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Decision

Matter of: National Aerospace Solutions, LLC

File: B-422471; B-422471.2

Date: July 2, 2024

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Colonel Christine C. Piper, Michael J. Farr, Esq., Major Roza S. Sheffield, Gregory B. Porter, Esq., Ryan A. Mueller, Esq., and Lieutenant Colonel Jeffrey J. Hannon, Department of the Air Force, for the agency.
Glenn G. Wolcott, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency reasonably determined that awardee’s proposal was superior to protester’s proposal under the most important evaluation factor, technical, based on the agency’s determination that awardee’s proposal offered greater benefits under three of the four equally weighted subfactors.
 2. Agency reasonably evaluated the quality of protester’s performance under the predecessor contract as “very good”--but not “exceptional,” and reasonably concluded that the protester’s and awardee’s proposals were essentially equal under the past performance evaluation factor.
 3. Agency reasonably evaluated the cost realism of awardee’s proposal where the agency considered multiple aspects of the offerors’ cost/price proposals, including proposed labor hours, labor rates, and total evaluated costs.
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DECISION

National Aerospace Solutions, LLC (NAS), of Reston, Virginia, protests the Department of the Air Force’s award of a contract to Beyond New Horizons, LLC (BNH), pursuant to request for proposals (RFP) No. FA910122RB001, to provide test operations and sustainment services for the Arnold Engineering Development Complex (AEDC)

headquartered at Arnold Air Force Base (AFB) in Tennessee.¹ NAS challenges the agency's evaluation and source selection decision, complaining about virtually every judgment the agency made with regard to the technical, past performance, and cost/price evaluation factors. Protest at 18-45; Comments and Supp. Protest at 3-44.²

We deny the protest.

BACKGROUND

On May 16, 2023, the agency issued the solicitation, seeking proposals to provide a workforce capable of performing various services to support the AEDC's mission.³ The procurement, referred to as "Test Operations and Sustainment II" or "TOS II," is a follow-on to the predecessor "TOS I" contract that was awarded to NAS in 2015. AR, Tab 3, Industry Day Presentation at 43. The TOS II solicitation provided for the award of a primarily cost-plus-award-fee contract,⁴ with performance potentially extending over a 12-year period and an estimated value in excess of \$4 billion. AR, Tab 16i, RFP § L at 2; Tab 40, Source Selection Evaluation Board (SSEB) Report at 75-76. The solicitation advised offerors that the agency expects to experience a workload surge during the first several years of the TOS II contract, predicting that "nuclear modernization and hypersonic weapon systems development will drive the annual workload requirements to double or triple that which traditionally occurs in the course of an execution year." AR, Tab 16g, RFP SOO at 4. Finally, the solicitation provided that the source selection decision would be based on a best-value tradeoff between the following evaluation factors, listed in descending order of importance: technical, past performance, and cost/price. AR, Tab 16n, RFP § M at 4.

¹ BNH is a joint venture comprised of Fluor Federal Services, Inc., and Engineering Research and Consulting, Inc.; NAS is a joint venture comprised of Bechtel National, Inc. and Sierra Lobo, Inc.

² The page numbers referenced in this decision are the Adobe PDF page numbers in the documents submitted.

³ The AEDC "supports the development, test, and evaluation of weapon, air-breathing propulsion, aerodynamic, and space systems for the nation through the operation of ground test facilities as well as modeling and simulation." Agency Report (AR), Tab 16g, RFP Statement of Objectives (SOO) at 2. In this context, the AEDC "operates more than 68 aerodynamic and propulsion wind tunnels, rocket and turbine engine test cells, space environmental chambers, arc heaters, ballistic ranges and other specialized units." *Id.* The effort will be performed primarily at Arnold AFB in Tennessee, but some performance will be required at other locations, including White Oak, Maryland and Moffett Field, California. AR, Tab 16h, RFP Performance Work Statement at 6.

⁴ The solicitation provided for a firm-fixed-price line item for transition. AR, Tab 16i, RFP § L at 2.

