

# **SOURCE SELECTION STATEMENT**

## **FOR**

### **CHECKOUT, ASSEMBLY AND PAYLOAD PROCESSING SERVICES**

On August 19, 2002, I, as the designated Source Selection Authority (SSA), along with other senior officials of the John F. Kennedy Space Center (KSC), and Program Officials, met with the Source Evaluation Board (SEB) appointed to evaluate proposals for award of the Checkout, Assembly and Payload Processing Services (CAPPS) contract at KSC.

#### **PROCUREMENT DESCRIPTION**

The objective of the CAPPS procurement is to acquire management and technical services in support of payload processing requirements for the International Space Station (ISS), Shuttle, NASA Expendable Launch Vehicle (ELV), and other payload programs. The contractor shall perform all aspects of payload processing including planning, safety and mission assurance, payload receiving, processing, ground systems support, Shuttle integration, launch, and post landing payload activities. The contractor shall have a broad mission in performing payload processing related functions to cover any payload processing service or related activities arising in support of human exploration and development of space and earth and space science exploration. The major elements of work include: ISS, Shuttle and ELV payload processing including checkout, assembly, integrated testing, carrier resupply/return and experiment utilization activities; logistics for ISS, payload customers, ground systems and facilities; payload integration with shuttle vehicle; payload transport services; launch and landing support; de-integration activities; operations, maintenance and sustaining engineering of ground systems such as checkout systems, handling, test equipment and facility systems; information technology (IT) support (workstations and enterprise data management systems); program support; personnel training and certification; safety, health, mission assurance and environmental compliance. These services will be provided in accordance with a performance-based statement of work at KSC, Cape Canaveral Air Force Station, Vandenberg Air Force Base, Shuttle landing sites, and other work locations in and outside the United States in support of the statement of work requirements.

The CAPPS contractor must be capable of responding to changes in the flight and mission manifest schedules, processing requirements, and agency objectives (e.g., safety, health, environmental stewardship, IT security, and commercialization) with minimal impacts to contract cost, schedule, or performance. This work will be accomplished through a cost-plus-performance/award-fee type contract, which will provide the government the ability to quantitatively and qualitatively evaluate the contractor's performance every six months. Quantitative assessments will measure achievements such as meeting safety, technical and management requirements; customer satisfaction; maintaining cost control; and meeting socioeconomic and subcontracting goals.

Qualitative assessments will measure subjective factors such as responsiveness to areas of emphasis; process improvement; and maintaining cooperative working relationships with major ISS contractors under Associate Contractor Agreements. Additional technical services can be acquired under an indefinite-delivery indefinite-quantity (IDIQ) type arrangement.

On February 9, 2001, the KSC Director of Procurement appointed a Procurement Development Team (PDT) to develop a statement of work and a draft solicitation for the Payload Ground Operations Contract (PGOC) follow-on procurement. PGOC, the predecessor of CAPPs, was awarded with a performance period of January 1, 1987 through December 31, 2001, and was extended to September 30, 2002, to accommodate the CAPPs acquisition schedule. This contract has a four-year basic period of performance (October 1, 2002 – September 30, 2006) with two three-year options. If all options are exercised, the contract will expire on September 30, 2012. 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.

The PDT issued a draft statement of work on May 22, 2001, and a draft request for proposal (RFP), including a revised statement of work, on July 5, 2001. An industry briefing, pre-solicitation conference and site tour, attended by approximately 70 individuals representing 30 firms, was held on July 16 - 17, 2001. The final RFP was issued on August 15, 2001. On the same day, the SSA appointed the SEB to evaluate proposals received in response to the final RFP. Ten RFP amendments were issued by the contracting officer to provide responses to questions and comments submitted relevant to the RFP and to incorporate other minor changes to the RFP. The RFP (draft and final) and all amendments were posted on the NASA Acquisition Internet Service and on the CAPPs website established by the PDT. A bidders' library containing technical documents and other workload indicators relevant to CAPPs was also established. An Observation Period was held October 10, 2001, through January 8, 2002, to afford prospective offerors the opportunity to gain insight and understanding of current work through first hand, in-the-field observation of PGOC activities.

