

SELECTION FOR THE TEST OPERATIONS CONTRACT SOLICITATION

I, along with other senior officials from the Stennis Space Center (SSC), met with members of the Source Evaluation Board (SEB) to receive and review their findings based on the evaluation of proposals for the Test Operations Contract (TOC) solicitation number 13SSC-O-02-38.

BACKGROUND

This solicitation consolidates test operations requirements of current propulsion test program activities at the George C. Marshall Space Flight Center (MSFC) and SSC. Consistent with the goals for this consolidation effort, NASA expects to achieve process improvements in the areas of safety and mission assurance, commonality between Centers, efficiency, and best practices.

SSC issued a Request for Proposal (RFP) on February 7, 2003, and received five timely proposals by March 10 (Past Performance), March 24 (Mission Suitability), and March 31 (Cost), 2003. The offerors consisted of teams led by the following:

Alliant Techsystems (ATK)
P. O. Box 707, M/S A00
Brigham City, UT 84302

Honeywell Technical Solutions, Inc. (HTSI)
P. O. Box 5555
Columbia, MD 21046-5555

Lockheed Martin Services, Inc. (LMSI)
Two Corporate Plaza
2625 Bay Area Boulevard
Houston, TX 77058

Sverdrup Technology, Inc. (JS)
600 William Northern Boulevard
Tullahoma, TN 37388

Wyle Laboratories
3200 Magruder Boulevard
Hampton, VA 23666

SSC awarded the TOC contract to Jacobs Sverdrup (JS) on May 13, 2003; however, two offerors challenged this selection to GAO, filing protests dated May 27, 2003, and June 3, 2003. Upon receipt of the protests, SSC stayed performance of the contract before JS began contract performance. GAO sustained the protests on September 2, 2003, and recommended the following corrective actions:

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- That NASA review the Independent Government Staffing Estimate (IGSE) to determine whether it was reasonably accurate and review the solicitation to determine whether it accurately reflected actual staffing requirements.
- If the IGSE or staffing requirements needed to be modified, that NASA amend the solicitation, obtain revised proposals, and make a new selection.
- If the IGSE and staffing requirements were reasonably accurate, that NASA re-evaluate proposals, conduct discussions if appropriate, and make a new source selection.
- If a proposal other than JS's is selected for award, that NASA terminate the contract previously awarded to that firm.

While the GAO's recommended course of corrective action was specific, the GAO reserved appropriate latitude and discretion for the agency in undertaking the recommended corrective action plan. The GAO's initial recommendations were for the agency to review the IGSE to determine its accuracy and the solicitation to determine if it reflected the agency's actual staffing requirements. In this regard, officials from Langley Research Center (LaRC) were requested to develop a separate Independent Government Estimate (IGE) using data provided by several propulsion test experts at SSC and MSFC to determine the validity of the original IGE. The assessment by the LaRC officials underwent several other independent reviews, including an independent third-party review by a technical propulsion test expert at the Glenn Research Center-Plum Brook Station. The LaRC cost analyst concluded the original IGE was valid, stating that the "estimating approach was more than satisfactory" and the analyst was prepared to substantiate any number in the estimate. Additionally, a SSC/MSFC team reviewed the TOC solicitation and based upon this independent review, concluded that the staffing plan was reasonable with respect to the requirements of the Performance Work Statement (PWS) and provided a solid basis for the IGSE. Based upon these validations, NASA determined that the appropriate course of action was to re-evaluate existing proposals, as originally submitted, without amending the solicitation and obtaining revised proposals.

On November 5, 2003, NASA notified GAO that the agency would be re-evaluating the initial proposals since the IGSE and staffing requirement were reasonably accurate and on November 5, 2003, SSC notified the offerors of this decision.

On October 20, 2003, SSC constituted a second SEB for the re-evaluation. This SEB was responsible for providing a completely new independent evaluation with no consideration of the findings made by the first SEB. As part of this, SSC did the following:

- Revised the membership of the SEB to include having a new SEB Chair, Vice Chair, Contracting Officer, Recorder, Secretary, and a new cost analyst from Kennedy Space Center,
- Updated the SEB1 evaluation plan for administrative changes such as the new membership, new security instructions, and new nondisclosure statements (No changes to Section M, Evaluation Factors for Award),
- Maintained close coordination with NASA Headquarters, and

- Appointed a new Source Selection Authority.

On May 10, 2004, the second SEB presented its initial findings of the re-evaluation to the SSA.

