



DEPARTMENT OF DEFENSE SOURCE SELECTION PROCEDURES

Based on New Procedures issued APR 01 2016

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WARNING!

What you've been doing before is probably ***not*** what you'll be doing in your next source selection.

Read the Department of Defense Source Selection Procedures dated APR 01 2016.



WHAT'S NEW?

- **Applicability**
 - **New competitive acquisition strategy (i.e., Value Adjusted Total Evaluated Price (VATEP) Tradeoff)**
 - **New terminology in rating methods**
 - **Emphasis on Program Manager (PM) and Requirements Owner (RO)**
 - **Emphasis on tailoring**
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APPLICABILITY OF NEW PROCEDURES

1.2 Applicability and Waivers

These procedures are applicable to all acquisitions conducted as part of a major system acquisition program (sic), as defined in Federal Acquisition Regulation (FAR) 2.101, and all competitively negotiated FAR part 15 acquisitions with an estimated value greater than \$10 million.

APPLICABILITY OF NEW PROCEDURES

1.2.1 These procedures are applicable to all competitively negotiated procurements meeting the requirements in paragraph 1.2, except those using:

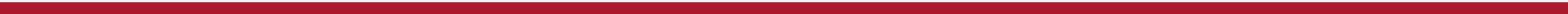
- Federal Acquisition Regulation (FAR) subpart 8.4, Federal Supply Schedules;
- FAR part 12, Acquisition of Commercial Items, only if FAR part 12 is used solely in conjunction with part 13, Simplified Acquisition Procedures, or part 14, Sealed Bidding; and not used with FAR subpart 15.3, Source Selection (see paragraph 1.2.2);
- FAR part 13, Simplified Acquisition Procedures;
- FAR part 14, Sealed Bidding;
- FAR subpart 16.505(b)(1), Orders under multiple award contracts—Fair Opportunity (see also paragraph 1.2.3);
- FAR subpart 35.016, Broad Agency Announcements;
- FAR subpart 36.6, Architect-Engineer services; and
- 15 United States Code (U.S.C.), Section 638, to solicit and award Small Business Innovative Research, Small Business Technology Transfer Research and Small Business Technology Transfer acquisitions.

APPLICABILITY OF NEW PROCEDURES

1.2.4 Waivers. For solicitations valued at \$1 billion or more, waivers to provisions required by paragraph 1.2 of this document may only be approved with the express, written permission of the Director, Defense Procurement and Acquisition Policy (DPAP). Waivers for solicitations valued below \$1 billion must be approved by the Senior Procurement Executive (SPE). The SPE may set lower internal dollar thresholds for use of these procedures as appropriate.



AGENDA

- **The Environment**
 - **Best Value Under the FAR**
 - **Organization Responsibilities**
 - **Pre-Solicitation Activities**
 - **Tradeoff Source Selection Processes**
 - Subjective Tradeoff
 - Value Adjusted Total Evaluated Price (VATEP) Tradeoff
 - **Lowest Price Technically Acceptable (LPTA) Source Selection Process**
 - **How Do We Do That?**
 - **Ethics in Source Selection**
- 



The Environment



Better Buying Power 3.0

9 Apr 15

Achieving Dominant Capabilities through Technical Excellence and Innovation

Achieve Affordable Programs

- Continue to set and enforce affordability caps

Achieve Dominant Capabilities While Controlling Lifecycle Costs

- Strengthen and expand “should cost” based cost management
- Anticipate and plan for responsive and emerging threats by building stronger partnerships of acquisition, requirements, and intelligence communities
- Institutionalize stronger DoD level Long Range R&D Program Plans
- Strengthen cybersecurity throughout the product lifecycle

Incentivize Productivity in Industry and Government

- Align profitability more tightly with Department goals
- Employ appropriate contract types, but increase the use of incentive type contracts
- Expand the superior supplier incentive program
- Ensure effective use of Performance-Based Logistics
- Remove barriers to commercial technology utilization
- Improve the return on investment in DoD laboratories
- Increase the productivity of corporate IRAD

Incentivize Innovation in Industry and Government

- Increase the use of prototyping and experimentation
- Emphasize technology insertion and refresh in program planning
- Use Modular Open Systems Architecture to stimulate innovation
- Increase the return on and access to small business research and development
- Provide draft technical requirements to industry early and involve industry in funded concept definition
- Provide clear and objective “best value” definitions to industry

Eliminate Unproductive Processes and Bureaucracy

- Emphasize acquisition chain of command responsibility, authority, and accountability
- Reduce cycle times while ensuring sound investments
- Streamline documentation requirements and staff reviews
- Remove unproductive requirements imposed on industry

Promote Effective Competition

- Create and maintain competitive environments
- Improve DoD outreach for technology and products from global markets
- Increase small business participation, including through more effective use of market research

Improve Tradecraft in Acquisition of Services

- Strengthen contract management outside the normal acquisition chain – installations, etc.
- Improve requirements definition for services
- Improve the effectiveness and productivity of contracted engineering and technical services

Improve the Professionalism of the Total Acquisition Workforce

- Establish higher standards for key leadership positions
- Establish stronger professional qualification requirements for all acquisition specialties
- Strengthen organic engineering capabilities
- Ensure development program leadership is technically qualified to manage R&D activities
- Improve our leaders’ ability to understand and mitigate technical risk
- Increase DoD support for (STEM) education

Continue Strengthening Our Culture of:
Cost Consciousness, Professionalism, and Technical Excellence

- Ideas retained from BBP 2.0 and/or BBP 1.0
- New in BBP 3.0

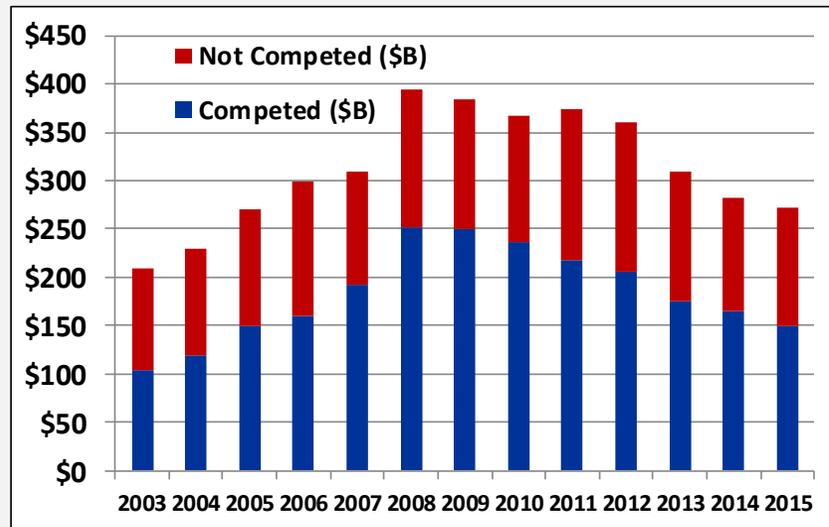


DPAP HOT TOPICS

1. **Target Affordability and Control Cost Growth: Contract Pricing, Should Cost**
2. **Incentivize Productivity and Innovation In Industry: Contract Types and Incentives, Superior Supplier, CPAR**
-  3. **Promote Competition**
4. **Improve Tradecraft in Services Acquisition**
5. **Improve the Professionalism of the Total Acquisition Workforce**
6. **Contracting in a Combatant Command / Contingency Environment**
7. **Proper Use of Interagency Agreements**
-  8. **Source Selection**
9. **Contractor Business Systems including CBAR**
10. **Small Business**
11. **Commercial Items**
12. **Data Vulnerability**
13. **Government Property**

