3." Comments & Supp. Protest at 28. Textron argues that any reasonable assessment would have found Bollinger unacceptable--identifying various examples of ways in which Textron believes that Bollinger did not meet the requirements of the solicitation. Comments & Supp. Protest at 41.

Our review of the record, however, reveals that in each instance, the alleged noncompliance is not based on the solicitation's actual requirements under this evaluation factor. For example, under the build-to-print production approach subfactor, the solicitation directed that offerors "shall provide a top level Bill of Material (BOM) and Bases of Estimate (BOE) for CLIN 0001 demonstrating a complete list of the quantities of components, subassemblies, and assemblies it proposes to use in producing the MCM USV." RFP at 119. The solicitation provided that those submissions (BOM and BOE) would be evaluated to assess whether they "demonstrate that [the offeror] possesses an adequate understanding of the complexity of this production effort." *Id.* at 167. Textron argues that the Navy should have found Bollinger's proposal unacceptable in this regard because Bollinger "did *not* include a BOE for its BOM" and that Bollinger's BOM "was missing a significant number of salient items" like "a keel, ladders, handrails, or an anchor" and did not always include part numbers. Comments & Supp. Protest at 32-34. We disagree.

Although Textron contends that the BOE should have been tied to the BOM, the solicitation here only required the submission of a BOM and a BOE for the offeror's approach to the base production CLIN (CLIN 0001); that is, there was no requirement to submit a BOE *for the BOM*. RFP at 119. Furthermore, while Textron characterizes certain ship parts, such as a keel, as being "key," Textron has never argued that those parts are the sort of components, subassemblies, or assemblies necessary to complete a "top level" BOM. See Comments & Supp. Protest at 33-34. Instead, after acknowledging that Bollinger did, in fact, submit a BOM, Textron claims that the BOM should have been detailed with part numbers. *Id.* The basis for this claim is not that part numbers were required by the RFP, but rather because, according to Textron, without part numbers, the agency could not assess whether Bollinger was in fact identifying the exact items appropriate for this TDP. *Id.* We find no merit to this allegation, because--as the protester itself recognizes--it is not based on any requirement found in the solicitation.

Ultimately, the protester has not identified any examples of Bollinger's proposal failing to meet the solicitation's requirements. Instead, the protester has identified ways in which the awardee's proposal is different from the protester's own, including ways in which the awardee's proposal could have been more detailed. In other words, the protester disagrees with the agency's judgment about Bollinger's approach, but fails to establish any violation of the solicitation or other requirement. See *Garco--WEMCO, JV*, B-420317, Jan. 24, 2022, 2022 CPD ¶ 48 at 5. Therefore, the protester's challenge to the agency's evaluation of the awardee's proposal under the management approach factor is denied.

Cost Realism

Next, Textron argues that the Navy's cost realism analysis was unreasonable. Comments & Supp. Protest at 41-49. We have reviewed the record and find that these arguments provide no basis on which to sustain the protest.

When an agency evaluates a proposal for the award of a contract that includes cost-reimbursable CLINs, an offeror's proposed estimated costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. See FAR 15.305(a)(1), 15.404-1(d); *Palmetto GBA, LLC*, B-298962, B-298962.2, Jan. 16, 2007, 2007 CPD ¶ 25 at 7. Consequently, the agency must perform a cost realism analysis to determine the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR 15.404-1(d)(1). An agency is not required to conduct an in-depth cost analysis, or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. See *Cascade Gen., Inc.*, B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8; FAR 15.404-1(c). Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. *Jacobs COGEMA, LLC*, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

The RFP included two different categories of cost-type CLINs: (1) CLINs 3100 to 3600 were the cost-plus-fixed-fee CLINs for engineering services labor hours; and (2) CLINs 4100 to 4600 were cost-only CLINs for the other direct costs associated with those engineering services. RFP at 7-13. The solicitation dictated particular estimated costs for CLINs 4100 to 4600 that each offeror was required to propose. *Id.* at 133. For the engineering services CLINs, the Navy provided estimated labor mixes and seniority levels by labor category and a spreadsheet for offerors to populate with proposed hours and rates for labor hours, indirect labor costs, and subcontractor labor and support with cost data and rationale. See RFP at 126-31; AR, Encl. 11.1, Bollinger Cost/Price Attachment. The solicitation provided that the Navy would perform a cost realism analysis on CLINs 3100 to 3600. RFP at 171. Specifically, the agency would analyze the realism of "the cost data, the proposed allocation of man-hours and labor mix, and the proposed costs' reflection of the Offeror's understanding of the complexity and risk of the requirements." *Id.*