EVALUATION PROCEDURES

The RFP defined the evaluation factors, stating “the Mission Suitability Factor and Past Performance Factor when combined, are significantly more important than the Cost Factor. As individual factors, the Mission Suitability Factor, Past Performance Factor, and the Cost Factor are of essentially equal importance.”

Of these evaluation factors, the RFP provided that only the Mission Suitability Factor would be numerically scored in the evaluation process. In this regard, the RFP defined the Mission Suitability Factor as consisting of the following Subfactors and assigned points to each as indicated.

| | |
|--------------------------------------------------|------------|
| Technical Performance | 450 |
| Management | 300 |
| Safety, Health, & Mission Assurance | 150 |
| Small Disadvantaged Business (SDB) Participation | <u>100</u> |
| Total Points | 1000 |

Prior to the issuance of the RFP, the SEB developed detailed evaluation criteria and the numerical scoring system for Mission Suitability as delineated above. In explaining the detailed evaluation procedures, the RFP described the evaluation factors and subfactors, provided the Mission Suitability Factor numerical scoring scheme, and specified the criteria to be used in the evaluation.

The RFP provided for the evaluation, but not numerical scoring, of the Past Performance and Cost Factors. To assist in evaluating the Past Performance Factor, the RFP provided the adjectival ratings of “Excellent,” “Very Good,” “Good,” “Satisfactory,” “Poor/Unsatisfactory,” or “Neutral” depending upon the assessment of each proposal in this area. Evaluation of proposals under this factor took into consideration the offerors’ relevant past performance experience in the fulfillment of the technical requirements, cost/schedule management, subcontract management, financial reporting, and quality management of contracts involving programs of a similar size and complexity. Additionally, the SEB also considered awards, certifications, special recognitions, and safety and environmental records under the Past Performance Factor.

Regarding the Cost Factor, the RFP stated that the Cost Factor evaluates all cost associated with the contract in terms of validity, reasonableness, adequacy, and cost realism of proposed costs. Differences between proposed cost and probable cost were used in measuring the realism of the proposed costs. Using a cost realism point adjustment, as defined in the RFP, the Government proportionately adjusted the offeror’s

Mission Suitability score for its assessment of cost realism. In addition, the RFP provided for a risk analysis under the Cost Factor evaluation, which identifies risk areas and the recommended approaches to minimize the impact of those on the overall success of the program.

EVALUATION PROCESS

The SEB used the following procedure to evaluate Mission Suitability. The SEB started this evaluation by reaching a consensus determination regarding the strengths and weaknesses for each Subfactor, then it agreed upon adjectival ratings for each Subfactor based upon its findings, and finally agreed upon a consensus score for each Subfactor. The overall Mission Suitability score for each offeror was obtained by adding an offeror's scores together for the Subfactors comprising Mission Suitability and the overall Mission Suitability adjectival rating was obtained by applying each offeror's overall Mission Suitability score to ranges based upon the guidance in NASA FAR Supplement (1815.305).

To arrive at the adjectival rating for Past Performance, the SEB relied on the relevant experience identified in each proposal and information obtained on the contracts identified in the proposals as well as data independently obtained from Government and non-Government sources to include relevant data contained in NASA's Past Performance Database (PPDB); Department of Defense's (DoD) Past Performance Information Reporting System (PPIRS); Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) databases. Finally, the SEB performed the price and cost realism analysis to assess the reasonableness and realism of the proposed costs. The solicitation also provided that a Mission Suitability score adjustment would be based on the percentage difference between the proposed and the probable cost.

MISSION SUITABILITY EVALUATION

Scoring each Mission Suitability Subfactor in accordance with the weights delineated in the RFP, and as adjusted for cost realism, the following ranked list of proposals is based on the Mission Suitability scores ranging from the highest to the lowest score:

1. Jacobs Sverdrup (JS)
2. Alliant TechSystems (ATK)
3. Honeywell Technology Solutions, Inc. (HTSI)
4. Wyle Laboratories (Wyle)
5. Lockheed Martin Services, Inc. (LMSI)

The substance of the SEB's evaluation of Mission Suitability for each proposal follows in the order as ranked above.

[REDACTED] the failure of its subcontractor, Boeing, to submit a TCP as required by the RFP; and the failure to provide sufficient cost or resources details on visual welding inspections and the Non-Destructive Examination (NDE) function at MSFC. ATK received a significant weakness under the SH&MA Subfactor because it failed to address site-specific safety and health requirements, as required by DRD SA02 of the RFP. Under the SDB Participation Subfactor, ATK received a significant strength [REDACTED]. All the proposed SDBs are fully committed to team performance.