DEFENSE COMPETITION STATISTICS

Fiscal Year 2015



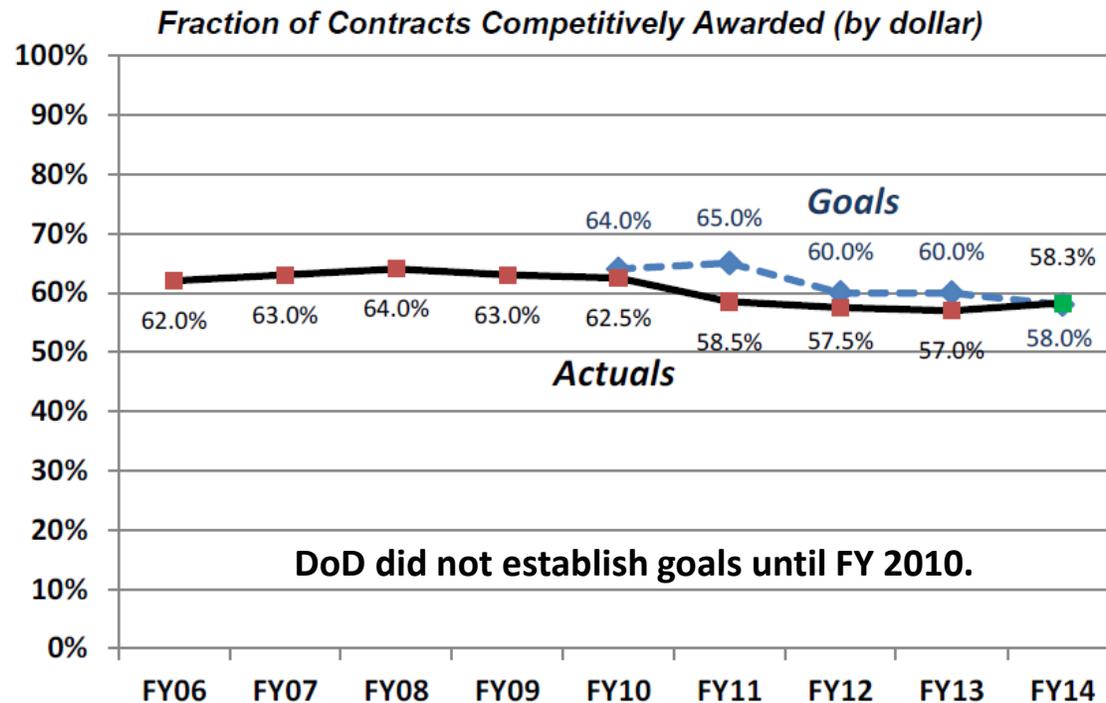
Trend

Contracting Agency	Total Actions	Total Dollars	Competed Dollars	FY 2015 Compete %	FY 2015 Goal %
DEPT OF THE AIR FORCE	140,539	\$ 52,642,383,307	\$ 20,556,329,209	39.0%	44.4%
DEPT OF THE ARMY	274,398	\$ 72,377,083,072	\$ 42,919,907,257	59.3%	66.6%
DEPT OF THE NAVY	277,582	\$ 85,120,199,059	\$ 36,817,596,843	43.3%	45.2%
DEFENSE LOGISTICS AGENCY	1,449,760	\$ 29,340,101,064	\$ 24,373,048,918	83.1%	85.7%
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY	1,196	\$ 946,935,422	\$ 712,373,139	75.2%	86.4%
DEFENSE COMMISSARY AGENCY	13,380	\$ 262,006,808	\$ 142,655,618	54.4%	92.4%
DEFENSE CONTRACT MANAGEMENT AGENCY	939	\$ 138,494,449	\$ 100,686,696	72.7%	71.0%
DEFENSE FINANCE AND ACCOUNTING SERVICE	961	\$ 199,664,300	\$ 154,977,231	77.6%	87.6%
DEFENSE HEALTH AGENCY	5,866	\$ 12,050,020,053	\$ 10,627,851,562	88.2%	90.2%
DEFENSE HUMAN RESOURCES ACTIVITY	644	\$ 269,630,794	\$ 128,899,842	47.8%	51.2%
DEFENSE INFORMATION SYSTEMS AGENCY	33,669	\$ 4,858,767,387	\$ 3,313,084,312	68.2%	78.3%
DEFENSE MEDIA ACTIVITY	616	\$ 69,976,023	\$ 48,052,050	68.7%	72.9%
DEFENSE MICROELECTRONICS ACTIVITY	726	\$ 513,981,245	\$ 455,955,874	88.7%	96.0%
DEFENSE SECURITY COOPERATION AGENCY	432	\$ 56,617,576	\$ 33,970,459	60.0%	69.8%
DEFENSE SECURITY SERVICE	547	\$ 96,200,615	\$ 67,720,593	70.4%	81.2%
DEFENSE THREAT REDUCTION AGENCY	1,849	\$ 916,371,327	\$ 803,152,738	87.6%	87.3%
DEPT OF DEFENSE EDUCATION ACTIVITY	3,254	\$ 245,791,903	\$ 200,584,343	81.6%	73.4%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORGANIZATION	155	\$ 57,404,437	\$ 41,841,934	72.9%	85.1%
MISSILE DEFENSE AGENCY	4,300	\$ 4,695,984,129	\$ 2,302,210,717	49.0%	42.7%
U.S. SPECIAL OPERATIONS COMMAND	7,359	\$ 2,914,273,632	\$ 2,225,777,753	76.4%	76.4%
UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES	673	\$ 44,718,757	\$ 23,271,507	52.0%	65.9%
USTRANSCOM	9,493,089	\$ 3,371,638,132	\$ 3,334,175,432	98.9%	99.6%
WASHINGTON HEADQUARTERS SERVICES	9,598	\$ 1,326,699,392	\$ 755,257,855	56.9%	60.3%
DEPARTMENT OF DEFENSE TOTAL	11,721,530	\$272,514,942,884	\$ 150,139,381,881	55.1%	59.0%

Source: DPAP Memorandum, Publication of DoD Competition Reporting — 4th Quarter FY 2015, NOV 20 2015

COMPETITION TRENDS: GOALS/ACTUALS

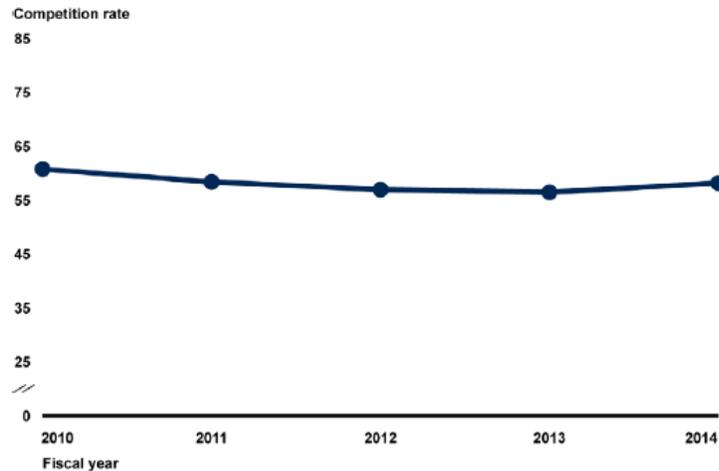
Figure H-16. Competition Trends: Goals and Actuals (FY 2006–FY 2014)



Note: DoD's competition goal for FY 2015 was 59.0%. DoD's achieved rate of competition was 55.1%. [Source: DPAP.]

GAO'S VIEW

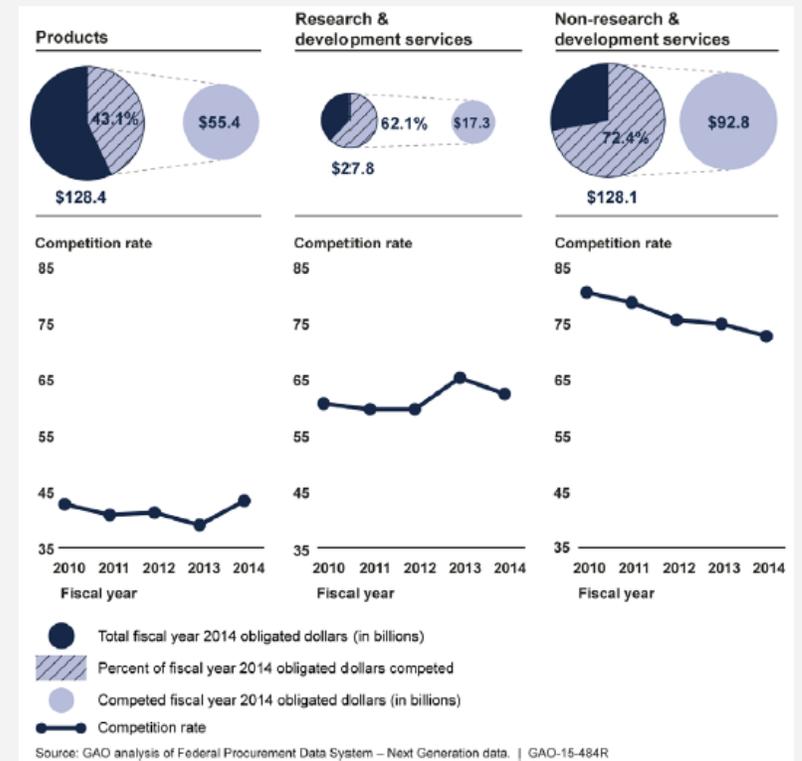
DOD Competition Rates for Fiscal Years 2010 through 2014



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-15-484R

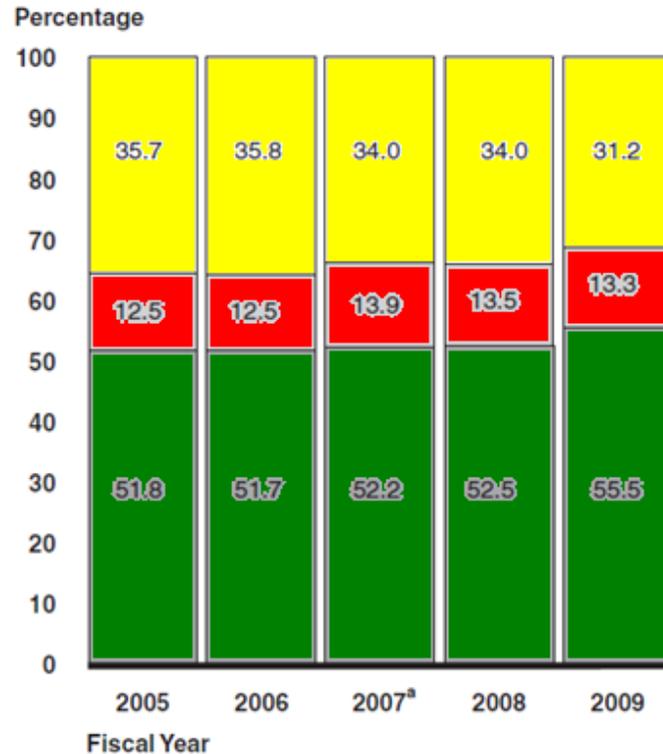
GAO-15-484R Defense Contracting

DOD Fiscal Year 2014 Competitive Obligation Dollars and Competition Rates for Fiscal Years 2010 through 2014 for Products, R&D, and Non-R&D Services

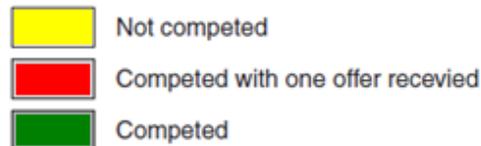


PROMOTE EFFECTIVE COMPETITION

Figure 1: Percentage of Federal Obligations to Competitive, Noncompetitive, and Competed Contracts with One Offer Received for Fiscal Years 2005 through 2009 (Constant Dollars)



Total obligation (in billions)	2005	2006	2007 ^a	2008	2009
	\$430	456	477	514	543