With regard to evaluation under the most important factor, technical, the solicitation established four equally weighted subfactors: management approach, technical operations, qualified personnel, and transition. For each subfactor, the solicitation identified specific requirements (referred to as “measures of merit”) against which each offeror’s proposed approach would be evaluated.⁵ *Id.* at 7-9. The solicitation further provided that, in evaluating technical proposals, the agency would assess the quality of proposed solutions through identification of “significant strengths, strengths, excesses, uncertainties, weaknesses, significant weaknesses, and deficiencies” and assign ratings of outstanding, good, acceptable, marginal, or unacceptable.⁶ *Id.* at 5-6.

With regard to evaluation under the second most important factor, past performance, the solicitation provided that offerors must identify recent contracts⁷ that they considered to be relevant,⁸ and send past performance questionnaires (PPQs) to the appropriate points of contact for each contract identified. AR, Tab 16i, RFP § L at 17. Based on the information provided in the proposals and the PPQ responses, as well as consideration of “other sources available to the Government,”⁹ the solicitation stated that the agency would assess the quality of an offeror’s performance under each prior contract and assign ratings of exceptional, very good, satisfactory, marginal, or unsatisfactory. AR, Tab 16n, RFP § M at 12-13. Finally, based on the agency’s relevancy and quality assessments, the solicitation provided that the agency would assign overall confidence ratings of substantial confidence, satisfactory confidence, neutral confidence, limited confidence, or no confidence. AR, Tab 16n, RFP § M at 13-14.

⁵ For example, with regard to the first subfactor, management approach, the solicitation included “workload management” as one of the measures of merit, stating that the agency would evaluate, among other things, the extent to which a proposal demonstrated “a sound approach to accommodat[ing] significant workload increases or decreases.” AR, Tab 16n, RFP § M at 7.

⁶ The solicitation also stated that the agency would make technical risk assessments under each subfactor, elaborating that such risk “is manifested by the identification of weaknesses(es) significant weakness(es), and/or deficiency(ies).” *Id.* at 5.

⁷ To be considered recent, the prior effort must have been ongoing for at least one year or have been performed during the four years prior to the solicitation issuance date. *Id.* at 10.

⁸ With regard to relevance, the solicitation provided that the agency would assess the extent to which an offeror’s prior effort was similar in scope, magnitude, and complexity to the services at issue here, and assign ratings of very relevant, relevant, somewhat relevant, or not relevant to each effort. *Id.* 10-12.

⁹ The solicitation explained that such other sources included “the Contractor Performance Assessment Reporting System (CPARS), Federal Awardee Performance and Integrity Information System (FAPIIS), [and] Electronic Subcontract Reporting System (eSRS).” *Id.* at 10.

With regard to cost/price, the solicitation provided offerors with historical workload data but, with some limitations, permitted each offeror to structure its own staffing approach, including the levels of effort and applicable labor rates proposed.¹⁰ For purposes of preparing their cost/price proposals, the solicitation directed offerors to “assume a generally static workload over the course of the contract.”¹¹ AR, Tab 16i, RFP § L at 21. In this context, the solicitation provided that each offeror’s proposed cost/price would be evaluated for completeness, reasonableness, realism, and balancing. AR, Tab 16n, RFP § M at 14-15. With regard to realism, the solicitation required each offeror to provide a narrative explaining the basis for its proposed staffing approach, AR, Tab 16i, RFP § L at 18-25; provided that the agency would assess proposed costs to determine whether they reflected an understanding of the solicitation requirements and a sound approach to resourcing those requirements; and stated that the agency would make most probable cost adjustments as appropriate. AR, Tab 16n, RFP § M at 14-15. Finally, the solicitation provided that total evaluated cost/price would reflect each offeror’s most probable cost/price for the entire contract performance period including options. *Id.*

On June 30, initial proposals were submitted by three offerors, including BNH and NAS.¹² Thereafter, the agency conducted four rounds of discussions, received final proposal revisions, and evaluated BNH’s and NAS’s final proposals as follows:

