SOURCE SELECTION STATEMENT
FOR THE
ENGINEERING SERVICES CONTRACT (ESC)

On November 8, 2010, I, as the designated Source Selection Authority (SSA), along with other senior officials of the John F. Kennedy Space Center (KSC), met with the Source Evaluation Board (SEB) appointed to evaluate proposals for award of the Engineering Services Contract (ESC) at KSC. Relevant portions of the SEB's evaluation of proposals, and my decision on selection of the successful offeror are set forth in this Source Selection Statement.

PROCUREMENT DESCRIPTION

This acquisition was conducted using full and open competitive procedures, and proposals were evaluated in accordance with the source selection procedures provided in the Federal Acquisition Regulation (FAR) Part 15.3, "Contracting by Negotiations," as supplemented by NASA FAR Supplement (NFS) Part 1815.370, "NASA Source Evaluation Boards." The ESC is a cost plus award fee (CPAF) contract that includes baseline requirements, as well as an indefinite delivery indefinite quantity (IDIQ) component.

The baseline content for the ESC includes overall Contract Management & Administration; Safety and Mission Assurance across contract functions; Information Technology and Data Management – management and control of information and data across contract functions; Laboratories and Developmental Shops Maintenance; Computer Aided Design and Engineering (CAD/CAE) Administration – administer CAD/CAE resources for development projects; Configuration and Data Management – develop, update and implement (CDM) activities; and Engineering Systems IT Security. The IDIQ portion of the ESC includes Engineering Development for design & development of ground systems and equipment for handling, test, checkout, servicing and other ground processing of launch vehicles and spacecraft/payloads; Space Flight Systems Engineering for primary and support engineering functions for space flight hardware and software systems; Technology Development for science and technology development that address NASA and KSC mission requirements and operational needs for immediate response, life cycle cost, performance, safety improvements, and future operations; Laboratories and Developmental Shops Operations; and Technical Services providing cross-cutting services supporting the performance of the aforementioned work.

The development of the ESC Request for Proposal (RFP) commenced with the appointment of a Procurement Development Team (PDT). The PDT prepared an acquisition strategy, conducted market research, developed a draft Performance Work Statement (PWS) for industry comment, met with industry representatives, and conducted an Industry Day briefing on June 5, 2009 that was attended by 98 business entities.

On August 19, 2009, the SSA appointed the SEB and a draft RFP was issued on September 30, 2009. A pre-proposal conference was held with industry on October 15-16, 2009 to review the draft RFP, provide tours of the Laboratories and Developmental Shops relevant to ESC, and to conduct a cost workshop to address specific questions related to the cost model issued within the draft RFP.

A contract deviation was approved by the NASA Associate Administrator for Procurement, authorizing the ESC period of performance of 8 years, consisting of a base period of five (5) years, followed by three (3) one-year options.

Following the SEB's review and consideration of industry comments on the draft ESC solicitation, and final approval of its procurement strategy, the ESC RFP was issued on December 2, 2009 seeking proposals for a Cost Plus Award Fee service contract with a baseline component and an IDIQ component. During the course of the procurement, a total of four (4) RFP amendments were issued by the Contracting Officer. The first amendment incorporated minor changes to the RFP. The second amendment suspended delivery of proposals in order to assess the implications of the U.S. President's announcement that the Constellation Program would be cancelled. Amendment three (003) incorporated changes to the RFP and established a new deadline for receipt of technical proposals and past performance volumes and amendment four (004) incorporated a new cost model for those offerors in the competitive range.

In response to the ESC RFP, four (4) proposals were timely received on or before the due date of April 13, 2010 from the following companies:

QinetiQ North America (QNA), Fairfax, VA
L-3 Communications Corporation – Systems Company (L-3), Camden, NJ
Teledyne Aerospace (TA), Cocoa Beach, FL
Jacobs Technology (Jacobs), Tullahoma, TN

EVALUATION PROCESS

The RFP prescribed three evaluation factors, namely, Mission Suitability, Past Performance, and Cost which were to be evaluated using the applicable procedures, adjectival ratings, levels of confidence, definitions, and/or percentile ranges specified in the RFP, FAR 15 Subpart 3, and NFS 1815 Subpart 3. The RFP advised offerors of the relative order of importance of these factors stating:

> All evaluation factors other than Cost, when combined, are approximately equal to Cost. The Mission Suitability factor is more important than the Past Performance factor.