GAO-10-833

Competition in Federal Contracting



Guidance Roadmap

Target Affordability and Control Cost Growth

- Mandate affordability as a requirement
 - At Milestone A set affordability target as a Key Performance Parameter
 - At Milestone B establish engineering trades showing how each key design feature affects the target cost
- Drive productivity growth through Will Cost/Should Cost management
- Eliminate redundancy within warfighter portfolios
- Make production rates economical and hold them stable
- Set shorter program timelines and manage to them

Incentivize Productivity & Innovation in Industry

- Reward contractors for successful supply chain and indirect expense management
- Increase the use of FPIF contract type where appropriate using a 50/50 share line and 120 percent ceiling as a point departure
- Adjust progress payments to incentivize performance
- Extend the Navy's Preferred Supplier Program to a DoD-wide pilot
- Reinvigorate industry's independent research and development and protect the defense technology base



Promote Real Competition

- Present a competitive strategy at each program milestone
- Remove obstacles to competition
 - Allow reasonable time to bid
 - Require non-certified cost and pricing data on single offers
 - Require open system architectures and set rules for acquisition of technical data rights
- Increase dynamic small business role in defense marketplace competition

Improve Tradecraft in Services Acquisition

- Create a senior manager for acquisition of services in each component, following the Air Force's example
- Adopt uniform taxonomy for different types of services
- Address causes of poor tradecraft in services acquisition
 - Assist users of services to define requirements and prevent creep via requirements templates

“Henceforth I expect contracting officers to conduct negotiations with all single bid offerors and that the basis of that negotiation shall be cost or price analysis, as the case may be, using non-certified data.”



Best Value Under the FAR

SOURCE SELECTION OBJECTIVE

The objective of Source Selection is to select the proposal that represents the **best value**.

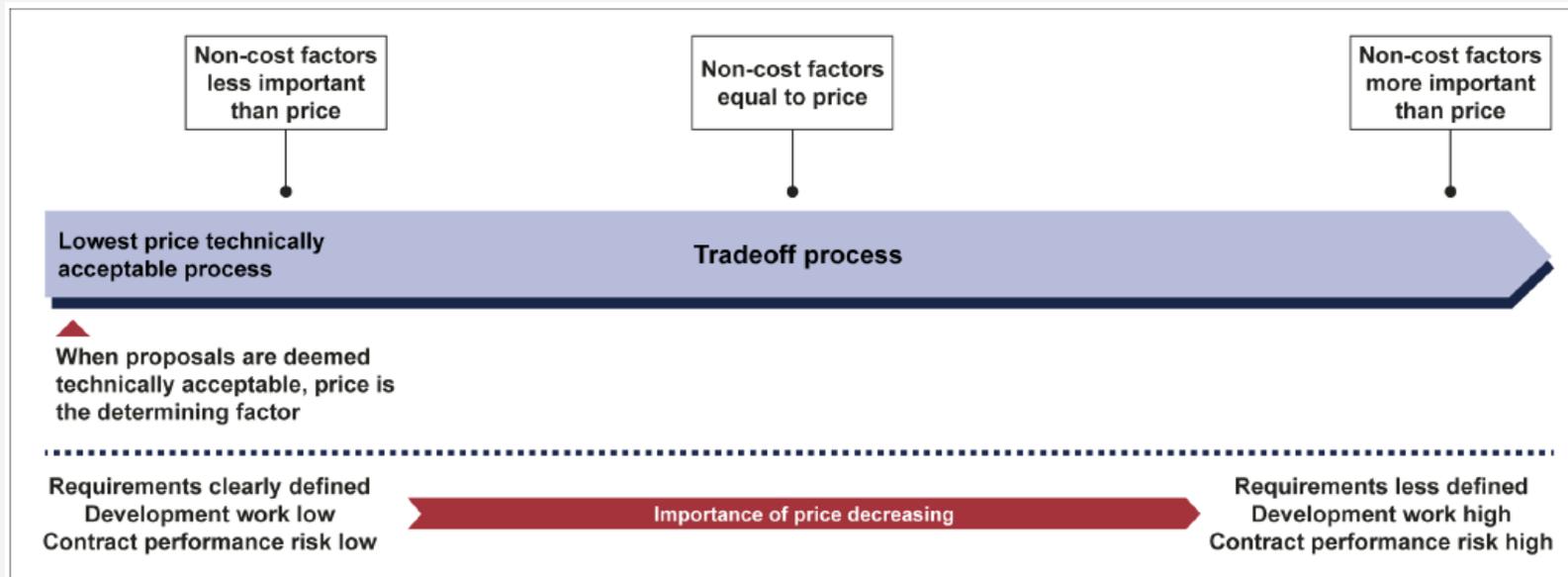
FAR 15.302

“Best value” means the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.

FAR 2.101

FAR 15.101 BEST VALUE CONTINUUM

An agency can obtain best value in negotiated acquisitions by using any one or a combination of source selection approaches. In different types of acquisitions, the relative importance of cost or price may vary. For example, in acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection. The less definitive the requirement, the more development work required, or the greater the performance risk, the more technical or past performance considerations may play a dominant role in source selection.



BBP 2.0 GUIDANCE ON SOURCE SELECTION

When Lowest Price Technically Acceptable is used, define Technically Acceptable to ensure needed quality

When LPTA is used as a source selection technique, Section M of the RFP and the Source Selection Plan must clearly describe the minimum requirements that will be used to determine the acceptability of the proposal.

Better define value in “best value” competitions

[Tradeoff Process]

The Department routinely sets “threshold” and “objective” level requirements for the products it acquires and also routinely defaults to threshold performance as the basis for selecting a product. This initiative directs the Components, where possible, to quantify the value, in terms of an increased premium they will pay, for proposals above the threshold level of performance and to include this information in solicitations to industry.

TABLE 1. SOURCE SELECTION PROCESS CONSIDERATIONS

	Subjective Technical Factor(s) Required	Objective/Measurable Technical Factor(s) Required	Performance Risk Evaluation Required	Lowest Eval. Cost/Price = Best Value	Monetized Requirements	Best Value Tradeoff
Subjective Tradeoff	Yes	Possible	Yes	Possible	Possible	Yes
VATEP Tradeoff	Possible	Yes (See para. B.2)	Yes	Possible	Yes	Yes
LPTA	No	Yes (Acceptable/Unacceptable See Table C-1)	Evaluated with Technical Factor for acceptability only (See para. 2.3.4.2.1)	Yes	No	No



Pre-Solicitation Activities

EXCHANGES WITH INDUSTRY BEFORE RECEIPT OF PROPOSALS

Industry or small business conferences

Public hearings

Market research

One-on-one meetings

Presolicitation notices

Draft Requests for Proposals (RFPs)

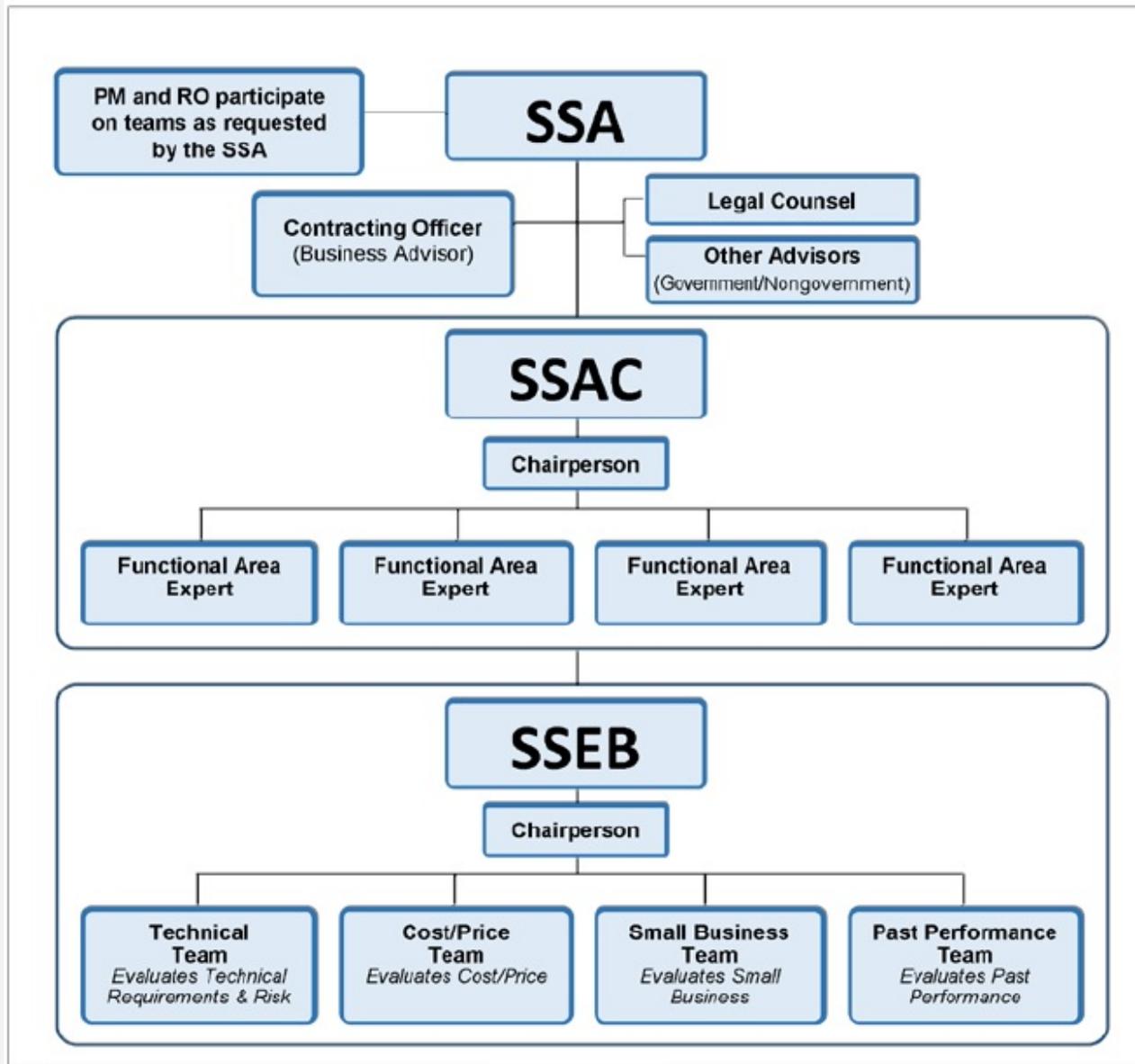
Requests for Information (RFIs)

Presolicitation or preproposal conferences

Site visits

After release of the solicitation, the contracting officer must be the focal point of any exchange with potential offerors. (FAR 15.201(f))

TYPICAL SST STRUCTURE FOR SOLICITATIONS \geq \$100M



EVALUATION FACTORS/SUBFACTORS

2.3.1 Evaluation Factors/Subfactors. Evaluation factors and subfactors represent those specific characteristics that are tied to significant RFP requirements and objectives having an impact on the source selection decision and which are expected to be discriminators or are required by statute/regulation. They are the uniform baseline against which each offeror's proposal is evaluated, allowing the Government to make a best value determination.