Initial proposals were timely received from The Boeing Company of Chicago, Illinois and Lockheed Martin Services, Inc. (LMS) of Cherry Hill, New Jersey on February 7, 2002. Both offerors were determined to be within the competitive range and written and oral discussions were conducted with both offerors from April 25 – June 10, 2002. The discussions included demonstrations of the offerors' proposed work control system capabilities. These demonstrations were evaluated in accordance with the RFP. Final proposal revisions were received from Boeing Space Operations (BSO) of Titusville, Florida, a wholly owned subsidiary of The Boeing Company, and LMS on June 17, 2002. The offerors' proposed significant partners/subcontractors are provided below:

**BSO Teaming Partners:**

- Sverdrup Technology, Inc. – Tullahoma, Tennessee
- Creative Management Technology, Inc. – Cocoa Beach, Florida
- Indyne, Inc – McLean, Virginia
- All Points Logistics, Inc. – Gainesville, Georgia
- Cimarron Software Services, Inc. – Houston, Texas
- Yang Enterprises, Inc. – Oviedo, Florida

**BSO Subcontractors:**

- Alenia Spazio S.p.A. – Rome, Italy
- Florida A&M University – Tallahassee, Florida
- Trammell Crow – Orlando, Florida
- BRPH Architects-Engineers, Inc. – Melbourne, Florida
- R.S. Staffing – Decatur, Georgia
- Spherion Staffing – Melbourne, Florida

**LMS Teaming Partner:**

- SAIC – Satellite Beach, Florida

**LMS Subcontractors:**

- Nelson Engineering – Titusville, Florida
- Dynacs – Palm Harbor, Florida
- Market Direct – Titusville, Florida

## **EVALUATION PROCESS**

The RFP prescribed three evaluation factors: Mission Suitability, Past Performance and Cost/Price. Of the three evaluation factors, only the Mission Suitability Factor was numerically scored. The RFP provided for a trade-off process in source selection as set forth in FAR 15.101-1. The relative order of importance of the three evaluation factors was described as follows: Of the three evaluation factors, Mission Suitability and Past Performance, when combined, are approximately equal to Cost.

The Mission Suitability Factor included the following subfactors: Management Approach; Technical Approach; Safety, Health, Mission Assurance and Environmental Compliance Approach; and Small Disadvantaged Business (SDB) Participation. The RFP explained the subfactors and specified their relative importance by assignment of numerical weights.

For Past Performance, the SEB evaluated relevant information regarding each offeror's performance, including the performance of major subcontractors or team members, under

previous contracts similar in scope, size and complexity to this procurement. Past Performance information was evaluated to assess each offeror's ability to perform the CAPPS contract successfully. Evaluation included accomplishment of work similar to that required under this procurement that occurred during the last three years. Evaluation focused on technical performance, schedule performance, and contract management and cost performance.

For the Cost/Price Factor, evaluation focused on an assessment of the validity, realism and adequacy of each cost proposal and the probable cost that will be incurred in performance of the entire contract including option periods. The SEB evaluated cost differences between the proposals and identified features that could cause one proposal to cost more or less than the other, including proposal risk areas. Proposed costs were evaluated to determine whether the proposed costs were realistic for the work to be performed, reflected an understanding of the requirements, and were consistent with the various elements of the offeror's Mission Suitability proposal. A structured approach was set forth in the RFP in accordance with the provisions of NFS 1815.305(a)(3)(B) to adjust an offeror's overall Mission Suitability score based on the degree of cost realism. Point adjustments to the Mission Suitability score were prescribed when the percentage difference between proposed and probable cost exceeded increments of +/- 5 percent. The IDIQ fixed-price labor rates were examined for price realism, reasonableness and unbalanced pricing.

In addition to evaluation of the factors and subfactors identified above, the SEB ensured all solicitation requirements established by the RFP were met. As part of the evaluation process, the SEB analyzed each offeror's administrative data, comprised of financial capability to perform a contract of this magnitude, model contract (i.e., acceptance of contract terms and conditions, and representations and certifications), and Equal Employment Opportunity pre-award clearance.

The SEB conducted the initial evaluation based on the RFP-specified evaluation criteria in accordance with its Source Evaluation Plan. The SEB utilized evaluators in appropriate disciplines to provide specific expertise needed in the evaluation process. SEB evaluators were assigned to evaluate the offerors' proposals in their specific areas of expertise and provide findings and requests for clarifications to the SEB committees. The SEB utilized committee assessments in determining findings. Using the analyses of the evaluators as reported in the committee assessments, the predetermined evaluation criteria, and their own findings, the SEB identified and assessed strengths and weaknesses and rated and scored each proposal. This produced the initial ranking of proposals for Mission Suitability, a probable cost assessment, an adjectival rating for the Past Performance Factor, and the basis for the competitive range determination.