Honeywell Technology Solutions, Inc. (HTSI)

The overall rating for HTSI was "Good" with the third highest Mission Suitability score after the cost realism adjustment. HTSI received the second-highest score in Technical Performance and Management; the third-highest score for SDB Participation (tied with ATK); and the second lowest score in SH&MA. This proposal contained more significant weaknesses than significant strengths in Technical Performance, had a significant weakness in the SH&MA, and had a significant strength for SDB Participation.

The significant strengths in Technical Performance involved HTSI team members' detailed technical approach in providing a substantial capability to perform TOC requirements in propulsion test design and operations/processes, propellants and pressurants at multiple sites; its proposed project management approach [REDACTED];

[REDACTED] its proposed management information system; and its approach for [REDACTED]. The significant weaknesses in Technical Performance included having low qualification standards for most designated key positions; the fact that [REDACTED];

[REDACTED] having proposed inadequate staffing numbers for engineering personnel to perform the requirements of PWS 2.1; the failure of its subcontractor, Boeing, to submit a TCP as required by the RFP; and the failure to provide sufficient cost or resources details on visual welding inspections and the Non-Destructive Examination (NDE) function at MSFC. Additionally, HTSI received a significant weakness because its approach to SH&MA represented an unrealistic and high-risk approach to safely fulfilling the requirements of the TOC. Finally, this proposal received a significant strength under SDB Participation because HTSI [REDACTED].

Wyle Laboratories

The overall rating for Wyle was "Fair" with the next to lowest Mission Suitability score after the cost realism adjustment. In the Mission Suitability Management Subfactor, Wyle tied with LMSI with the lowest score, and in the other Mission Suitability Subfactors it was the lowest of any offeror. The proposal contained several significant weaknesses and no significant strengths in Technical Performance, a significant strength and a significant

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weakness in Management, a significant weakness in SH&MA, and a significant strength in SDB Participation.

The significant weaknesses under Technical Performance involved having a lack of detail for technical approach; having proposed three key personnel who lacked relevant experience and qualifications; the failure to propose sufficient technicians and engineers to perform the requirements of PWS 3.3 through 3.6 and the failure to provide sufficient cost or resources details on visual welding inspections and the Non-Destructive Examination (NDE) function at MSFC. Under Management, Wyle received a significant strength for its phase-in plan and received a significant weakness [REDACTED]

[REDACTED] This proposal also contained a significant weakness in SH&MA because the Safety and Health Plan did not adequately address site-specific safety and health requirements of the RFP. Finally, the proposal received a significant strength [REDACTED]

Lockheed Martin Services, Inc. (LMSI)

The overall rating for LMSI was "Fair" with the lowest score for Mission Suitability after the cost realism adjustment, an adjustment that lowered its adjectival rating from "Good" to "Fair." LMSI had the second lowest score for Technical Performance, the lowest score for Management (tied with Wyle), the second highest score for SH&MA, and the highest score for SDB Participation. The proposal contained more significant weaknesses than significant strengths in Technical Performance, a significant strength and a significant weakness in Management, a significant strength in SH&MA, and a significant strength in SDB Participation.

LMSI received a significant strength under Technical Performance for its demonstrated knowledge and understanding of the propulsion design and test operations/processes. The significant weaknesses under Technical Performance included the failure to provide adequate staffing to accomplish the contractual requirements at MSFC; the failure to propose adequate staffing for the Business and Administrative Office; the failure to propose adequate technicians to perform the requirements of PWS 3.3 through 3.5 as well as failing to properly staff the Facilitator function at SSC; and the failure to provide sufficient cost or resources details on visual welding inspections and the Non-Destructive Examination (NDE) function at MSFC. Under the Management Subfactor, the proposal contained a significant strength for exceeding the goals for small, small disadvantaged, woman-owned, and HUBZone small businesses and contained a significant weakness because of its [REDACTED]. The proposal also contained a significant strength under SH&MA for the proposed Safety and Health Plan, and a significant strength under SDB Participation because LMSI [REDACTED] had specifically identified these concerns, had letters of commitment from them, and had effectively integrated SDBs into the overall requirements in critical areas.