2.3.2 Evaluation Factor/Subfactor Weighting. The evaluation of factors and subfactors may be quantitative, qualitative, or a combination of both. However, numerical or percentage weighting of the relative importance of evaluation factors and subfactors shall not be used. [NOTE: Numerical or percentage weighting of the relative importance of evaluation factors and subfactors is different than assigning quantifiable or monetized value tradeoffs in evaluating an offeror's proposal as addressed in Appendix B.]

2.3.3 The solicitation may prescribe minimum "go/no go" or "pass/fail" gates as criteria that an offeror's proposal must meet before advancing in the proposal evaluation process.

MANDATORY EVALUATION FACTORS

Evaluation Factors:

Cost or Price – Always a factor

Past performance

Quality is always a consideration under the FAR

Technical/Management

Risk

Key Personnel

Others

Specified in Source Selection Plan and Section M of the solicitation.



FACTOR DESCRIPTIONS

2.3.4.1 Cost or Price. The Government shall evaluate the cost or price of the supplies or services being acquired (see FAR 15.305(a)(1) and 15.404-1(a)(1)).

2.3.4.2 Quality of Product or Service. In accordance with FAR 15.304(c)(2), the quality of product or service shall be addressed in every source selection through consideration of one or more non-cost evaluation factors such as past performance, compliance with solicitation requirements, technical excellence, management capability, personnel qualifications, and prior experience.

FACTOR DESCRIPTIONS

2.3.4.2.1 Technical. The purpose of the technical factor(s) is to assess the offeror's proposed approach, as detailed in its proposal, to satisfy the Government's requirements. There are many aspects which may affect an offeror's ability to meet the solicitation requirements.

Technical Risk. Risk assesses the degree to which the offeror's proposed technical approach for the requirements of the solicitation may cause disruption of schedule, increased costs, degradation of performance, the need for increased Government oversight, or increased likelihood of unsuccessful contract performance.

2.3.4.2.2 Past Performance. The past performance evaluation factor assesses the degree of confidence the Government has in an offeror's ability to supply products and services that meet users' needs, based on a demonstrated record of performance.

PAST PERFORMANCE IN USC AND FAR

41 USC § 1126 - Policy regarding consideration of contractor past performance

(b) Information Not Available.— If there is no information on past contract performance of an offeror or the information on past contract performance is not available, the offeror may not be evaluated favorably or unfavorably on the factor of past contract performance.

FAR 15.305(a)(2)(iv) In the case of an offeror without a record of relevant past performance or for whom information on past performance is not available, the offeror may not be evaluated favorably or unfavorably on past performance.

“NEUTRAL” COMPTROLLER GENERAL DECISIONS

B-254738.3	Espey Mfg. & Electronics Corp.	03/08/1994
B-261044.4	Caltech Serv. Corp.	12/14/1995
B-271431	Quality Fabricators, Inc.	06/25/1996
B-272017	Excalibur Systems, Inc.	08/12/1996
B-272526	Hughes Georgia, Inc.	10/21/1996
B-278921.2	Braswell Services Group, Inc.	10/17/1998
B-286044.2	SWR, Inc.	11/01/2000
B-287697	Gulf Group, Inc.	07/24/2001
B-291170.4	MW-All Star Joint Venture	08/04/2003
B-295375	FR Countermeasures, Inc.	02/10/2005
B-400109	Systalex Corporation	07/17/2008
B-403085	Structural Associates, Inc.	09/21/2010
B-410881.3	Strategic Intelligence Group, LLC	06/23/2015

GAO ON PAST PERFORMANCE AND EXPERIENCE

Past Performance

- Consideration of information collected by other evaluation boards in other procurements
- Lack of relevant past performance
- Unequal effort, on the agency's part, in contacting references

Experience Evaluations

- Relevant experience
- Evaluation of subcontractor experience

DoD Source Selection Procedures do not address the distinction.

PAST PERFORMANCE VS. EXPERIENCE

Commercial Window Shield, B-400154, July 2, 2008

CWS's argument, however, fails to recognize that the experience and past performance factors reflected separate and distinct concepts. Under the experience factor, the agency examined the degree to which a vendor had experience performing similar projects; under the past performance factor, the agency considered the quality of a vendor's performance history. Given the fundamentally different nature of the evaluations, a rating in one factor would not automatically result in the same rating under the other.

Shaw-Parsons Infrastructure Recovery Consultants, LLC; Vanguard Recovery Assistance, Joint Venture; B-401679.4, March 10, 2010

Generally, an agency's evaluation under an experience factor is distinct from its evaluation of an offeror's past performance. Specifically, the former focuses on the degree to which an offeror has actually performed similar work, whereas the latter focuses on the quality of the work.

COST OR PRICE EVALUATIONS

FAR 15.305(a)(1)

Cost/Price Reasonableness

Normally, competition establishes price reasonableness. Therefore, when contracting on a firm-fixed-price or fixed-price with economic price adjustment basis, comparison of the proposed prices will usually satisfy the requirement to perform a price analysis, and a cost analysis need not be performed. In limited situations, a cost analysis (see 15.403-1(c)(1)(i)(B)) may be appropriate to establish reasonableness of the otherwise successful offeror's price.

Cost Realism

When contracting on a cost-reimbursement basis, evaluations shall include a cost realism analysis to determine what the Government should realistically expect to pay for the proposed effort, the offeror's understanding of the work, and the offeror's ability to perform the contract.

OTHER EVALUATION CONSIDERATIONS — FAR

FAR 15.304(c)(3)(ii) — In solicitations that involve bundling, past performance must include extent to which the offeror attained applicable goals for small business.

FAR 15.304(c)(4) — Extent of participation of small disadvantaged business concerns all be evaluated in unrestricted acquisitions expected to exceed \$650,000 (\$1.5 million for construction).

FAR 15.304(c)(5) — In solicitations involving bundling that offer significant subcontracting opportunities, include proposed small business subcontracting participation in the subcontracting plan as an evaluation factor.

OTHER EVALUATION CONSIDERATIONS — DFARS

DFARS 15.304(c)(i) – (iv)

(i) In acquisitions that require a Small Business Subcontracting Plan, other than LPTA, extent of participation in performance of the contract shall be addressed in source selection.

(ii) In accordance with 10 U.S.C. 2436, consider the purchase of capital assets manufactured in the United States, in source selections for MDAPs.

(iii) Additional evaluation factors required for the direct purchase of ocean transportation services.

(iv) Consider the manufacturing readiness and manufacturing-readiness processes for MDAPs

OTHER EVALUATION CONSIDERATIONS — DFARS

DFARS 215.370 Evaluation factor for employing or subcontracting with members of the Selected Reserve.

215.370-2 Evaluation factor.

In accordance with Section 819 of the National Defense Authorization Act for Fiscal Year 2006 (Pub. L. 109-163), the contracting officer may use an evaluation factor that considers whether an offeror intends to perform the contract using employees or individual subcontractors who are members of the Selected Reserve.

PGI 215.370-2 Evaluation factor.

(1) This evaluation factor may be used as an incentive to encourage contractors to use employees or individual subcontractors who are members of the Selected Reserve.

EVALUATION DESCRIPTION IN RFP

FAR 15.304(d) — All factors and significant subfactors that will affect contract award and their relative importance shall be stated clearly in the solicitation (10 U.S.C. 2305(a)(2)(A)(i) and 41 U.S.C. 253a(b)(1)(A)) (see 15.204-5(c)). The rating method need not be disclosed in the solicitation. The general approach for evaluating past performance information shall be described.

FAR 15.304(e) — The solicitation shall also state, at a minimum, whether all evaluation factors other than cost or price, when combined, are—

- (1) Significantly more important than cost or price;**
- (2) Approximately equal to cost or price; or**
- (3) Significantly less important than cost or price (10 U.S.C. 2305(a)(3)(A)(iii) and 41 U.S.C. 253a(c)(**

“WORST SOURCE SELECTION CRITERION EVER”

[a] determination of price realism and reasonableness will include a determination by the [Contracting Officer (“CO”)] that proper discounts have been offered commensurate with maximum order thresholds for prime contractors and teaming partners and in accordance with subcontractor arrangements. The Government reserves the right to reject any proposal that includes any assumption or condition that impacts or affects the Government’s requirements. . . .