Both offerors were determined to be within the competitive range. The SEB conducted oral and written discussions with the offerors. These discussions concluded on June 10, 2002. During discussions, the Contracting Officer advised each offeror of all weaknesses, including uncertainties requiring clarification, in their proposal with respect to the Government's requirements. There were no initial deficiency findings. Offerors

were advised of any adverse past performance information which the offeror had not commented on in their proposal. After discussions, offerors were requested to submit Final Proposal Revisions (FPRs), including a proposed model contract signed by the offeror, by a common cut-off date of June 17, 2002. FPRs were timely received from the offerors on that day. Following the same procedure as before, the SEB completed its evaluation of all factors, made its final ranking of the proposals for Mission Suitability, developed probable cost and assessed price reasonableness for each proposal, assigned an adjectival rating for Past Performance, and reported its findings to the SSA.

**1. MISSION SUITABILITY**

The Mission Suitability Factor was composed of the following four subfactors: Management Approach; Technical Approach; Safety, Health, Mission Assurance and Environmental Compliance Approach; and SDB Participation. The SEB evaluated the Mission Suitability Factor by identifying significant and other strengths and weaknesses and any deficiencies for each of the subfactors. Evaluation focused on each offeror's demonstrated understanding of the requirements, proposed approaches to meeting the requirements, and ability to perform as proposed. The SEB used the adjectival ratings, definitions, and percentile ranges in accordance with NFS 1815.305(a)(3)(A) to evaluate and score the Mission Suitability subfactors. Proposal risk associated with cost, schedule, and performance of technical aspects of the proposal was evaluated and considered in determining the degree of strengths and weaknesses and in assigning the numerical and adjectival ratings. The evaluation of risk considered the probability of success, impact of failure, and alternatives available to meet the requirements.

Consistent with the RFP evaluation criteria, the SEB weighed and scored the Mission Suitability factor on a 1000-point scale. The weights (points) associated with each Mission Suitability subfactor were as follows:

• (Subfactor-1)	Management Approach	300
• (Subfactor-2)	Technical Approach	450
• (Subfactor-3)	Safety, Health, Mission Assurance & Environmental Compliance Approach	150
• (Subfactor-4)	Small Disadvantaged Business Participation	100
	Total Mission Suitability Factor	<u>1000</u>

Mission Suitability subfactors were evaluated using the adjectival rating, definitions and percentile ranges defined at NFS 1815.305(a)(3)(A). The maximum points available for each subfactor was multiplied by the assessed percentage for each subfactor to derive the score for the particular subfactor. The combined Mission Suitability subfactor scores were added to produce the overall Mission Suitability score and adjectival rating for each proposal.

Proposals were ranked by the SEB in the following order for Mission Suitability:

1. Boeing Space Operations
2. Lockheed Martin Services

Evaluation of FPRs resulted in increased scores for both offerors, but did not change their relative Mission Suitability ranking. The substance of the SEB's evaluation of the proposals with regard to Mission Suitability follows:

### **Boeing Space Operations (BSO)**

In accordance with the above described evaluation procedure, BSO's proposal received the highest overall score and an overall adjectival rating of "Very Good." The SEB assessed BSO's proposal to be higher rated in the Management Approach, Technical Approach, and SDB Participation subfactors and lower rated in the remaining subfactor. The SEB reported no significant weaknesses in BSO's proposal.

The significant strengths of BSO's Management Approach were: (1) a comprehensive approach to establish and maintain Associate Contractor Agreements (ACAs), (2) highly qualified key personnel, (3) a comprehensive commercialization approach, and (4) a comprehensive approach to small business subcontracting. The significant strengths of BSO's Technical Approach were: (1) integration of effective work control and scheduling systems, (2) a comprehensive set of systems, processes, tools, and Original Equipment Manufacturer (OEM) participation for ISS resupply/return processing, and (3) upgrades for IT enterprise systems utilizing non-proprietary, Commercial Off-The-Shelf solutions. BSO's significant strength in the Small Disadvantaged Business Participation subfactor was an exceptional level of initial and escalating SDB goals over the entire contract period including the variety and complexity of work to be performed.

The SEB reported no significant strengths in BSO's proposal for the Safety, Health, Mission Assurance and Environmental Compliance Approach subfactor.