PAST PERFORMANCE EVALUATION

In its evaluation of Past Performance, the SEB rated JS as "Very Good" based on the extensive relevant experience of JS and its subcontractor, ERC, in rocket propulsion test operations, component testing and engineering services. Customer assessments indicated the prior relevant contracts had been timely, efficient, and economical and that JS was very responsive to customers and technically competent. JS, however, did receive a significant weakness in past performance due

[REDACTED]

ATK was rated "Good" in Past Performance based upon the relevant experience and performance of its Propulsion Test Services (PTS) team in rocket propulsion test operations, component testing, and engineering services. Customer assessments indicated that ATK performed in a timely, efficient, and economical manner under prior relevant contracts. However, the SEB found that ATK's subcontractor, Boeing, had

[REDACTED]

The SEB rated HTSI as a "Very Good" in Past Performance based upon the HTSI team's extensive relevant experience in rocket propulsion test operations, component testing and engineering services. Customer assessments revealed that the team's overall quality of performance under relevant prior contracts had been timely, efficient, and economical. In addition, customer assessments indicated that this team had been very responsive and was technically competent. The SEB found the same significant weaknesses with the subcontractor, Boeing, as with ATK, since Boeing also was part of the HTSI team.

The SEB rated Wyle "Good" in Past Performance. They had no significant strengths in this area. The SEB found a significant weakness

[REDACTED]

LMSI was rated "Very Good" in Past Performance based on the extensive relevant experience that LMSI and subcontractor, Akima, had in rocket propulsion test operations, component testing and engineering services. Customer assessments indicated that the team's overall quality of performance under relevant cost-plus-award-fee contracts had been consistently timely, efficient, and economical. Additionally, these assessments indicated that LMSI was very responsive to its customers and was technically competent. LMSI received a significant weakness for its

[REDACTED]

COST EVALUATION

The following is a listing of proposals based on proposed cost and on probable cost from highest to lowest (ranking is the same for proposed and probable cost):

1. ATK
2. JS
3. HTSI
4. Wyle
5. LMSI

ATK had the highest proposed cost and probable cost. Although ATK submitted an overall adequate proposal with extensive supporting documentation, the SEB had a medium-low level of confidence in ATK's probable cost because of [REDACTED]

JS had the second highest proposed and probable cost. Although JS had a well-prepared proposal with clear and complete supporting information, the SEB had a medium level of confidence in its adjustment for probable cost based [REDACTED]

HTSI had the third highest proposed and probable cost with the SEB having a medium-low level of confidence in the probable costs even though this offeror had submitted an overall adequate proposal with well-prepared supporting information. This medium-low level of confidence was based [REDACTED]

Wyle had the second lowest proposed and probable cost with the SEB having a medium-low level of confidence in its adjustment for probable costs. Although the SEB recognized that Wyle submitted an overall adequate proposal, [REDACTED]

LMSI had the lowest proposed and probable cost with the SEB having a medium-low level of confidence in its adjustment for probable costs. LMSI had submitted an overall

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adequate proposal with limited supporting information; however,

[REDACTED]

Changes for probable cost were made for one of the following reasons:

[REDACTED] provided the basis for the largest changes to the cost proposed by each offeror, adjustments that were based upon the approach contained in each proposal.

[REDACTED] to perform PWS 2.1 and 3.2

[REDACTED]

[REDACTED] to perform PWS 2.1
[REDACTED] to perform PWS 3.3, 3.4, 3.5 and 3.6

[REDACTED] to perform PWS 2.1, 2.2, 2.5 and 3.2; and proposing insufficient technicians and engineers to perform PWS 3.3, 3.4, and 3.5 at SSC.

Finally,

[REDACTED]

[REDACTED]

DECISION

During the presentation, I carefully considered the detailed findings the SEB presented and noted the SEB report accompanying its findings provided extensive details that further amplified each finding made by the SEB. Prior to the executive session, I asked each SEB member to provide me any additional comments that might be useful in my deliberations. The SEB members told me that the board had done an extremely thorough job and that they "stood behind the findings." The SEB indicated that the team had worked cohesively, there were no minority opinions and the findings represented the consensus of the voting members. The SEB members also told me how beneficial it had been to have the cost analyst from KSC supporting the board and this was evidenced by the detailed cost analyses contained in the report.

The comments from the SEB members indicated that this SEB had performed a re-evaluation of the existing proposals and that this re-evaluation was part of the corrective actions recommended by the General Accounting Office (GAO). Since I was not at SSC when the first SEB met and had little insight into the protests at GAO, I asked whether I should be briefed on the findings of the first SEB or the issues raised in the protests to GAO. My legal advisor stated that except for knowing that this was a re-evaluation, I did not need any knowledge of the first SEB since that might be viewed as tainting or biasing my decision regarding the findings made by this SEB.