Evaluation of Pricing shall be based upon the proposed single, minimum “team” discount (expressed as a percentage) which shall be applicable to all labor categories, labor rates, and support products contained in the awarded BPA SINs of each team member’s GSA Schedule Contract. For price evaluation purposes, the Government will simply compare the minimum “team” discount percentage proposed, and will not apply the proposed discount to any of the underlying labor rates/support products contained in any of the proposed GSA Schedule contracts. Given this analysis, a team percentage discount of 10% will be evaluated more favorably than a discount of 5%, regardless of the underlying labor rates and/or support product prices resident in the proposed GSA Schedule contracts

**UNISYS Corporation V. The United States,
Court of Federal Claims, No. 09-271C**

EVALUATION RATING SCHEMES

Schemes are generally categorized as

- Color
- Adjectival
- Numerical/Points (Not Generally Used)

This information is usually not provided in the solicitation

DoD now requires a combination of Color and Adjectival ratings

ALL source selection rating systems are, ultimately, adjectival



Tradeoff Source Selection Processes

- **Subjective Tradeoff**
- **Value Adjusted Total Evaluated Price (VATEP) Tradeoff**

FAR 15.101-1 TRADEOFF PROCESS

(a) A tradeoff process is appropriate when it may be in the best interest of the Government to consider award to other than the lowest priced offeror or other than the highest technically rated offeror.

(c) This process permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal shall merit the additional cost, and the rationale for tradeoffs must be documented in the file in accordance with 15.406.

TABLE 2A. TECHNICAL RATING METHOD

Color Rating	Adjectival Rating	Description
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths.
Purple	Good	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength.
Green	Acceptable	Proposal indicates an adequate approach and understanding of the requirements.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the requirements.
Red	Unacceptable	Proposal does not meet requirements of the solicitation and, thus, contains one or more deficiencies and is unawardable.

TABLE 2B. TECHNICAL RISK RATING METHOD

Adjectival Rating	Description
Low	Proposal may contain weakness(es) which have little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will likely be able to overcome any difficulties.
Moderate	Proposal contains a significant weakness or combination of weaknesses which may potentially cause disruption of schedule, increased cost or degradation of performance. Special contractor emphasis and close Government monitoring will likely be able to overcome difficulties.
High	Proposal contains a significant weakness or combination of weaknesses which is likely to cause significant disruption of schedule, increased cost or degradation of performance. Is unlikely to overcome any difficulties, even with special contractor emphasis and close Government monitoring.
Unacceptable	Proposal contains a material failure or a combination of significant weaknesses that increases the risk of unsuccessful performance to an unacceptable level.

TABLE 3. COMBINED TECHNICAL/RISK RATING METHOD

Color Rating	Adjectival Rating	Description
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths, and risk of unsuccessful performance is low.
Purple	Good	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength, and risk of unsuccessful performance is low to moderate.
Green	Acceptable	Proposal meets requirements and indicates an adequate approach and understanding of the requirements, and risk of unsuccessful performance is no worse than moderate.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the requirements, and/or risk of unsuccessful performance is high.
Red	Unacceptable	Proposal does not meet requirements of the solicitation, and thus, contains one or more deficiencies, and/or risk of unsuccessful performance is unacceptable. Proposal is unawardable.

TABLE 4. PAST PERFORMANCE RELEVANCY RATING METHOD

Adjectival Rating	Description
Very Relevant	Present/past performance effort involved essentially the same scope and magnitude of effort and complexities this solicitation requires.
Relevant	Present/past performance effort involved similar scope and magnitude of effort and complexities this solicitation requires.
Somewhat Relevant	Present/past performance effort involved some of the scope and magnitude of effort and complexities this solicitation requires.
Not Relevant	Present/past performance effort involved little or none of the scope and magnitude of effort and complexities this solicitation requires.

TABLE 5. PERFORMANCE CONFIDENCE ASSESSMENTS RATING METHOD

Adjectival Rating	Description
Substantial Confidence	Based on the offeror's recent/relevant performance record, the Government has a high expectation that the offeror will successfully perform the required effort.
Satisfactory Confidence	Based on the offeror's recent/relevant performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort.
Neutral Confidence	No recent/relevant performance record is available or the offeror's performance record is so sparse that no meaningful confidence assessment rating can be reasonably assigned. The offeror may not be evaluated favorably or unfavorably on the factor of past performance.
Limited Confidence	Based on the offeror's recent/relevant performance record, the Government has a low expectation that the offeror will successfully perform the required effort.
No Confidence	Based on the offeror's recent/relevant performance record, the Government has no expectation that the offeror will be able to successfully perform the required effort.

TABLE 6. SMALL BUSINESS RATING METHOD

Color Rating	Adjectival Rating	Description
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the small business objectives.
Purple	Good	Proposal indicates a thorough approach and understanding of the small business objectives.
Green	Acceptable	Proposal indicates an adequate approach and understanding of small business objectives.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the small business objectives.
Red	Unacceptable	Proposal does not meet small business objectives.

VALUE ADJUSTED TOTAL EVALUATED PRICE (VATEP) TRADEOFF

The VATEP technique monetizes different levels of performance that may correspond to the traditional requirements process of defining both threshold (minimum) and objective (maximum) performance and capabilities. It identifies in the RFP the percentage price increase (or dollar amount) the Government is willing to pay for measureable levels of performance between threshold (minimum) and objective (maximum) criteria (e.g., Probability of Hit, specific operational ranges, etc.). This amount is based on the value to the Government for above minimum performance or capabilities. Value and cost are completely separate concepts that VATEP links in the RFP to inform industry decisions on what to offer to gain a competitive advantage. As described herein, VATEP is merely a structured technique for objectivizing how some (or all) of the requirements would be treated in the tradeoff process and then communicating that to offerors via the RFP.



VATEP USE

VATEP may be appropriate when the RO wishes to optimally balance price and performance/capability above threshold (minimum) requirements to maximize the achievement of program objectives. One of the benefits of this process is that offerors may be more likely to propose innovative solutions which provide higher performance/capability if it is clear to Industry what value the end user places on exceeding the threshold (minimum) performance/capability and how that will influence the evaluated cost/price.