¹⁰ The solicitation contained a cost model offerors were required to complete as part of their cost/price proposals that listed 231 labor categories (LCATs) along with required labor rates or estimated ranges of labor rates for each category. See AR, Tab 16j, Cost Model for Prime Contractors. The instructions relating to the cost model stated: “The labor skill glossary contains all the skills that have been identified by the Government for potential use in the TOS II effort. Not all skill categories need to be used. No skill category may be used other than those listed.” *Id.*

¹¹ The solicitation required all offerors to apply an annual escalation factor of 1.9 percent to all labor rates. AR, Tab 16i, RFP § L at 21.

¹² The third offeror’s proposal is not relevant to this protest and is not further discussed.

	NAS	BNH
Technical		
Management Approach	Good ¹³	Good
Technical Operations	Good	Outstanding
Qualified Personnel	Good	Outstanding
Transition	Good	Good
Past Performance	Substantial Confidence	Substantial Confidence
Total Evaluated Cost/Price	\$4,269,537,759	\$3,849,430,531

AR, Tab 43, Source Selection Decision Document (SSDD) at 21-23.

With regard to the evaluation of proposals under the most important factor, technical, the agency concluded that BNH’s proposal was superior to NAS’s proposal in three of the four subfactors--the two subfactors factors under which BNH’s proposal was rated outstanding (technical operations and qualified personnel) and the management approach subfactor.¹⁴ *Id.* at 25-27. With regard to the evaluation of proposals under the next most important factor, past performance, the agency assigned substantial confidence ratings to both offerors, concluding that the two proposals were “essentially equal,” and noting a “high expectation” that both offerors could successfully perform the required effort. *Id.* at 27. Finally, in evaluating cost/price, the agency considered the total labor hours, labor rates, and costs proposed by each offeror, by contract period, see AR, Tab 40, SSEB Report at 74-89, 267-89, and performed an analysis regarding aspects of each offeror’s proposal that the offeror maintained would reduce staffing requirements. *Id.* at 96-105, 289-93. Based on this evaluation, the agency upwardly adjusted BNH’s final proposed cost/price by approximately \$150 million (from approximately \$3.7 billion to approximately \$3.85 billion) or about 4 percent. *Id.* at 112. After completing its evaluation, the agency concluded that, even with the upward

¹³ As noted above, the solicitation provided for technical risk assessments under each of the technical subfactors, stating that the existence of such risk “is manifested by the identification of weaknesses(es) significant weakness(es), and/or deficiency(ies).” AR, Tab 16n, RFP § M at 5. Because, following four rounds of discussions, the agency’s final evaluation did not reflect any evaluated weakness, significant weakness, or deficiency in either offeror’s proposal, both proposals were assigned low risk ratings for each subfactor.

¹⁴ The agency concluded that NAS’s proposal was superior to BNH’s proposal under the fourth subfactor, transition. AR, Tab 43, SSDD at 27.

adjustment, BNH's cost/price was nearly 10 percent lower than NAS's cost/price. AR, Tab 43, SSDD at 23-24, 27. Accordingly, the source selection authority (SSA) selected BNH's proposal for award on the basis that it offered the "best overall benefit to the Government" due to its superiority under the non-cost/price factors and lowest evaluated cost/price. *Id.* at 27-28. The agency subsequently notified NAS of the source selection decision. This protest followed.

DISCUSSION

NAS protests virtually every assessment related to the agency's evaluation and source selection decision, complaining about alleged flaws under each of the four technical subfactors; the past performance factor; and the cost/price factor. As discussed below, none of NAS's multiple allegations has merit.

Technical Evaluation

As noted above, under the most important factor, technical, the agency concluded that BNH's proposal was superior to NAS's proposal under three of the four subfactors. With regard to the first factor, management approach, the agency rated both NAS's and BNH's proposals "good"; nonetheless, the agency concluded that BNH's proposal was superior under this subfactor because, among other things, it "demonstrates the capability to optimize workforce allocations."¹⁵ AR, Tab 43, SSDD at 26.