The evaluation of Mission Suitability was to determine how well the offeror understood the requirements of the RFP, including proposed approaches to meeting the requirements and resources proposed to implement that approach. The RFP further identified four (4) subfactors which were to be weighted and considered in evaluating Mission Suitability as follows:

Management	350 Points
Technical	400 Points
Safety and Mission Assurance	150 Points
Small Business Utilization	100 Points
Total Mission Suitability	1000 Points

Under the procedures established in the RFP and the applicable regulations, the SEB was to evaluate Mission Suitability proposals under each subfactor to identify significant strengths, strengths, significant weaknesses, weaknesses, deficiencies, or uncertainties requiring clarification. As a result of these findings, the SEB assigned an adjectival rating and percentile ranking/point score for each subfactor, and a total point score for Mission Suitability using the following adjective ratings and percentile ranges applied at the subfactor level:

Excellent:	91 – 100
Very Good:	71 – 90
Good:	51 – 70
Fair:	31 – 50
Poor:	0 – 30

With regard to the Management subfactor, the RFP described in detail areas that would be evaluated, including organizational structure, key positions, key personnel; contract management; ESC contract phase-in; total compensation; information technology management; and labor relations. The RFP also described in detail the areas that would be evaluated under the Technical subfactor, namely, skill mix and staffing approach; laboratories and developmental shops maintenance and operations; baseline services; engineering development; space flight systems engineering; technology development; and technical services. For the Safety and Mission Assurance subfactor, the RFP required offerors to submit a draft Safety and Health Plan that included policies, procedures, and methodologies for the implementation of a compliant plan. Finally, for the Small Business Utilization subfactor, the items described for evaluation include the proposed small business subcontracting goals; commitment to use small businesses; and use of Small Disadvantaged Businesses.

With regard to the Past Performance factor, the RFP advised offerors that recent and relevant performance of work similar in size, content, and complexity to the ESC requirements would be evaluated. The RFP further provided that the past performance of each offeror's proposed major subcontractors would be evaluated. A major subcontractor as defined in the RFP as having a subcontract valued greater than $5 million in any of the eight (8) years of ESC's period of performance. Past performance was to be evaluated using the following level of confidence ratings as they are defined in the RFP: Very High, High, Moderate, Low, Very Low, and Neutral.

Finally, with regard to the Cost Factor, the RFP advised offerors that the Government would perform both a cost analysis and a cost realism analysis on the total cost of the ESC to determine whether proposed costs are realistic for the work to be performed, reflect a clear understanding of the ESC requirements, and are consistent with the various elements of the offeror's proposal. The RFP also advised that the Government would develop a probable cost for each proposal, taking into account the above described analyses, and would make a level of confidence determination (high, medium, or low) for the probable cost assessment.

The SEB conducted all evaluations using the above described evaluation criteria as specified in the RFP. In conducting the evaluations, the SEB utilitized evaluators in appropriate disciplines

to provide specific expertise needed in the evaluation process and provided findings and requests for clarifications to the SEB Committees. Using the analyses of the evaluators as reported by each committee, the SEB generated the initial evaluation consensus findings which identified and assessed strengths and weaknesses, and rated and scored each proposal accordingly. In addition to the evaluation of the factors and subfactors identified above, the SEB ensured all solicitation requirements established by the RFP were met. Further, as part of the evaluation process, the SEB analyzed each offeror's administrative data which was comprised of financial information to determine responsibility to perform a contract of this magnitude, the model contract, acceptance of contract terms and conditions, and contractor representations and certifications.

INITIAL EVALUATION OF PROPOSALS, COMPETITIVE RANGE DETERMINATION, & DISCUSSIONS

The SEB conducted an initial evaluation of the four proposals received. Based on that initial evaluation, the offerors were ordered from highest to lowest in the overall Mission Suitability Score as follows: Jacobs, QNA, L-3, and TA. In terms of Past Performance, Jacobs was rated "Very High" and QNA, L-3 and TA were rated "High". In terms of proposed cost, the offerors were ordered from lowest to highest: QNA, L-3, TA, and Jacobs. For probable cost, offerors were ordered from lowest to highest: QNA, L-3, Jacobs, and TA. The Government's cost confidence in its probable cost assessment was "Medium" for all four offerors.