FIGURE B-1: SUBJECTIVE TRADEOFF SCENARIO

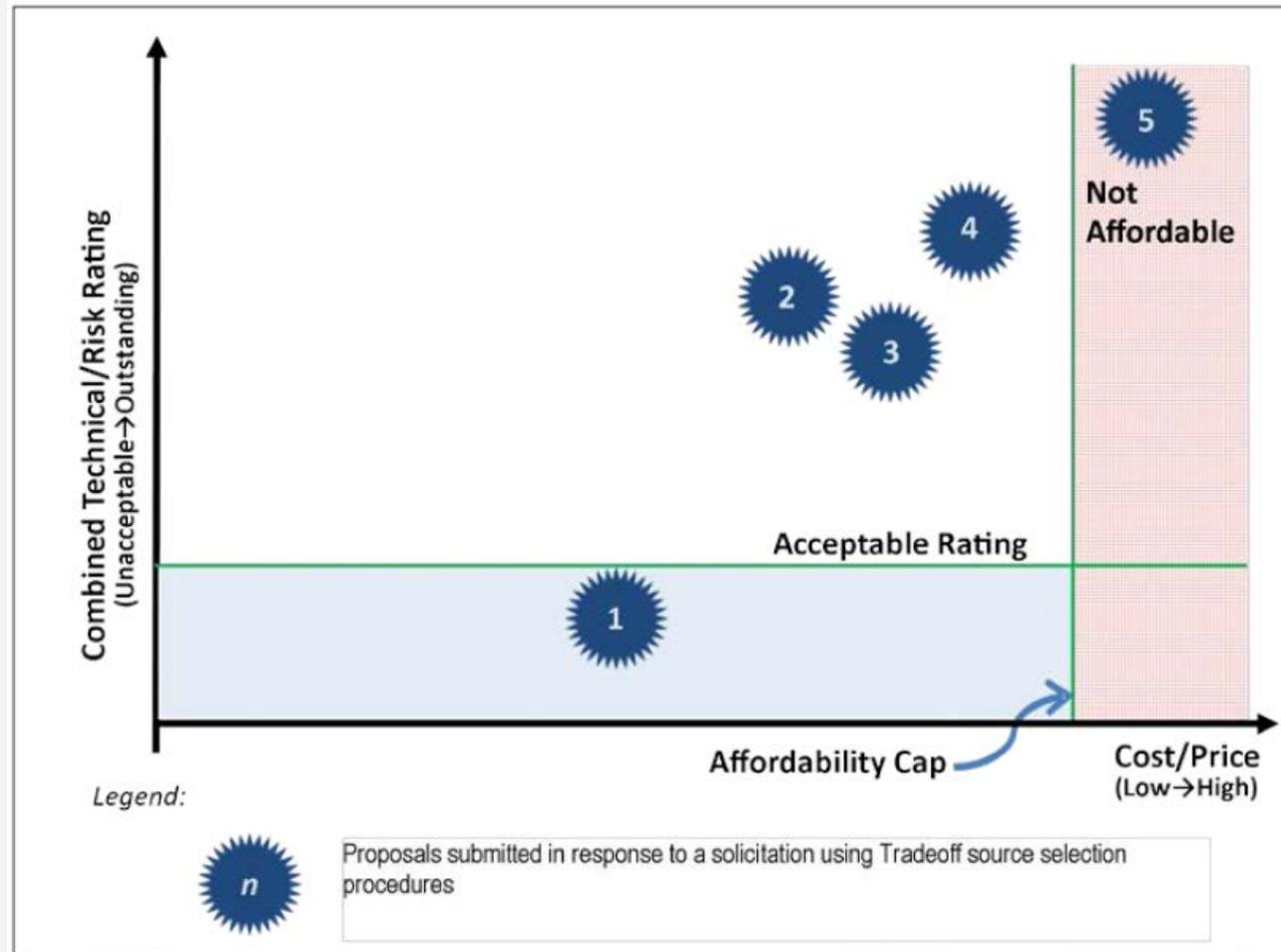


FIGURE B-2: VATEP TRADEOFF SCENARIO

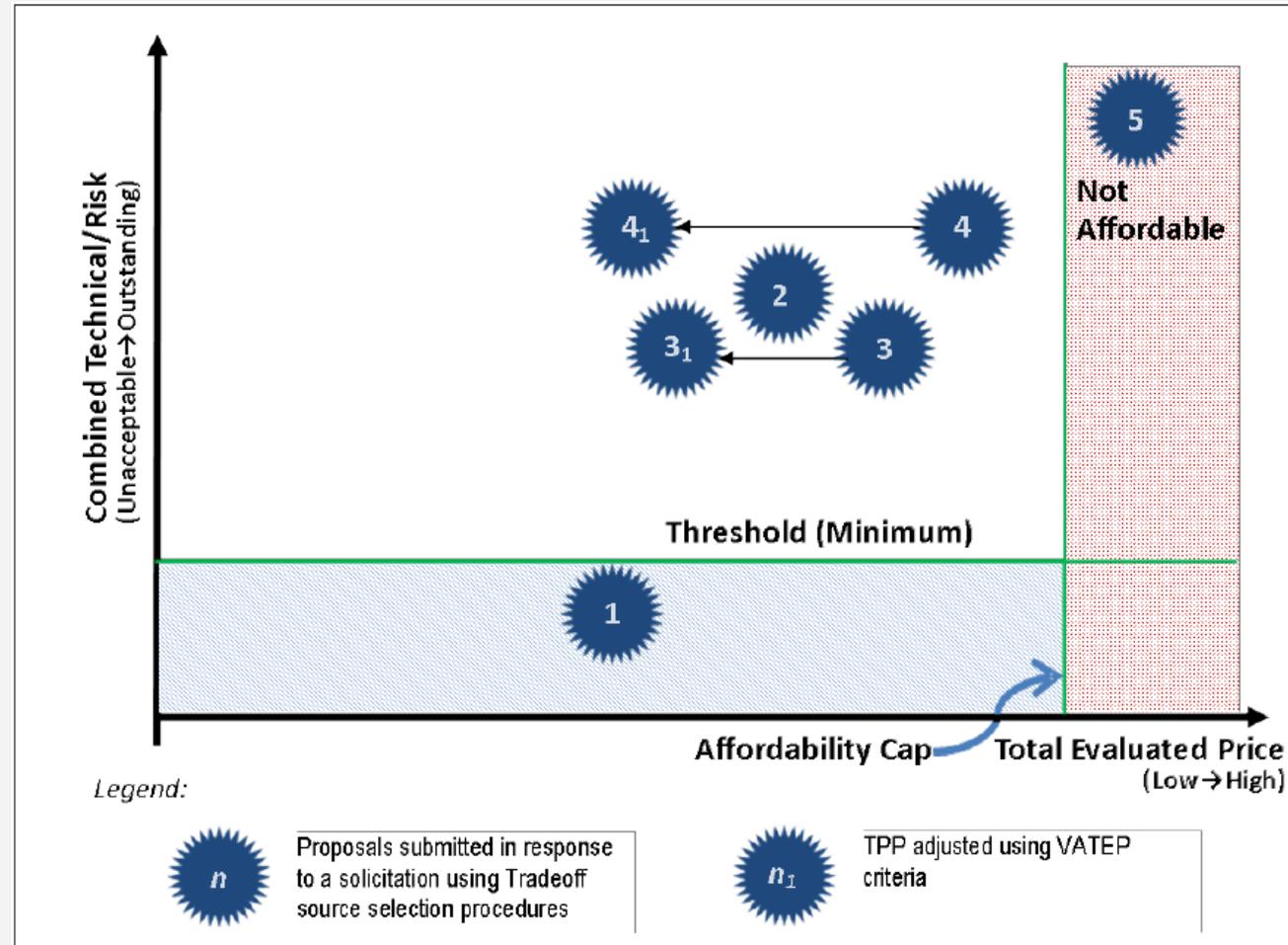


FIGURE B-3: VATEP ADJUSTMENT EXAMPLE

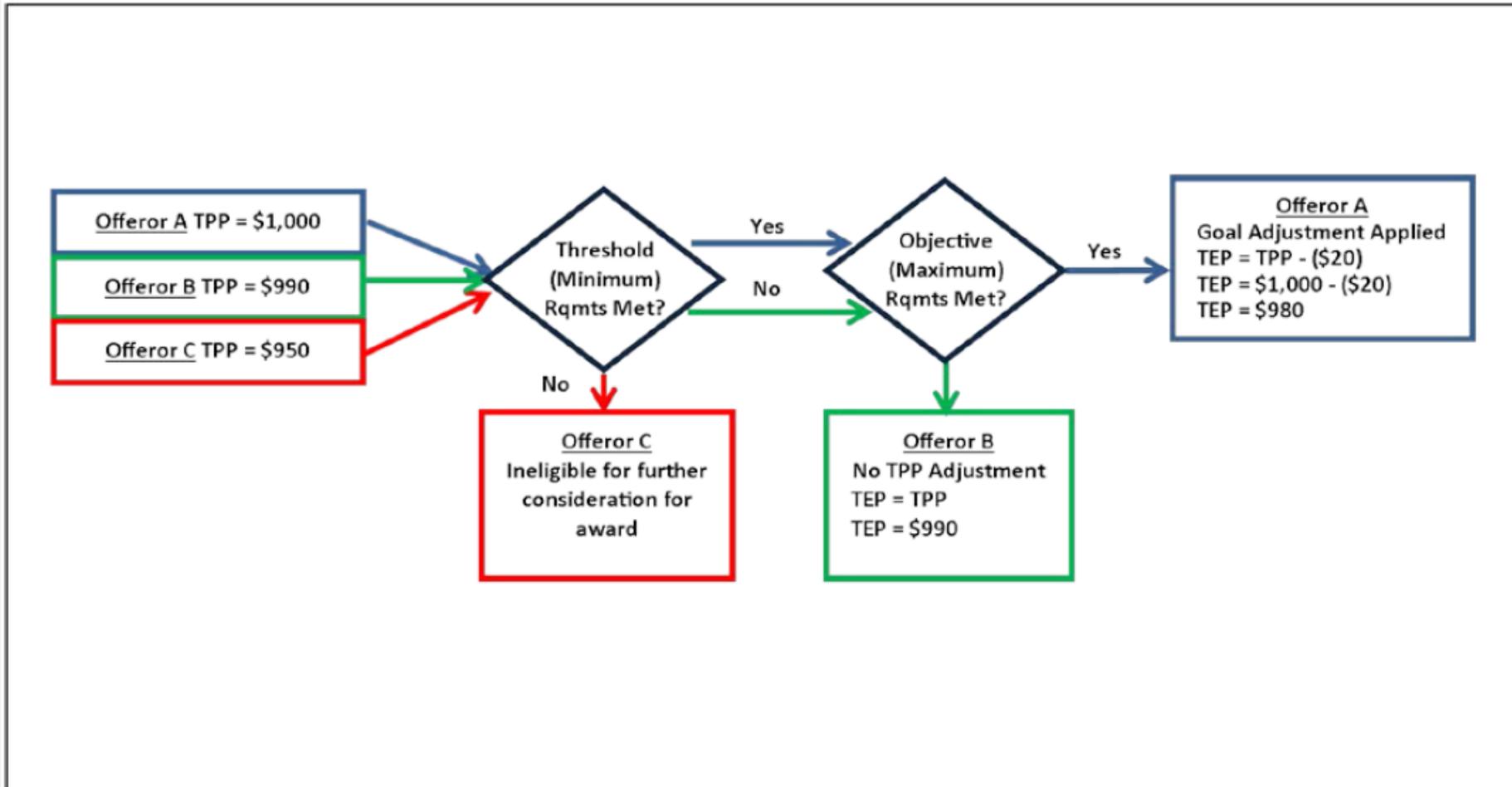
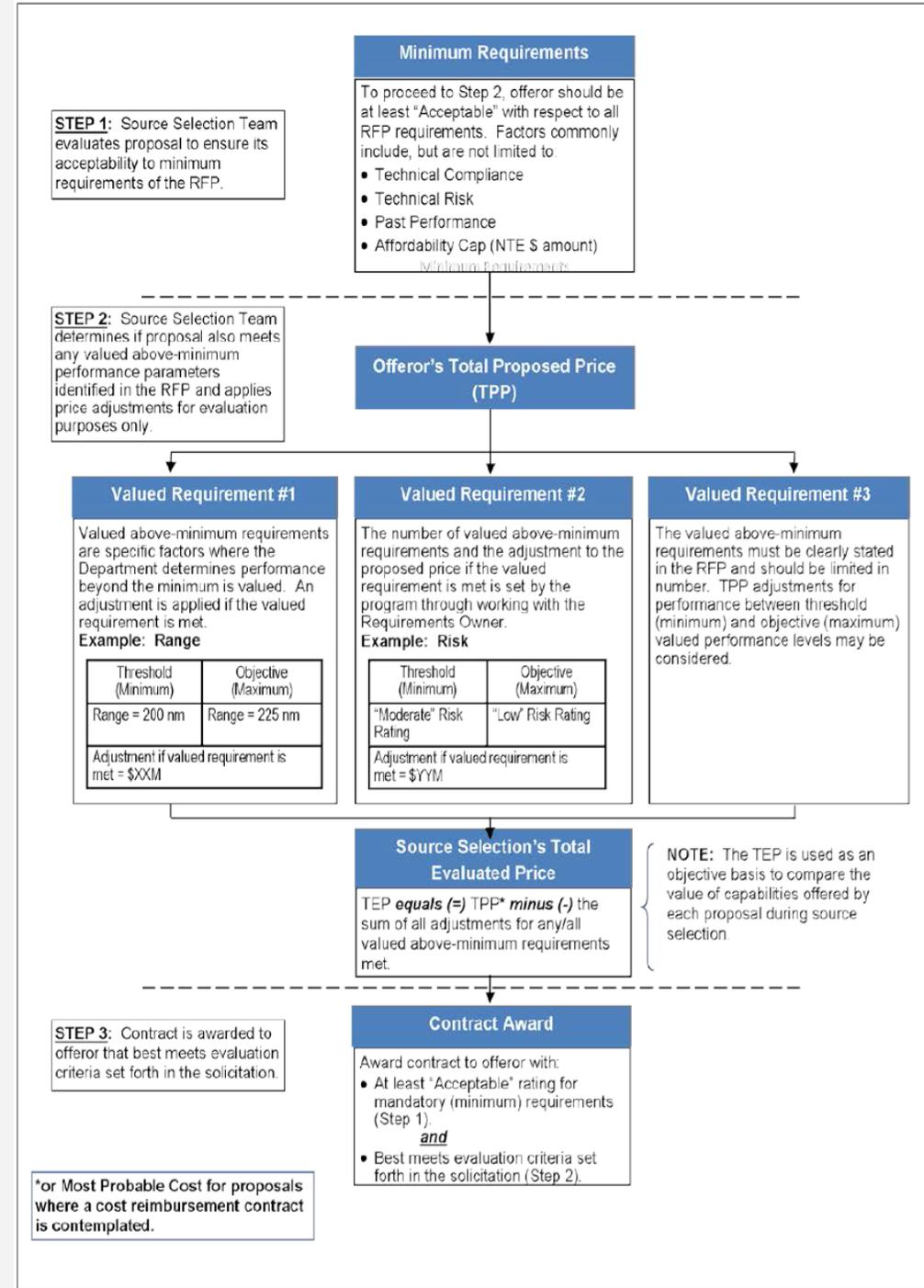