Consistent with its determination that BNH's proposal was superior under the management approach subfactor, notwithstanding the same adjectival rating for both offerors, the SSEB identified various strengths associated with BNH's proposed approach to workload management,¹⁶ including its proposal of a [redacted] tool. The SSEB concluded that the [redacted] tool will provide "immense insight into workforce requirements versus availability" and "facilitate the ability to assign or move resources quicker when workload demand shifts." AR, Tab 40, SSEB Report at 3. More

¹⁵ The agency rated BNH's proposal "outstanding" under the second and third subfactors (technical operations and qualified personnel), rating NAS's proposal "good" under those subfactors. With regard to the technical operations subfactor, the agency assigned a significant strength to BNH's proposal on the basis that it "described a multi-pronged, data-based, and expeditious approach to [redacted] and included [redacted]. AR, Tab 43, SSDD at 11, 26. With regard to the qualified personnel subfactor, the agency assigned a significant strength to BNH's proposal based on its proposed approach "to recruit, train, and retain a qualified workforce to execute [the solicitation requirements] over the life of the contract," specifically noting its approach to "creating a stronger future force." *Id.* at 16, 19.

¹⁶ As noted above, the solicitation identified "workload management" as a measure of merit, stating that the agency would evaluate the extent to which a proposal demonstrated "a sound approach to accommodat[ing] significant workload increases or decreases." AR, Tab 16n, RFP § M at 7.

specifically, based on the various features of BNH's [redacted] tool, the SSEB concluded that the tool "enables informed, analytical, data-driven [redacted]. *Id.* Echoing the SSEB's assessments, the SSA concluded that BNH's proposal was superior to NAS's under the management approach subfactor "due to BNH's [redacted] features offering a suite of complementary approaches" and, more specifically, because of BNH's "ability to manage Human Resources with precision" and "optimize workforce allocations." AR, Tab 43, SSDD at 26.

In expressing its dissatisfaction with the agency's evaluation under the management approach subfactor, NAS asserts that the agency's evaluation of BNH's [redacted] tool constituted "disparate treatment" because NAS proposed a [redacted] tool that, according to NAS, offers "virtually identical capabilities." Comments and Supp. Protest at 4, 7.

The agency responds that it properly evaluated BNH's [redacted] tool as superior to NAS's [redacted] tool based on the significantly differing characteristics of the tools that were identified in the offerors' respective proposals. Supp. Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 3-6. First, the agency notes that BNH's [redacted] tool [redacted]. *Id.* at 4; see AR, Tab 34, BNH Final Technical Proposal at 31. In contrast, the agency states that NAS's proposal did not indicate that it would load data for [redacted] into its [redacted] tool. Supp. COS/MOL at 4. Further, the agency notes that BNH's [redacted] tool provides [redacted]¹⁷ to provide [redacted] that can be used for workload forecasting; in contrast, the agency states that NAS's [redacted] tool "does not provide similar forecasting capabilities." *Id.* at 5-6. Finally, the agency notes that BNH's [redacted] tool is a "proven platform" that has been used to [redacted]. *Id.*; see AR, Tab 34, BNH Final Technical Proposal at 31. In contrast, the agency notes that NAS's proposal did not indicate that its [redacted] tool had been used before and, in fact, characterized the tool as having been "recently developed." Supp. COS/MOL at 6; see AR, Tab 37, NAS Final Technical Proposal at 184. In short, the agency maintains that NAS's [redacted] tool and BNH's [redacted] tool do not offer "virtually identical capabilities." *Id.*