Since this was a re-evaluation, I also asked about the currency of the proposals given the fact that the offerors submitted them on or before March 31, 2003. Since receipt of the proposals, the SEB had knowledge that HTSI's proposed Program Manager had died; that JS's proposed Manager for Safety and Mission Assurance had taken another position; and that HTSI's proposed subcontractor, Computer and Technology Support Services (CTSS), was no longer a member of the HTSI Team. Additionally, I was aware that the rates proposed for each of the offerors likely had changed due to the passage of time. During its presentation, the SEB indicated that it evaluated key personnel and subcontractors as if they were still going to perform the effort. The SEB indicated it was comfortable with this approach since each offeror was required to propose qualification standards for its key personnel and the SEB assumed that the offerors would replace an individual with someone of similar qualifications.

My legal advisor told me that usually a Source Selection Authority had one of two decisions to make after receiving the briefing from the SEB regarding their initial findings – whether to award on initial proposals or whether to make a competitive range determination. In this situation, my legal counsel indicated that I had a third option which

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would present an alternative to making award on initial proposals. This option involved establishing a competitive range of one – a decision I was told was tantamount to making award based on initial proposals.

In determining which proposal offered the best value to NASA, I referred to the relative order of importance of the three evaluation factors specified in the RFP which provided:

Mission Suitability Factor and Past Performance Factor, when combined, are significantly more important than the Cost Factor. As individual factors, the Mission Suitability Factor, Past Performance Factor, and Cost Factor are of essentially equal importance.

Additionally, I noted that the RFP specifically advised offerors of NASA's intent to make award based on initial proposals received. Each offeror was on notice that it might not have an opportunity to amplify the contents of its initial proposal through discussions and, therefore, it was incumbent upon them to submit their initial proposal using the most favorable terms and conditions from a cost and technical standpoint.

The executive session began with my advisors noting that two of the offerors received adjectival ratings of "Fair" for the Mission Suitability Factor. I determined that Wyle's proposal rated "Fair" in Mission Suitability, "Good" in Past Performance and was not competitive with JS's proposal, which received a Mission Suitability adjectival rating of "Excellent", a Past Performance rating of "Very Good" and had a competitive cost.

Specifically, Wyle had a number of significant weaknesses in the proposal with its two significant strengths being its phase-in plan and SDB Participation. The manifold weaknesses contained in Wyle's proposal were not offset by these two significant strengths. Moreover, based on the SEB's findings, Wyle's [REDACTED] and, therefore, would require a substantial rewrite of its proposal to be competitive. Further, I noted that the adjustments for cost realism did not affect Wyle's adjectival rating of "Fair" for Mission Suitability. Additionally, the Wyle Team had limited relevant experience in test operations of the size and complexity of the TOC. Consequently, even though Wyle had a lower cost than JS, I did not believe the Wyle proposal, with its Mission Suitability rating of "Fair" and its Past Performance rating of "Good" could be competitive with JS's proposal with a Mission Suitability rating of "Excellent" and a Past Performance rating of "Very Good."

On the other hand, I could not initially dismiss LMSI's proposal from consideration even though it also received a "Fair" in Mission Suitability since I was aware that without the adjustment for cost realism, LMSI's rating would have been "Good" for this factor. Moreover, I knew that LMSI received a rating of "Very Good" for Past Performance and had the lowest proposed/probable cost.

Based on the above, my primary focus during deliberations involved four of the five proposals NASA received in response to the TOC solicitation – JS, ATK, HTSI, and LMSI. In examining the Mission Suitability ratings, I noted that by assigning points to its

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evaluation, the SEB made these ratings more precise, highlighting the distinctions between the offerors and better defining the differences between these four proposals.

With regard to Mission Suitability, the SEB found that JS clearly had the superior proposal with far more significant strengths than any other offeror and only one significant weakness. In its technical approach, which the SEB rated "Excellent", JS demonstrated its significant knowledge and ability to implement the requirements of the TOC through the in-depth details it provided on test systems installation, activation, conduct and closeout – capabilities that are critical to the successful conduct of test operations. In addition, JS demonstrated a high level of understanding of the TOC requirements through its

[REDACTED]

Additionally, I understand that JS [REDACTED]

[REDACTED] which I believed would enhance schedule and resource management by ensuring that JS and NASA were aware of the status, progress, and issues related to test projects. I recognized that JS received a significant strength for its [REDACTED]

[REDACTED], however, due to the age of the proposals, I did not place as much weight on this strength as the other strengths the SEB found for JS. Finally, I agreed with the SEB's assessment that JS's comprehensive and realistic TCP would provide for uninterrupted high quality work from a stable workforce and would encourage a single-team approach.