For the evaluation of these CLINs, the CPAT first examined the labor hours and mix that Bollinger proposed, and confirmed that it was consistent with the estimated labor skill mix and hours that the agency provided in the solicitation. AR, Encl. 8.1, Bollinger Cost Evaluation Report at 11. The CPAT assessed that Bollinger's proposed rates were based on existing rates, escalated at [DELETED] each year--an escalation rate consistent with a public index for wages and salaries. *Id.* at 11-12. For indirect rates, the CPAT identified several cost risks in Bollinger's initial proposal for Bollinger to address during discussions. *Id.* at 9-10. After receiving additional information in discussions, the CPAT analyzed indirect costs with assistance from the Defense Contract Audit Agency, making a small upward adjustment to overhead and a larger upward adjustment to general & administrative (G&A) rates because of concerns that Bollinger's proposed escalation was too low to account for potential changes to the rate pool or labor hours base over time. *Id.* at 10-18.

Textron claims that the agency's cost realism analysis of Bollinger's proposed labor rates was inadequate because the agency did not compare Bollinger's proposal to

Textron's. Comments & Supp. Protest at 43-46. Acknowledging that the offerors' overall proposed cost for labor were similar, with Bollinger at [DELETED] and Textron at [DELETED], Textron insists that the agency was obligated to dive deeper in a comparison of the offeror's proposals, calculating and analyzing each offeror's split between self-performed hours and subcontracted hours and reviewing each category for differences between the offerors. *Id.*

An agency's cost analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the agency's conclusions about the most probable costs for an offeror's proposal are reasonable and realistic in view of other cost information reasonably available to the agency at the time of its evaluation. *Tatitlek Techs., Inc.*, B-416711 *et al.*, Nov. 28, 2018, 2018 CPD ¶ 410 at 14. Here, while the protester disagrees with the agency's approach to performing the cost realism analysis, the analysis is not rendered objectionable simply because the agency elected to assess realism by confirming that Bollinger proposed the labor hours and mix suggested by the solicitation at its existing rates, and not by comparing Bollinger's proposal to Textron's--as Textron would prefer.⁷ *Stargates, Inc.*, B-419349 *et al.*, Jan. 22, 2021, 2021 CPD ¶ 64 at 12-13 (denying allegation that a cost realism evaluation was unreasonable because the agency did not compare the awardee's proposed costs to the protester's or "any other objective source"); *Quantech Servs., Inc.*, B-408227.8, B-408227.9, Dec. 2, 2015, 2015 CPD ¶ 380 at 8 ("There is no requirement that an agency follow any particular cost realism evaluation method, or evaluate offerors' proposed costs using every possible method of analysis."). As such, Textron's allegation here is denied.

⁷ Textron also argues that the agency's evaluation of the realism of Bollinger's G&A rates was inadequate. Comments & Supp. Protest at 46-49. The protester contends that because the agency recognized that the end of Bollinger's FRC program in the future is likely to significantly affect Bollinger's G&A rates, the agency should have adjusted Bollinger's estimated cost to a greater degree than it did. *Id.* As the intervenor correctly observes, Textron does not explain why the end of the FRC contract in 2026 "would have any material impact on Bollinger's G&A rates beyond what the Agency already accounted for in its [cost realism] adjustment." Intervenor's Supp. Comments at 16. Textron's disagreement with the magnitude of the agency's cost realism adjustment does not, without more, demonstrate that the agency's cost realism analysis was unreasonable. *Imagine One Tech. & Mgmt., Ltd.*, B-412860.4, B-412860.5, Dec. 9, 2016, 2016 CPD ¶ 360 at 14-15.

Best-Value Decision

Finally, Textron challenges the agency's source selection decision, asserting that the SSA's tradeoff analysis and best-value determination were unreasonable because they were based on flawed underlying evaluations as described above.⁸ Protest at 41. Additionally, in the protester's view, the agency essentially converted this best-value tradeoff procurement to one where award was made to the lowest-priced, technically acceptable proposal. Comments & Supp. Protest at 49.