The evaluation of proposals is a matter within the discretion of the contracting agency, and our Office will not substitute our judgment for that of the agency; rather, we examine the agency's evaluation to ensure that it was reasonable and consistent with the solicitation's stated evaluation criteria and with procurement statutes and regulations. *STG, Inc.*, B-405101.3 *et al.*, Jan. 12, 2012, 2012 CPD ¶ 48 at 7. While an agency must evaluate competing proposals even-handedly against common requirements and evaluation criteria, when a protester alleges unequal treatment in a technical evaluation, it must show that the differences in the evaluation did not stem from differences between the proposals. *IndraSoft, Inc.*, B-414026, B-414026.2, Jan. 23, 2017, 2017 CPD ¶ 30 at 10; *Paragon Sys., Inc.*; *SecTek, Inc.*, B-409066.2, B-409066.3, June 4, 2014, 2014 CPD ¶ 169 at 8-9. That is, it must demonstrate that

¹⁷ BNH's proposal describes [redacted] as [redacted]. AR, Tab 34, BNH Final Technical Proposal at 26.

the agency's evaluation unreasonably downgraded, or failed to recognize, features of its own proposal that were substantively indistinguishable from, or nearly identical to, those contained in other proposals. *Battelle Mem'l Inst.*, B-418047.3, B-418047.4, May 18, 2020, 2020 CPD ¶ 176 at 5.

Here, we have reviewed the comprehensive agency record in this matter, including the competing offerors' proposals and the agency's detailed evaluation of each.¹⁸ Based on our review, we reject NAS's assertion that the agency's evaluation of the offerors' respective workload management tools constituted disparate treatment because they allegedly offered "virtually identical capabilities." Comments and Supp. Protest at 4. To the contrary, as discussed above, the agency's contemporaneous evaluation record provided more than adequate support for the agency's conclusion that BNH's [redacted] tool offered beneficial capabilities that NAS's [redacted] tool did not; that is, the record establishes that the evaluated superiority of BNH's proposal stemmed from differences between the two proposals. NAS's protest to the contrary is without merit.

Similarly, we have reviewed all of NAS's multiple assertions that the agency should have identified more strengths or significant strengths in NAS's technical proposal; fewer strengths or significant strengths in BNH's proposal; and more weaknesses or significant weaknesses in BNH's technical proposal.¹⁹ See Comments and Supp. Protest at 6-25. Based on our review of NAS's multiple complaints, along with the agency's well-documented evaluation record, we reject all of NAS's assertions that the agency's evaluation of proposals under the most important evaluation factor, technical, was flawed.

Past Performance Evaluation

Next, although NAS received the highest possible past performance rating of substantial confidence,²⁰ it complains that the agency "unreasonabl[y]" assessed the quality of NAS's performance under the predecessor TOS I contract, as "merely 'very good,'" rather than "exceptional." Protest at 31-36. In this context, NAS asserts that, if its performance of the TOS I contract had been rated as "exceptional," that higher rating "would have been a material discriminator" in the source selection decision. *Id.* at 36. In challenging the agency's quality assessment regarding its performance of the TOS I

¹⁸ The contemporaneous evaluation record included a 397-page SSEB report.

¹⁹ For example, NAS complains that the agency's positive consideration of a [redacted] by BNH (which included information regarding the future state of the workforce) reflected disparate treatment because NAS is the incumbent contractor and, accordingly, is knowledgeable about the workforce. Similarly, NAS alleges disparate treatment because the agency's evaluation failed to recognize the purportedly similar benefits proposed by the competing offerors' dashboards.

²⁰ As noted above, both offerors received past performance ratings of substantial confidence, and the agency concluded that the two proposals were "essentially equal" under this factor.

contract, NAS asserts that the agency gave insufficient weight to the CPARS ratings, which NAS characterizes as “near across-the-board ‘Exceptional.’”²¹ *Id.* at 32. In contrast, NAS complains that the agency gave inappropriately great weight to the (comparatively lower) PPQ ratings,²² asserting that the agency improperly “defaulted” to those lower ratings. *Id.* at 6, 32.