### **Lockheed Martin Services (LMS)**

LMS' proposal received a lower score and an overall adjectival rating of "Very Good." The SEB assessed LMS' proposal to be higher rated in the Safety, Health, Mission Assurance and Environmental Compliance Approach subfactor and lower rated in the remaining three subfactors. The SEB reported no significant weaknesses in LMS' proposal.

The significant strengths of LMS' Management Approach were: (1) demonstrated comprehensive and integrated business management systems linking subcontractors, procurement, schedule and cost data into an integrated format visible to the government, (2) highly qualified key personnel, and (3) a comprehensive commercialization approach. The significant strengths of LMS' Technical Approach were (1) facility

readiness/standby mode approach and (2) comprehensive work control processes that maximize the capabilities of tools to plan, schedule, and integrate processing activities across flight, ground, and logistics operations. LMS' significant strength in the Safety, Health, Mission Assurance and Environmental Compliance Approach subfactor was a strong integrated approach, which is embedded in all aspects of operations. LMS' significant strength in the SDB Participation subfactor was the approach proposed to meet the government's stated goals and level of complexity in the work to be performed.

## 2. PAST PERFORMANCE

Past Performance information was evaluated to determine the offeror's ability to perform the contract successfully. The evaluation was conducted in accordance with the FAR 15.305 (a) (2) and NFS 1815.305 (a)(2). The currency and relevance of past performance information, source of information, context of data, and general trends in offeror performance were considered. The SEB considered all relevant information provided by offerors, by offeror-identified references in the form of questionnaires, and information provided by other sources internal and external to the SEB. The SEB evaluated each offeror (including major subcontractors and significant team members) for services similar in size, content, and complexity to the requirements and assigned one of the following adjectival ratings: Excellent, Very Good, Good, Neutral, Fair, or Poor.

The Past Performance evaluation included an assessment of the following:

- Technical Performance – The SEB considered the offeror's compliance with technical requirements and performance standards for previous and present work. Hardware and hardware systems, including compliance requirements (such as ISO and/or product assurance) and control systems (such as configuration management) as well as the performance requirement for the delivered product were evaluated. The quality of service or support was also evaluated. The offeror's performance on interim work and deliverables such as system designs, prototype hardware, and technical reports was considered as well as the offeror's ability to identify and resolve unforeseen technical problems. The evaluation considered incidents, mishaps, and all cases of lost time due to accidents on previous contracts.
- Schedule Performance – The SEB considered how well the offeror met completion dates. This includes any unique schedule requirements, interim deliverables or milestones such as periodic technical and business reports, system designs, prototype hardware, and completion of valid customer direction such as task and mission assignments and technical directions.
- Contract Management and Cost Performance - The SEB considered cost increases and cost savings experienced on previous and present contracts. The offeror's cooperation and responsiveness to negotiate changes,

adjustments to program priorities, achieving Small Business goals, and degree of support rendered to government led program management exercises were evaluated. Export control compliance was also evaluated.

BSO received an overall adjectival rating of "Very Good." BSO's technical performance was rated "Excellent." BSO's schedule performance was rated "Very Good." BSO's contract management and cost performance was rated "Good."

LMS received an overall adjectival rating of "Very Good." LMS was rated "Very Good" in each of the three performance categories.

As described above, these ratings were based on the composite rating of each prime and its major subcontractor(s) and significant team member(s). The SEB's assessment indicated that both offerors have well established performance on recent, relevant contracts which demonstrates that the offerors are very competent and well suited to perform the requirements with no significant discriminators between the offerors.

### 3. COST/PRICE

In evaluating the Cost/Price Factor, the SEB considered both the cost-reimbursable and fixed-price contract line items. The Cost/Price Factor was used to assess what each offeror's proposal would cost the Government if selected for award. The offeror's Cost/Price proposal was evaluated to determine whether proposed amounts are realistic for the work to be performed, whether they reflect an understanding of requirements, and whether they are consistent with the various elements of the Mission Suitability proposal. The SEB evaluated validity, reasonableness, adequacy and realism of proposed costs, and made its assessment of the probable cost that would be incurred in actual performance. Evaluation included adjustments to reflect corrections due to omissions, weaknesses and other considerations. Each offeror's probable cost was assigned a confidence rating of High, Moderate, or Low. The IDIQ fixed-price labor rates were examined for price realism, reasonableness and unbalanced pricing.

In accordance with the provisions in the RFP prescribing structured point adjustments in Mission Suitability scores based on the degree of cost realism, no adjustments were made to either offerors' FPR Mission Suitability score. The percentage difference between proposed cost and probable cost did not exceed +/- 5% in either case.