The agency responds that the SSA was fully aware of the comparative value of the competing quotations, as the SSA adopted the SSEB, CPAT, and SSAC reports that described, in detail, the non-cost/price strengths and other evaluation findings for each offeror. MOL at 66-67. The Navy also maintains that the SSA considered and compared the various discriminators between Textron and Bollinger, and concluded that the substantial price premium associated with Textron's higher-rated proposal was not warranted. *Id.*

In a best-value tradeoff procurement, such as this one, it is the function of the SSA to perform a tradeoff to determine whether one proposal's technical superiority is worth a higher cost/price. *General Dynamics—Ordnance & Tactical Sys.*, B-401658, B-401658.2, Oct. 26, 2009, 2009 CPD ¶ 217 at 8. Even where cost/price is the least important evaluation factor, as here, an agency properly may select a lower-priced, lower-rated proposal if the agency reasonably concludes that the cost/price premium involved in selecting a higher-rated, higher-priced proposal is not justified in light of the acceptable level of technical competence available at a lower cost/price. *Id.* The extent of such tradeoffs is governed only by the test of rationality and consistency with the evaluation criteria. *Hillstrom's Aircraft Servs.*, B-403970.2, Dec. 28, 2010, 2010 CPD ¶ 303 at 5. Thus, a protester's disagreement with an agency's determinations as to the relative merits of competing proposals or disagreement with its judgment as to which proposal offers the best value to the agency does not establish that the evaluation or source selection was unreasonable. *Id.*

Here, we find unobjectionable the SSA's tradeoff and source selection decision. As described above, we find no merit to the protester's challenges to the technical, management, and cost realism evaluations; thus, there is no basis to question the SSA's reliance upon those judgments in making her source selection decision. Accordingly, we dismiss this allegation because derivative allegations do not establish

⁸ The protester also argues that the award decision was improper because "neither the SSAC nor the SSA provided any independent review of the CPAT's cost realism analysis." Comments & Supp. Protest at 41-43. An award decision is not rendered unreasonable or improper because the SSA does not conduct his or her independent analysis of every evaluation criterion; instead, the SSA is entitled to rely on reports and analyses prepared by others in exercising his or her independent business judgment. See FAR 15.308. Textron's argument provides no basis to disturb the SSA's judgment. See *MSN Servs., LLC*, B-414900 *et al.*, Oct. 4, 2017, 2017 CPD ¶ 310 at 8.

independent bases of protest. *DirectViz Sols., LLC*, B-417565.3, B-417565.4, Oct. 25, 2019, 2019 CPD ¶ 372 at 9.

Additionally, we disagree with the protester that the agency converted the procurement to one where award was made on a lowest-priced, technically acceptable basis. In this regard, the record shows that in conducting her tradeoff, the SSA comparatively assessed Textron's and Bollinger's proposals and analyzed the evaluators' findings, including the strengths and weaknesses assigned to proposals. See *generally* AR, Encl. 2, SSDD. Acknowledging that "the Textron proposal presented a lower risk for contract execution based on their possession of a capital craft as well as production equipment and tooling that had been used for the fabrication of previous MCM USVs," the SSA explained that "the price premium of approximately 48%, or \$51 million, over the [cost] from Bollinger's proposal does not constitute the best value to the Government." *Id.*

Textron concedes that the SSA relied on an SSAC report that "does list the strengths and weaknesses of Textron's and Bollinger's respective proposals," contending that the tradeoff is nevertheless deficient because the comparison "fails to give proper consideration to those strengths and weaknesses." Comments & Supp. Protest at 51. In Textron's view, the agency was focused "solely on price and technical acceptability" and did not document the basis for its source selection decision. *Id.* at 51-57.

The mere fact that the SSA, in a best-value procurement where the technical factors are more important than price, determines that the technically lower-rated offeror is a better value than the higher price offeror, does not show that the source selection was improper. *General Dynamics-Ordnance & Tactical Sys., supra* at 8. Here, the source selection decision acknowledged and documented the advantages of the higher-cost, higher-rated offer, and explained why they were not worth the cost premium. In these circumstances, the selection of Bollinger was reasonable.

The protest is denied.

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