FIGURE B-4: VALUE ADJUSTED TOTAL EVALUATED PRICE STEPS





Lowest Price Technically Acceptable (LPTA) Source Selection Process

FAR 15.101-2 LOWEST PRICE TECHNICALLY ACCEPTABLE SOURCE SELECTION PROCESS

(a) The lowest price technically acceptable source selection process is appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.

(b) When using the lowest price technically acceptable process, the following apply:

(1) The evaluation factors and significant subfactors that establish the requirements of acceptability shall be set forth in the solicitation. Solicitations shall specify that award will be made on the basis of the lowest evaluated price of proposals meeting or exceeding the acceptability standards for non-cost factors.

(2) Tradeoffs are not permitted.

(3) Proposals are evaluated for acceptability but not ranked using the non-cost/price factors.

(4) Exchanges may occur (see 15.306).

TABLE C-1. TECHNICAL ACCEPTABLE/UNACCEPTABLE RATING METHOD

Adjectival Rating	Description
Acceptable	Proposal meets the requirements of the solicitation.
Unacceptable	Proposal does not meet the requirements of the solicitation.

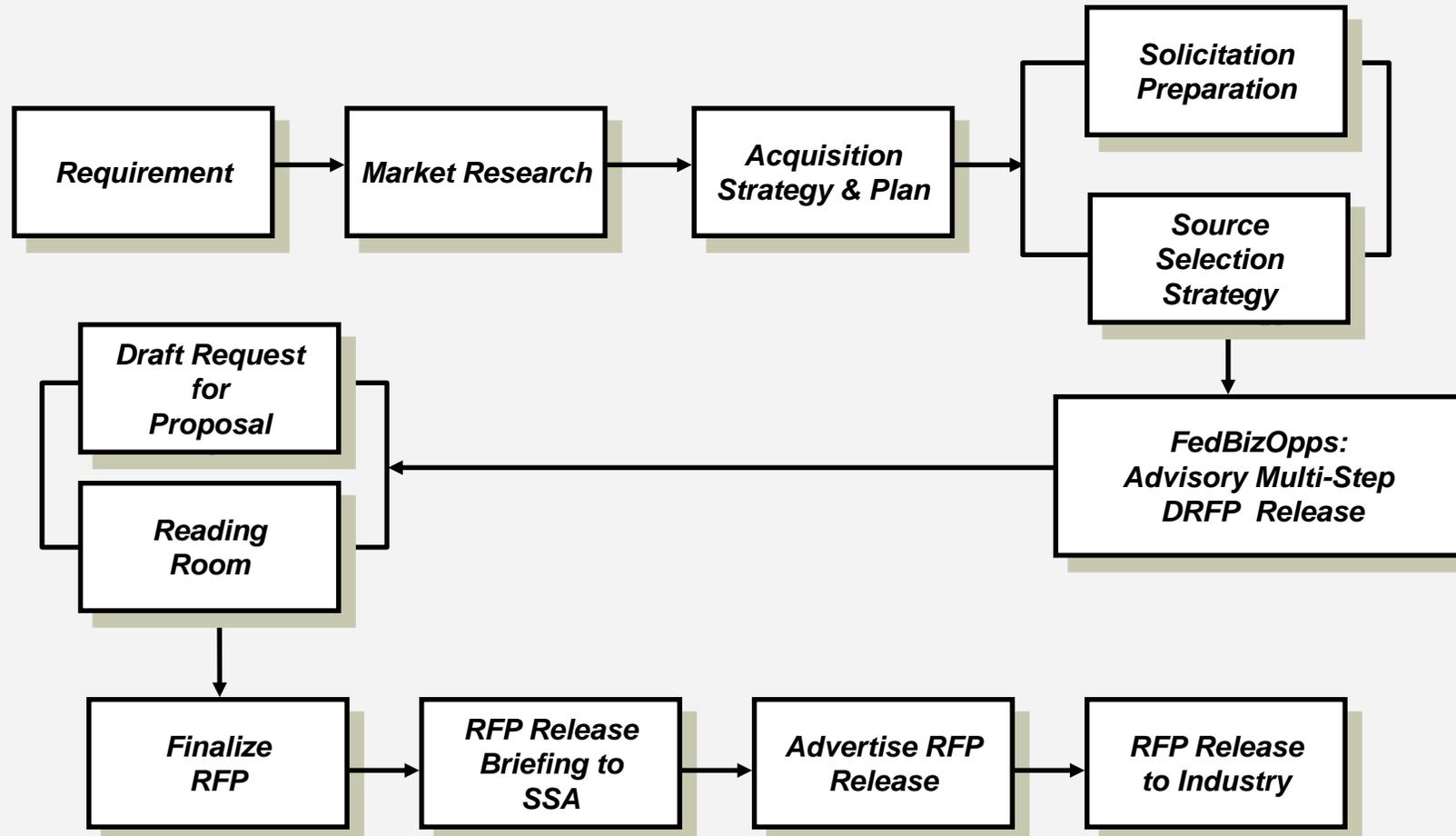
TABLE C-2. PAST PERFORMANCE ACCEPTABLE/UNACCEPTABLE RATING METHOD

Adjectival Rating	Description
Acceptable	Based on the offeror's performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort, or the offeror's performance record is unknown. (See note above)
Unacceptable	Based on the offeror's performance record, the Government does not have a reasonable expectation that the offeror will be able to successfully perform the required effort.



How Do We Do That?

PRE-SOLICITATION PROCESS



PROPOSAL COMPLEXITIES IN GOVERNMENT CONTRACTS

Contracting With The Government Requires A Proposal Process

- Government is Sovereign With Many Laws, Rules and Regulations
 - Processes Are Necessary To Insure Compliance
 - Government Contracting Relationships Are Complex (legally)

Competitive Acquisitions Utilize Government Procedures That Provide For Little Flexibility

- Proposals Must be IAW Proposal Instructions, Laws, Regulations
- Proposals Must Also Be Timely (Late proposals are rejected)



PROPOSAL QUALITY

Factors that often drive proposal quality

- RFP and supporting document clarity
 - Early industry involvement
 - Understanding the requirement
 - Contractor Pre-planning (Business Development)
 - Proposal Development Time (Proposal Submission Dates - RFP Instructions)
 - Contractors Proposal Process
- 



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

JAN 08 2008

DPAP/CPIC

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTOR, ACQUISITION MANAGEMENT (DLA)

SUBJECT: Improving Communication during Competitive Source Selections

In his memorandum of August 24, 2007, the Under Secretary of Defense for Acquisition, Technology & Logistics (USD(AT&L)) highlighted the need for open, on-going dialogue with prospective offerors throughout the source selection process. I wish to re-emphasize the importance of such communication. The USD(AT&L) has asked me to provide additional guidance on this important subject.

Communication is a key element in the Department's ability to conduct reliable and successful source selections. We need to encourage government participants involved in source selections to fully engage with industry at all stages of the competitive process. The use of industry days is a good example of positive communication between the government and industry. The use of Requests for Information and draft Requests for Proposals also provide opportunities for industry and government to exchange data that is informative and constitute constructive dialogue beneficial to all participants.

Additionally, continuing this process of engaging with industry after proposal submission affords the government the opportunity to effectively understand and evaluate a proposal and permits industry the opportunity to clearly explain any aspects of a proposal that appear to be deficient, ambiguous or non-compliant. Such dialogue can only lead to more efficient, effective and improved source selections. The Federal Acquisition Regulation (FAR) at Subpart 15.306, "Exchanges with offerors after receipt of proposals," provides overarching guidance in this regard.



The focus of encouraging more open communications with industry is not the fear of protest, but rather to ensure more predictable, reliable and successful contract outcomes.

That is not to say that contract awards cannot be made without discussions. However, they should be made only in limited circumstances. Possible candidates for such an approach include mature dual-source production programs, routine procurements with spare parts requirements.

selection
on an
acquisition
protest
position

for the

“Communication is a key element in the Department’s ability to conduct reliable and successful source selections. We need to encourage government participants involved in source selections to fully engage with industry at all stages of the competitive process.”