The resulting mission suitability rating, past performance rating, and cost evaluation of each offeror's proposal provided the basis for making a competitive range determination. Pursuant to FAR 15.306(c)(1), the Contracting Officer, with the concurrence of the SSA, determined that two offerors were within the competitive range. The two offerors and their respective major subcontractor team members are as follows:

QinetiQ North America (QNA)

Subcontractor: a.i. Solutions, Inc.
Subcontractor: SDB Engineers and Constructors, Inc.
Subcontractor: Sierra Lobo, Inc.
Subcontractor: Stinger Ghaffarian Technologies (SGT) Inc.

Jacobs Technology (Jacobs)

Subcontractor: Aerodyne Industries
Subcontractor: Barrios Technology
Subcontractor: Dynamac Corporation
Subcontractor: GeoControls Systems, Inc.

Written and oral discussions were held with the two offerors in the competitive range during the period of August 18 through September 17, 2010, focusing on the significant weaknesses, weaknesses, and uncertainties requiring clarification that the SEB identified during the initial evaluation of mission suitability and cost. After discussions concluded, Final Proposal Revisions (FPRs) were requested from both offerors remaining in the competitive range with a common due date for submission. FPRs were timely submitted on or before October 1, 2010, including

executed proposed model contracts. The SEB conducted a final evaluation of the offerors' FPRs and reported its findings to the SSA as discussed below.

FPR MISSION SUITABILITY EVALUATIONS

The evaluation of FPRs resulted in increased Mission Suitability scores for both offerors. As no significant weaknesses, weaknesses, or uncertainties requiring clarification were found to remain in either of the offeror's final Mission Suitability proposals, the SEB's report to the SSA focused on the offerors' significant strengths and strengths.

QinetiQ North America (QNA)

Under the Mission Suitability – Management subfactor, the SEB found that QNA had no remaining weaknesses, two significant strengths, and six strengths in its FPR. The significant strengths resulted from QNA's proposal for (1) a comprehensive Management Information System (MIS) which seamlessly integrates multiple innovative COTS tools for an effective and efficient contract management solution, and (2) a comprehensive phase-in plan to ensure a smooth transition using a four stage approach that includes an exceptionally detailed schedule of activities, multifaceted transition tools, and a schedule reserve.

The six (6) strengths in QNA's FPR under the Management subfactor included (1) a comprehensive workforce skills management approach for assessing and retaining employee skills, (2) an integrated, timely monitoring and reporting of costs for both the prime and subcontractors, (3) consistent labor categories among subcontractors for efficiencies in task order planning and development and cost estimating, (4) a preliminary plan to consolidate chemical analysis labs that conserves Government resources, (5) an Award Fee employee bonus program, and (6) an integrated approach to all aspects of IT systems management.

Based on the above described findings, the SEB rated QNA's proposal under the Management subfactor as **Very Good**.

Under the Mission Suitability – Technical subfactor, the SEB found that QNA had no remaining weaknesses and three significant strengths in its FPR. The significant strengths resulted from QNA's proposal for (1) an exceptional Laboratory and Developmental Shops equipment maintenance and management approach using a unified Work Control System (WCS), (2) an exceptionally thorough approach and response to the Space Flight Systems Analysis scenario, and (3) an exceptionally comprehensive response to the Liquid Methane Storage, Transfer and Loading scenario. Based on these findings, the SEB rated QNA's proposal under the Technical subfactor as **Excellent**.

Under the Mission Suitability – Safety and Mission Assurance subfactor, the SEB found QNA had no remaining weaknesses and two strengths. The strengths included (1) an employee-run safety committee that will facilitate the open and timely exchange of safety-related information, and (2) AS 9100 Quality Management System (QMS) certification. The SEB rated QNA's proposal under the Safety and Mission Assurance subfactor as **Good**.

Finally, under the Mission Suitability – Small Business Utilization subfactor, the SEB found that QNA had no weaknesses and one significant strength for its demonstration of a strong commitment to small business utilization through enforceable agreements, assigning high technology work to those subcontractors, and exceeding the Government's goal of 30 percent. The SEB rated QNA's proposal under the Small Business Utilization subfactor as **Excellent**.

As a result of the SEB's evaluation, the overall final Mission Suitability score for QNA was 876 points out of 1,000 points available.

Jacobs Technology (Jacobs)

Under the Mission Suitability – Management subfactor, the SEB found that Jacobs had no remaining weaknesses, no significant strengths and seven strengths. The strengths included (1) an integrated management approach with common policies, procedures, salary and benefit structures, (2) Customer Liaison Technical Managers (CLTMs) that provide dedicated customer interfaces, (3) a Laboratory and Developmental Shops organizational structure that innovatively combines facility services and information technology services, (4) a comprehensive workforce management approach to maintaining staffing flexibility, (5) implementation of an innovative user interface to Maximo for work control and asset management, (6) an Award Fee employee bonus program, and (7) a Lifecycle Resource Planning and Utilization approach that is comprehensive and provides effective management of the ESC IT enterprise concept. Based on those findings, the SEB rated Jacobs' proposal under the Management subfactor as **Good**.