In order to evaluate the cost reimbursable contract line items, the SEB calculated the most probable cost for each proposal based on the offeror's proposed approach to accomplishing the contract. The intent of this calculation was to most accurately estimate the cost of the performance based on the offeror's proposed approach. The SEB determined its level of confidence in the probable cost assessments. The SEB's evaluation findings included each offeror's proposed cost, probable cost calculated by the SEB, and the confidence rating described above.



In the initial proposals, BSO's proposed cost was somewhat lower than LMS' proposed cost. After submission of FPRs, BSO's proposed cost remained somewhat lower than LMS' proposed cost. Both offerors decreased their proposed cost by a very small amount in their final proposal. The SEB made upward probable cost adjustments to BSO's cost proposal for staffing, equipment, ceiling rate adjustments, and on-going development costs. The SEB also made upward probable cost adjustments to LMS' cost proposal for staffing, equipment, and on-going development costs. After probable cost adjustments, BSO's proposal remained somewhat lower than LMS' proposal. The SEB expressed a "High" level of confidence in its probable cost assessment for both offerors.

### SELECTION DECISION

At the conclusion of the presentation, I solicited additional comments or questions from the SEB participants, managers and officials in attendance. Following the presentation, I met in executive session with key KSC and program officials who had heard the presentation. These officials carry responsibilities related to the program management, procurement, and acquisition process. Their views were solicited and received. I then convened a smaller group of key KSC officials prior to arriving at a selection decision. After thoroughly reviewing the SEB findings, I conclude that the proposal submitted by BSO offers the best value to the government.

I first noted the relative order of importance of the evaluation factors as stated in the solicitation. I then noted both offerors received the same adjectival rating of "Very Good" in Mission Suitability and that BSO's proposal scored higher in Mission Suitability. In order to better understand the differentiation in scores, I examined the relative merits which supported the ratings given for each of the four Mission Suitability subfactors. BSO's proposal received an "Excellent" rating in the Management Approach, Technical Approach, and SDB Participation subfactors. LMS' proposal was rated "Very Good" in these three subfactors. Within Management Approach, I was impressed that BSO's proposal comprehensively defined the implementation of ACA's. The proposal defined a specific ACA approach to form partnerships that will contribute to effective implementation of the operations and utilization phase of the ISS Program. BSO's proposal also identifies specific benefits to help ensure rapid identification of problem areas, improved coordination among ISS Program contracts, and reduced overall government involvement in ISS contractor interfaces. Within the Technical Approach, BSO provided a superior approach to ISS Resupply/Return processing. Key features in this approach included a specific series of continuous improvement innovations to enhance mission processing and integration, streamline test activities, reduce technical risk and increase flexibility to accommodate late changing mission requirements. This is further enhanced by teaming with the Multi-Purpose Logistics Module (MPLM) original equipment manufacturer. This approach reduces performance risk by integrating the skills and expertise of the MPLM designers into processing activities. I noted BSO's proposal provided a substantially higher commitment to SDB Participation goals. In the Safety, Health, Mission Assurance and Environmental Compliance Approach subfactor,

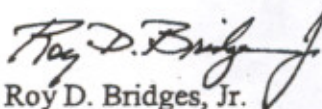
LMS received a significant strength and an "Excellent" rating, and BSO was rated "Good." LMS provided a strong integrated approach, which is embedded in all aspects of operations. Although I was impressed with this approach, it was not sufficient to overcome BSO's superiority in all other Mission Suitability subfactors.

Next, I considered the proposed Cost/Price factor and analyzed the SEB's probable cost adjustments for each proposal. I noted that such adjustments were relatively small and did not affect the relative standing of the proposals. BSO's proposed cost was somewhat lower than LMS' proposed cost, and BSO's proposal remained somewhat lower than LMS' proposal after probable cost adjustments by the SEB. I considered the SEB's determination of a "High" level of confidence in its probable cost assessment for both offerors.

In considering Past Performance, I noted that both offerors were rated "Very Good" and found no significant discriminators.

The foregoing analysis resulted in my conclusion that the primary discriminators were in Mission Suitability and Cost. BSO's proposal was more advantageous, as it combined the higher ranked Mission Suitability proposal with the lower probable cost.

Based on the above, I selected Boeing Space Operations for award of the CAPPS contract, as it provided the best value to the government.



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