The one significant weakness found in the JS [REDACTED]

[REDACTED] According to the SEB, this failure increased safety risks and could lead to catastrophic failure. Since all of the other proposals contained this identical weakness, the SEB verified that the NDE function was a requirement in the RFP. The SEB opined that the reason all offerors missed the NDE requirement could have been because the requirement was not included in the draft RFP but was included in the final RFP. I did not consider this weakness a factor in selection since it was contained in every proposal SSC received in response to the TOC solicitation.

JS also had an excellent management proposal with one of its major strengths being its [REDACTED]

[REDACTED] which would greatly enhance JS's ability to implement efficiencies and address RFP requirements for consolidation and streamlining. In addition, JS indicated [REDACTED]

[REDACTED] something I believed would result in a flexible, efficient workforce and would reinforce the integration of test operations. Finally, as part of its

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I was aware that HTSI's proposal contained a detailed technical approach to performing the TOC and its team members would complement each other. Additionally, HTSI's proposed management approach [REDACTED] would provide effective project management a [REDACTED] [REDACTED] was exceptional and would enable managers to aggressively manage project cost and schedule. HTSI's [REDACTED] [REDACTED] something I deemed to be very relevant to the testing environment.

Most of the weaknesses found in HTSI's Technical Performance involved staffing. The SEB found that HTSI's [REDACTED] [REDACTED] assessment that this failure could increase the risk of unsuccessful contract performance. In this regard, [REDACTED] [REDACTED] I found that these weaknesses could result in ineffective contract management. Even though I was aware that HTSI [REDACTED] [REDACTED] I found that these weaknesses remained relevant since the finding also indicated the [REDACTED] Additionally, HTSI h [REDACTED] [REDACTED] and I felt that having adequate staffing levels in this area was essential due to the safety-critical nature of the work.

Since HTSI also proposed to have Boeing as a subcontractor, it shared the same weakness as ATK regarding Boeing's [REDACTED] As with ATK, I did not view this as an important weakness in HTSI's Technical Performance because this could be readily corrected during discussions; however, as with ATK, it was incumbent upon HTSI that its initial proposal contain the best terms and conditions since the RFP stated NASA intended to make award on initials.

The SEB also noted a significant weakness in HTSI's approach to Safety, Health and Mission Assurance, finding that the approach was unrealistic and represented a high-risk approach to safely fulfilling the requirements of the TOC. The potential problems with the approach included HTSI's [REDACTED] [REDACTED] required by the RFP.

Finally, HTSI had a strong approach to SDB Participation [REDACTED] [REDACTED] by proposing an effective approach to integration of the types of work assigned to SDBs within the organization, and by [REDACTED] [REDACTED] to expand the capabilities of two of its SDB partners.

The final offeror under consideration, LMSI, also had more significant weaknesses than significant strengths in Mission Suitability. The SEB findings for LMSI resulted in this proposal receiving a "Good" for Technical Performance, a "Fair" for Management and an

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"Excellent" for both SH&MA and SDB Participation. As the incumbent, LMSI demonstrated a thorough knowledge and understanding of propulsion design and test operations/processes that are critical to successful operations. This knowledge and understanding; however, was offset by the weaknesses in LMSI's staffing approach.

Specifically, LMSI [REDACTED]

Examples of this [REDACTED]

ct. In addition, LMSI p [REDACTED]

One example of this weakness involved the fact that LMSI [REDACTED] support for subcontract [REDACTED]

LMSI also failed to p [REDACTED]

[REDACTED], which covered fabrication, installation, and activation of test systems along with test conduct and project closeout/review.

The fact that LMSI received a significant strength under the Management Subfactor for exceeding small business goals was greatly offset by a significant weakness for the [REDACTED]

One of my senior advisors questioned why the SEB found this to be a weakness since LMSI had successfully used a flexible work schedule on the Shuttle Program. I agreed with my other senior advisors, however, that the inherent uncertainty associated with testing would make it difficult to implement a flexible work schedule. I agreed with the excellent rating the SEB gave LMSI for the very effective Safety and Health Plan it proposed which exceeded most of the RFP requirements and which I believed would ensure safe contract operations. Finally, LMSI had a strong approach to SDB Participation with [REDACTED] and by well integrating these SDBs into the organization.