Under the Mission Suitability – Technical subfactor, the SEB found that Jacobs had no remaining weaknesses, three significant strengths, and one strength. The significant strengths resulted from Jacobs' proposal for (1) a Laboratory and Developmental Shop (L&DS) equipment maintenance and management approach that increases the likelihood of successful equipment performance and availability, (2) a exceptional approach and response to Engineering Development and the Liquid Methane Storage, Transfer and Loading Scenario, and (3) an exceptional response to the Independent Analysis of Flight Systems scenario. The one strength found by the SEB is in Jacobs' approach to provide certification programs for Project Management and Systems Engineering, as well as the development of a similar certification program for Design and Analysis. Based on these findings, the SEB rated Jacobs' proposal under the Technical subfactor as **Excellent**.

Under the Mission Suitability – Safety and Mission Assurance subfactor, the SEB found no remaining weaknesses, and three strengths. The strengths include (1) a Safety and Health Plan (S&HP) that includes an Employee Safety and Health Committee facilitating open exchange on broad safety-related issues, (2) OSHA Voluntary Protection Program (VPP) certification, and (3) AS 9100 Quality Management System (QMS) certification. The SEB rated Jacobs' proposal under the Safety and Mission Assurance subfactor as **Good**.

Finally, under the Mission Suitability – Small Business Utilization subfactor, the SEB found no weaknesses and one significant strength. The significant strength resulted from the demonstration of a strong commitment to small business utilization through enforceable agreements, assigning high technology work to those subcontractors, and exceeding the

Government's goal of 30 percent. The SEB rated Jacobs' proposal under the Small Business Utilization subfactor as **Excellent**.

As a result of the SEB's evaluation, the overall final Mission Suitability score for Jacobs was 824 out of 1,000 available points.

FPR PAST PERFORMANCE EVALUATIONS

QinetiQ North America (QNA)

The SEB found that QNA and its major subcontractors had demonstrated effective past performance of work similar to the ESC in size, content and complexity. Moreover, QNA and its subcontractors had significantly relevant experience to the ESC requirements in two areas - Engineering Development and Space Flight Systems Engineering, with minimally relevant experience to the ESC requirements in CAD/CAE Administration. Most notable of the contracts considered for QNA's past performance included the Expendable Launch Vehicle Integration Services (ELVIS) contract currently being performed at Kennedy Space Center with an approximate value of $265 million, as well as the Mechanical Systems Engineering Services (MSES) contract, with an approximate value of $400 million being performed by QNA's major subcontractor, SGT, at Goddard Space Flight Center (GSFC). Based upon references for QNA and its major subcontractors, as well as the Past Performance Information Retrieval System (PPIRS) and other resources, the SEB also found that the QNA team's past performance was highly pertinent to this acquisition; demonstrating very effective performance that would be fully responsive to contract requirements and was accomplished in a timely, efficient, and economical manner. Based on QNA's performance record, the SEB has high confidence that QNA would successfully perform the ESC. As a result, the SEB determined QNA's past performance level of confidence as **High**.

Jacobs Technology (Jacobs)

The SEB found that Jacobs and its major subcontractors had demonstrated highly effective past performance of work similar to the ESC in size, content, and complexity. Jacobs and its subcontractors had significantly relevant experience to the ESC requirements in seven areas - Contract Management, S&MA, IT & Data Management, Laboratories & Developmental Shops (L&DS), Engineering System IT Security, and Engineering Development. Most notable of the contracts considered for Jacobs' past performance included the Engineering and Science Contract (ESC) currently being performed at Johnson Space Center (JSC) with an approximate value of $2.1 billion, and the Engineering, Science, and Technical Services (ESTS) contract performed at the Marshall Space Flight Center (MSFC) with an approximate value of $790 million. Based upon references for Jacobs' and its major subcontractors, as well as the Past Performance Information Retrieval System and other resources, the SEB found that the Jacobs team's past performance demonstrated exemplary performance in a timely, efficient, and economical manner. Based on Jacobs' performance record, the SEB found Jacobs past performance was of exceptional merit and is very highly pertinent to this acquisition. As a

result, the SEB determined Jacobs' past performance level of confidence for successfully performing the ESC as **Very High**.