NAS also complains that the agency failed to properly assess the relevance of each offeror’s past performance.²³ Among other things, NAS asserts that the agency’s evaluation should have given greater consideration to the fact that NAS “has the most relevant prior performance--the incumbent TOS I contract,” *id.* at 38, and also challenges the agency’s relevancy assessments for several of the prior contracts BNH submitted for consideration. *Id.* at 36-38; Comments and Supp. Protest at 25-29. Overall, NAS maintains that “any reasonable evaluation would have found NAS superior to BNH [under the past performance factor].” *Id.*

The agency responded to each of NAS’s multiple complaints. For example, in response to NAS’s complaints regarding evaluation of its prior performance of the TOS I contract, the agency first notes that the solicitation specifically notified offerors that the agency would consider both PPQ and CPARS information in its past performance evaluation. See AR, Tab 16n, RFP § M at 10. The agency further references its comprehensive, well-documented assessment of NAS’s past performance, see AR, Tab 40, SSEB Report 200-266, which reflects the agency’s “in-depth evaluation of all PPI [past performance information] available, regardless of source.” AR, Tab 1, COS at 74. Finally, the agency states that it considered both the CPARS ratings and the lower PPQ ratings and made a subjective quality assessment that NAS’s performance of the TOS I contract was properly rated very good rather than exceptional. *Id.* at 75.

The agency further maintains that it properly considered the relevance of the prior contracts BNH submitted for consideration. For example, the agency notes that BNH’s proposal stated its intent to rely on corporate resources controlled by Fluor Enterprises, Inc. (the parent company of Fluor Federal Services, Inc. (FFS), a partner in the BNH joint venture). Accordingly, the agency considered the organizational structure of the Fluor family of companies, including a common leadership team, and concluded that consideration of prior contracts performed by FFS affiliates was appropriate. See *IAP-Hill, LLC, B-406289 et al.*, Apr. 4, 2012, 2012 CPD ¶ 151 at 3-5 (denying protest

²¹ Notwithstanding NAS’s characterization, the table of CPARS ratings for the TOS I contract that NAS, itself, presents in its protest shows 22 ratings of “exceptional,” and 21 ratings of either “very good” or “satisfactory.” Protest at 33.

²² The PPQ responses for the TOS I contract reflected the following: three ratings of exceptional; 22 ratings of very good; and nine ratings of satisfactory. AR, Tab 1, COS at 75; see AR, Tab 40, SSEB Report at 212-213.

²³ As noted above, prior to assessing the quality of an offeror’s performance of prior contracts, the agency assessed the relevance of each contract.

similarly challenging the agency's consideration of FFS affiliates' past performance where the proposal committed the resources of the "Fluor group of companies.")

Where a protester challenges an agency's evaluation of past performance, we will review the evaluation to determine if it was reasonable and consistent with the solicitation's evaluation criteria and with procurement statutes and regulations. *Innovative Mgmt. Concepts, Inc.*, B-419834.2, B-419834.3, Sept. 20, 2021, 2021 CPD ¶ 319 at 14. An agency's evaluation of past performance, including its consideration of the relevance, scope, and significance of an offeror's performance history, is by its very nature, subjective and an offeror's disagreement with the agency's judgments, without more, does not demonstrate that the judgments were unreasonable. *Noble Supply & Logistics, Inc.*, B-417494.3, Aug. 7, 2020, 2020 CPD ¶ 267 at 4-5. Accordingly, our Office will not sustain a protest based on alleged flaws in an agency's past performance judgments absent a demonstration that they were unreasonable or contrary to the solicitation's criteria and were prejudicial. *PricewaterhouseCoopers Public Sector, LLP*, B-415504, B-415504.2, Jan. 18, 2018, 2018 CPD ¶ 35 at 10-11; *SeaTech Security Solutions; Apogee Group, LLC*, B-419969.6, B-419969.7, Apr. 21, 2023, 2023 CPD ¶ 104 at 16-17.