Examining the Cost Factor, of the remaining four offerors under consideration, I noted that LMSI had the lowest proposed and probable cost, that HTSI had the second lowest proposed and probable cost, that JS had the second highest proposed and probable cost, and that ATK had the highest proposed and probable cost. I noted that the adjustments for cost realism did not change the cost ranking of any of the offerors and did not affect the adjectival rating for Mission Suitability of the offerors with the exception of LMSI where its score for this factor was adjusted downward by one adjectival rating.

Additionally, I examined the adjustments for probable cost and noticed that the majority of the adjustments made for probable cost were due to insufficient staffing. The corrective actions recommended by GAO piqued my interest in the Independent Government Estimate (IGE) and how I should use this estimate in the evaluation process. Therefore, as part of my examination, I asked the SEB about the type of information I should glean from the IGE, specifically questioning what role the IGE played in adjustments for probable

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cost. I was particularly interested in the fact that the IGE was higher than any of the proposed costs or probable costs. The SEB indicated that the primary reason the IGE was higher than proposed costs was due to the use of a value for indirect rates that was based upon a weighted indirect rates average from three contractors performing the same or similar services as those required by the TOC. The SEB further noted that the IGE "fell in line" with the offerors' proposed costs if one removed the contractor with the highest indirect rates from the cost model.

The other difference between the IGE and the proposed costs involved innovations each offeror proposed. The SEB noted that the IGE was based on limited innovations, yet, the RFP encouraged the offerors to propose innovations. Further, the SEB had a chart which listed the number of innovations proposed by each offeror and indicated that the SEB accepted the vast majority of these. That said, the SEB indicated that the IGE was used as a baseline to indicate whether the Government's expectation regarding the scope of the TOC requirements was similar to the expectations of the offerors. More importantly, the SEB told me that all adjustments for probable cost due to staffing weaknesses were made only when the SEB did not believe an offeror had properly staffed the approach contained in its proposal.

Although the adjustments for probable costs seemed appropriate to me and were supported by the technical findings, I was concerned about the level of cost confidence the SEB assigned to its adjustments. The highest level of cost confidence the SEB had was the probable cost of JS where the SEB had a medium level of confidence due to an overall adequate proposal with extensive supporting documentation, yet it contained differences in labor classifications between the technical and cost volumes and had potential cost risks due to changed factors and conditions since proposal preparation. The SEB only had a medium-low level of confidence regarding the probable costs of the other offerors primarily based upon the need to make numerous staffing adjustments. I also was aware that the cost of each offeror's proposal most likely would change simply due to the passage of time.

Past performance was the third and final factor used to evaluate proposals and I did not have any reason to disagree with the SEB's evaluation of this factor. As part of the SEB's briefing on past performance, it explained that the RFP explicitly requested information on each offeror's (and major subcontractors) safety and environmental record as part of this factor.

The SEB rated JS, HTSI, and LMSI as "Very Good" in the Past Performance Factor based upon extensive relevant experience in rocket propulsion test operations, component testing, and engineering services. Customer assessments of these contractors revealed that their overall quality of performance under relevant prior contracts had been timely, efficient and economical. In addition, the customer assessments indicated that these contractors had been very responsive and were technically competent.

The SEB rated ATK as "Good" in the Past Performance Factor. Although ATK also had performed in a timely, efficient and economical manner, ATK had a significant weakness

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associated [REDACTED]
[REDACTED]
[REDACTED]

I began my deliberations questioning whether the facts supported making a competitive range determination given JS's rating of "Excellent" for the Mission Suitability Factor. My legal counsel advised me that the FAR (15.206(c)) states that only the most highly rated proposals should be included in a competitive range. It was further noted by my legal advisor that the standard generally used for inclusion in the competitive range was whether an offeror's proposal was susceptible of being made acceptable for award. The pivotal aspect of my consideration involved applying the evaluation criteria to the SEB findings, which provided that the Mission Suitability Factor, Past Performance Factor, and Cost Factor were essentially of equal importance.

An examination of LMSI indicated it had the lowest proposed/probable cost, a "Very Good" in Past Performance, and a "Fair" in Mission Suitability, compared with JS's second to highest proposed/probable cost, a "Very Good" in Past Performance, and an "Excellent" in Mission Suitability. I believed the cost realism adjustments the SEB made to LMSI's score for Mission Suitability, which lowered LMSI's by one adjectival rating, was proper due to the staffing problems found in this proposal. Moreover, as part of its deliberations on staffing, the SEB told me that LMSI had proposed a core staff to accomplish the requirements of the TOC and that the contractor anticipated notifying the contracting officer when additional requirements over and above the core staffing drove potential cost issues. The SEB believed that LMSI most likely would be required to rewrite its technical proposal in order to correct this weakness. Based upon this, I concluded that LMSI should not be included in a competitive range for the TOC. Discussions are not intended to give offerors the ability to rewrite proposals particularly when the RFP notified them of NASA's intent to award on initial proposals.