FPR COST EVALUATIONS

QinetiQ North America (QNA)

QNA's proposed and probable total cost were the lower overall. The SEB found that the costs proposed by QNA in its FPR were realistic for the work to be performed, reflected an understanding of the ESC requirements, and were consistent with the various elements of QNA's proposal. An extremely small (less than 0.2%) probable cost adjustment was made to adjust indirect ceiling rates in accordance with the RFP, and for end user services in optional Lab and Developmental Shops. The SEB found a high level of confidence in its probable cost assessment of QNA's proposal. The SEB also provided the SSA with a proposed cost and probable cost analysis. QNA had the lowest proposed and probable cost of the offerors in the competitive range.

Jacobs Technology (Jacobs)

The SEB found that the costs proposed by Jacobs in its FPR were realistic for the work to be performed, reflected an understanding of the ESC requirements, and were consistent with the various elements of Jacobs' proposal. An extremely small (less than 0.3%) probable cost adjustment was made to adjust indirect ceiling rates in accordance with the RFP. The SEB found a high level of confidence in its probable cost assessment of Jacobs' proposal. The SEB also provided the SSA with a proposed cost and probable cost analysis. Jacobs' had the highest proposed and probable cost of the offerors in the competitive range.

SOURCE SELECTION DECISION

At the conclusion of the SEB's presentation of the above discussed findings, I determined that those findings were rational and well documented. I then solicited additional comments or questions from the SEB participants and other senior management officials present during the briefing. I discussed my perception of the SEB's findings and, accordingly, the basis for my conclusion that the proposal submitted by QinetiQ North America represents the best value to the Government.

I first note that, with regard to the three evaluation factors specified in the RFP (i.e., Mission Suitability, Past Performance, and Cost), all evaluation factors other than cost, when combined, are approximately equal in importance to the Cost factor and that the Mission Suitability factor is more important than the Past Performance factor. Using these evaluation factors I have reached the following conclusions:

With regard to Mission Suitability, QNA offers the most advantageous proposal to the Government, particularly with regard to its Management approach. QNA's exceptionally comprehensive MIS solution and its thoroughly detailed multi-phased approach to the phase-in

of the ESC, both evaluated as significant strengths by the SEB, when combined with the six other strengths in QNA's Management proposal, were appropriately rated very good by the SEB and are considered the best approach for managing the ESC requirements. Jacob's Management proposal, on the other hand, had no significant strengths and seven strengths, and received a good rating from the SEB. I note also that QNA and Jacobs both received excellent ratings under the Technical and Small Business Utilization subfactors and good ratings under the Safety and Mission Assurance subfactor. However, when QNA's superior management approach is combined with the three significant strengths in its Technical proposal, one significant strength in its Small Business Utilization proposal, and sound approach to Safety and Mission Assurance; it is my conclusion that QNA's overall Mission Suitability proposal is the best solution for successful performance of the contract.

With regard to past performance, I note that Jacobs has a great breadth of experience with contracts similar in size, content, and complexity to the ESC, worthy of a Very High level of confidence rating. QNA also has experience in performing contracts similar in size, content and complexity to the ESC, and has achieved a High level of confidence rating. I further note, however, that as Mission Suitability and Cost are more important than Past Performance, the advantage offered by Jacobs in Past Performance does not outweigh the advantage offered by QNA in Mission Suitability and Cost.

With regard to the Cost factor, I note that the SEB found that both of the offerors' proposals satisfied the requirements of cost realism and price reasonableness, and that the probable cost adjustments made to each of the proposals were minor. Moreover, I agree with the SEB's evaluation of costs, finding that QNA's proposed and probable costs are the lowest cost to the Government. I note again that Cost is approximately equal in importance to all other evaluation factors combined.

In summary, I find that QNA offers the lowest Cost as well as the most advantageous Mission Suitability proposal, and a High Past Performance level of confidence. Although Jacobs offers a Very High Past Performance level of confidence, it does not outweigh QNA's more advantageous Mission Suitability proposal, nor QNA's lower Cost. Thus, QNA's lower proposed and probable cost, when combined with its more advantageous Mission Suitability proposal and High Past Performance level of confidence represents the best value to the Government.

Based on the foregoing analysis, I select QinetiQ North America for award of the ESC.

Robert D Cabana

Robert D. Cabana
Director
John F. Kennedy Space Center, NASA
Source Selection Authority

10 NOV 2010

Date