Here, based on our review of the record, we reject NAS's complaint that it was unreasonable for the agency to rate the quality of NAS's performance under the TOS I contract "very good," rather than "exceptional." As discussed above, the agency reasonably documented its basis for the quality rating it assigned based on its consideration of both PPQ and CPARS information as contemplated by the terms of the solicitation. More specifically, it is clear from the record that the PPQ ratings were predominantly "very good," rather than exceptional, and NAS's characterization of its CPARS ratings as reflecting "near across-the-board" ratings of exceptional is not supported by the record. On this record, we find nothing unreasonable in the agency's determination that NAS's performance of the TOS I contract was very good, but not exceptional, and NAS's protest to the contrary is without merit. Further, based on our review of the entire record, we conclude that NAS's various additional complaints regarding the agency's evaluation of proposals under the second most important evaluation factor, past performance, including the agency's relevancy assessments, do not provide any bases for sustaining the protest. NAS's protest challenging the agency's past performance evaluation is denied.

Cost/Price Evaluation

Finally, NAS challenges the agency's cost/price evaluation, primarily complaining that the agency "failed to conduct a meaningful cost realism analysis." Protest at 7. More specifically, NAS asserts that the agency "did not conduct any assessment of the offerors' proposed staffing labor mix--e.g., the types and amounts of labor necessary to effectively execute the contract." *Id.* NAS asserts that it was unreasonable for the agency not to analyze each offeror's proposed labor mix and level of effort "at the labor category level" on a site-by-site basis. *Id.* at 42; Comments and Supp. Protest at 32-39.

The agency responds that it comprehensively considered multiple aspects of both offerors' proposals, including the labor hours, labor rates, and costs proposed by each offeror, by contract period. AR, Tab 1, COS at 87-116; Supp. COS/MOL at 83-99; see AR, Tab 40, SSEB Report at 74-112, 267-297.²⁴ For example, the agency references its documented consideration of BNH's proposed approach to calculating the level of staffing BNH believed would be necessary to perform the contract--along with its disagreement regarding the extent of the proposed saving and its upward adjustment to BNH's proposed costs. *Id.* Based on its extensive consideration of each offeror's proposed costs, the agency maintains that its evaluation was more than adequate to comply with its obligation to perform a realism evaluation. We agree.

When an agency evaluates a proposal for the award of a contract that includes cost-reimbursable contract line item numbers, 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. Federal Acquisition Regulation 15.305(a)(1), 15.404-1(d); *Palmetto GBA, LLC*, B-298962, B-298962.2, Jan. 16, 2007, 2007 CPD ¶ 25 at 7. However, an agency's cost realism analysis is not required to include verification of each and every cost item, nor achieve scientific certainty; rather, the methodology employed must be adequate to provide a reasonable measure of confidence that the proposed costs are realistic. See, e.g., *Cascade Gen., Inc.*, B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8. Our Office's review of an agency's cost realism evaluation is limited to determining whether the cost analysis was reasonably based and not arbitrary. *Jacobs COGEMA, LLC*, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

Here, based on our review of the record, we reject NAS's assertion that the agency's cost realism analysis was inadequate. As discussed above, and confirmed by the well-documented contemporaneous evaluation record, the agency conducted an evaluation that included consideration of multiple aspects of both offeror's cost/price proposals, including their proposed labor hours and labor rates. The record further shows that the agency made both "horizontal" (that is, across contract performance periods) and "vertical" (that is, within a given contract performance period) assessments regarding the realism of various proposed approaches. AR, Tab 40, SSEB Report at 97-98. Further, in performing its analysis, the agency rejected some of BNH's proposed efficiencies and, accordingly, upwardly adjusted its evaluated cost/price. Finally, as noted above, it is well settled that an agency's cost realism analysis need not achieve scientific certainty or include verification of every cost item; rather, the methodology employed must provide a reasonable measure of confidence that the costs proposed

²⁴ As noted above, the agency engaged in four rounds of discussions with the offerors, and the record shows that, during those discussions, the agency issued multiple evaluation notices to each offeror regarding their proposed costs. See AR, Tabs 25-30, Evaluation Notices and Correspondence.

are realistic. Here, the agency's evaluation met that standard; NAS's protest to the contrary is without merit.

The protest is denied.

Edda Emmanuelli Perez
General Counsel