Looking at ATK, I knew that it had the highest proposed/probable cost, a "Good" in Past Performance, and a "Good" in Mission Suitability compared to JS's second highest proposed/probable cost, a "Very Good" in Past Performance, and an "Excellent" in Mission Suitability. I was aware that the adjustment for cost realism had not lowered ATK's adjectival rating for Mission Suitability. Moreover, I realized that ATK most likely would be required to further increase its cost in order to better its score in Mission Suitability. I determined that ATK was not among the most highly rated proposals SSC received for the TOC and should not be in the competitive range given the fact that ATK had a lower rating in Past Performance, initially had a higher proposed cost, and had a rating for Mission Suitability that was two adjectival ratings lower than the one JS received.

Finally, I compared HTSI with its third highest proposed/probable cost, a "Very Good" in Past Performance, and a "Good" in Mission Suitability against JS's second highest proposed/probable cost, a "Very Good" in Past Performance, and an "Excellent" in Mission Suitability. I recognized that this comparison essentially involved JS's advantage regarding Mission Suitability versus HTSI's advantage regarding cost. I was aware that

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the adjustment for cost realism had not changed HTSI's adjectival rating for Mission Suitability. I also knew that there was a very large difference between these offerors' ratings in Mission Suitability; a difference I felt was fully supported by the findings of the SEB. Moreover, it was obvious that during discussions HTSI would be required to raise its proposed cost in order to raise its rating for Mission Suitability, something that would diminish its cost advantage.

Moreover, I noted that the difference between the probable costs of HTSI and JS was approximately \$1 million. I believed that any small advantage HTSI might have regarding cost was greatly overshadowed by JS's advantage regarding Mission Suitability, which as noted above, I felt was fully supportable. Although JS was [REDACTED] away from having earned a perfect score in Mission Suitability, I also knew that discussions should raise the Mission Suitability scores of both JS and HTSI. Given this, I concluded HTSI was not among the most highly rated proposals SSC received for the TOC when compared to the JS proposal.

Nevertheless, my senior advisors and I discussed the merits of having a competitive range for the TOC. The advantages associated with making such a determination did not appear to involve the principles in the Federal Acquisition Regulations (FAR) since there was only one highly rated proposal and since it did not appear that the other offerors' proposals were susceptible to being made acceptable for award. Instead, having a competitive range would permit SSC to update old proposals and would give the offerors in the competitive range insight into the extent of the re-evaluation performed by the second SEB. However, I determined that creating a competitive range for these reasons would send the wrong message to the offerors remaining in the competition, i.e., that they were among the most highly rated proposals and that they had a chance of being selected for award. Moreover, I did not believe it was proper to require these offerors to continue to spend Bid & Proposal (B&P) costs in order to maintain a competitive environment with JS, particularly given the RFP's notification about award on initial proposals.

Two other options remained: whether to make an award to JS based upon initial proposals or whether to have a competitive range of one. I recognized that having a competitive range of one was tantamount to awarding based upon initials. Competitive ranges of one are usually established when there is a clear winner, but that proposal contains a significant weakness, which must be corrected prior to contract performance. This situation existed with the TOC since JS failed to provide sufficient cost or resources for visual welding inspections and the NDE function at MSFC and this weakness could increase safety risks and lead to catastrophic failure. In addition, I believed that having a competitive range would give the offeror an opportunity to update its proposal prior to contract performance. Consequently, I determined that it would be in the best interests of the Government to have a competitive range of one with JS rather than to award the TOC on the basis of initial proposals. My senior advisors fully agreed with this decision.

Based on the foregoing, I concluded that JS offered the best value to NASA by having the most highly rated Mission Suitability proposal, which was clearly superior to any other proposal for the TOC; by receiving a "Very Good" in Past Performance, which was the

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highest rating given for that factor, and by having a competitively priced proposal. This decision was consistent with the relative order of importance in the evaluation criteria, which stated that the Mission Suitability factor, Past Performance factor, and Cost factor were essentially of equal importance.



David Throckmorton
Source Selection Authority

5/27/04

Date