SOURCE SELECTION DO'S

Maintain challenging goals

Use draft RFPs

Use advisory multi-step process

Limit documentation requirements

Limit the size of proposals

Make use of oral presentations

Electronic submission of cost proposals

Keep evaluation factors to a minimum

Establish small, expert evaluation panels

Determine need for audit and field pricing support

Assess proposals realistically determining competitive range

Use past performance as a key determining factor

Provide full and complete debriefings





SOURCE SELECTION DON'TS

Do not engage in “square filling”

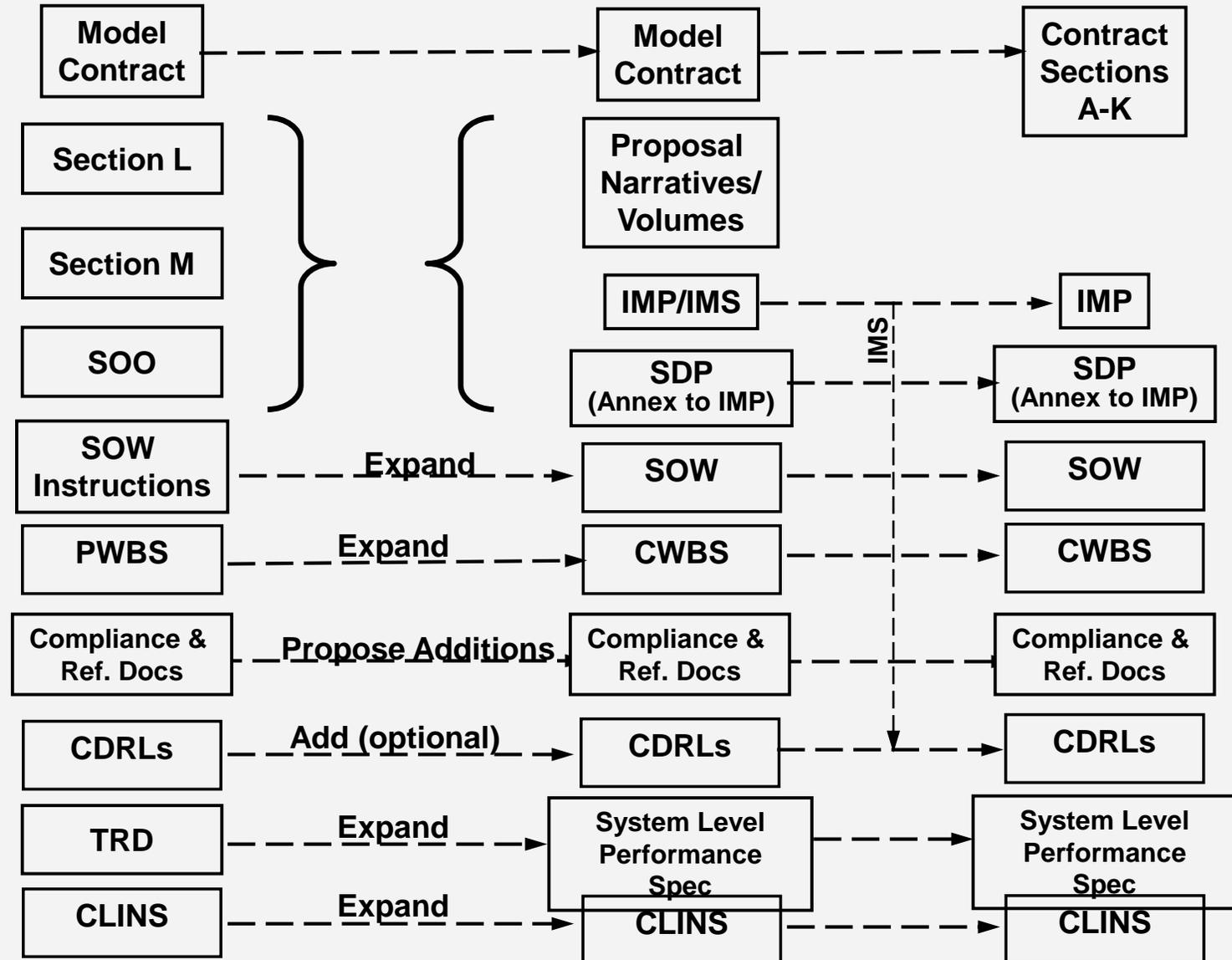
Do not engage in “cover your six” actions

Do not encourage “brochuremanship”

DOCUMENT LINKAGE

Provided in RFP

Provided in Proposal On Contract at Award



SAMPLE COMPLIANCE MATRIX

<i>This matrix is included in the solicitation with the following sections completed.</i>						<i>Preparer's Name</i>	<i>Due Date for Proposal</i>
DESCRIPTION	CLIN / SECTION B	CDRL/ SECTION J	PWS/ SECTION C	SECTION L	SECTION M		
Administrative Support	0001	004A2	1.1	4.3	3.1		
Records Management	0002	010A2	1.1.1	4.3.1	3.1.1		
Forms and Publications	0003	020A2	1.1.2	4.3.2	3.1.2		
Operations & Maintenance	0004	021A2	1.2	4.4	3.2		
Equipment Records	0005	053A2	1.2.1.1	4.4.2	3.2.1		
Maintenance Analysis	0006	054A2	1.2.2	4.4.3	3.2.2		
Price	Section B			1.5.3	4.0		
Past Performance				6.0	5.0		

Columns Added by Offeror

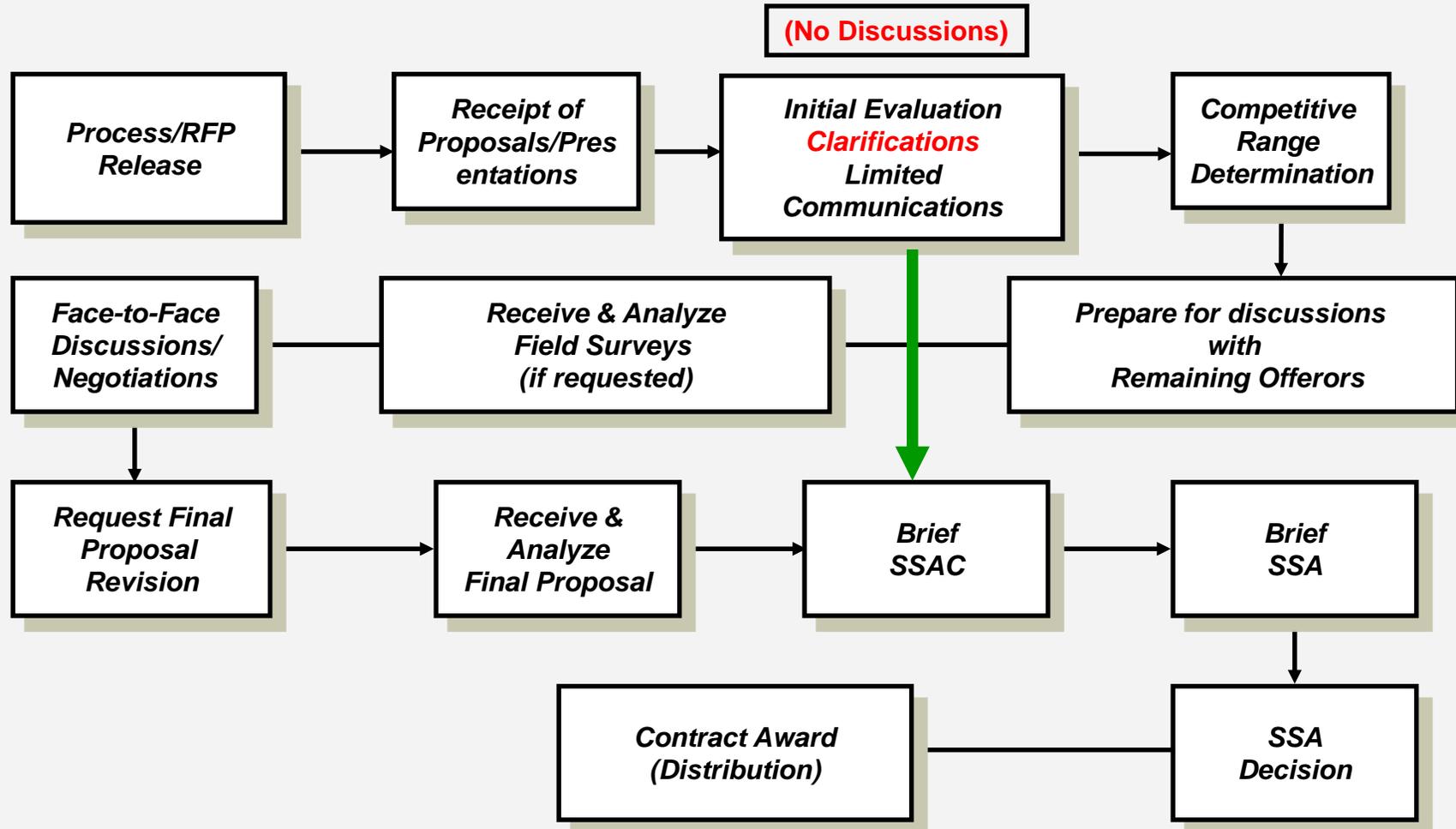


GOVERNMENT ACTIONS

**AS PROPOSALS ARE BEING
COMPILED AND SUBMITTED**

DURING PROPOSAL EVALUATION

POST-SOLICITATION PROCESS



DOD PREPARATION AND PLANNING

Read key Request for Proposals (RFP) documents

- Government Executive Summary (If used)
- Statement of Objectives (SOO)
- RFP Sections A-K, especially:
 - Statement of Work/Specification (Section C)
 - Delivery schedule (Section F)
 - Special Contract Requirements (Section H)
- Work Breakdown Structure (WBS) and WBS Dictionary
- Performance Based Statement of Work (SOW) (if used)
- Contract Data Requirements List (CDRL) (Data Item Descriptions (DIDs))

DOD PREPARATION AND PLANNING

Read key Request for Proposals (RFP) documents

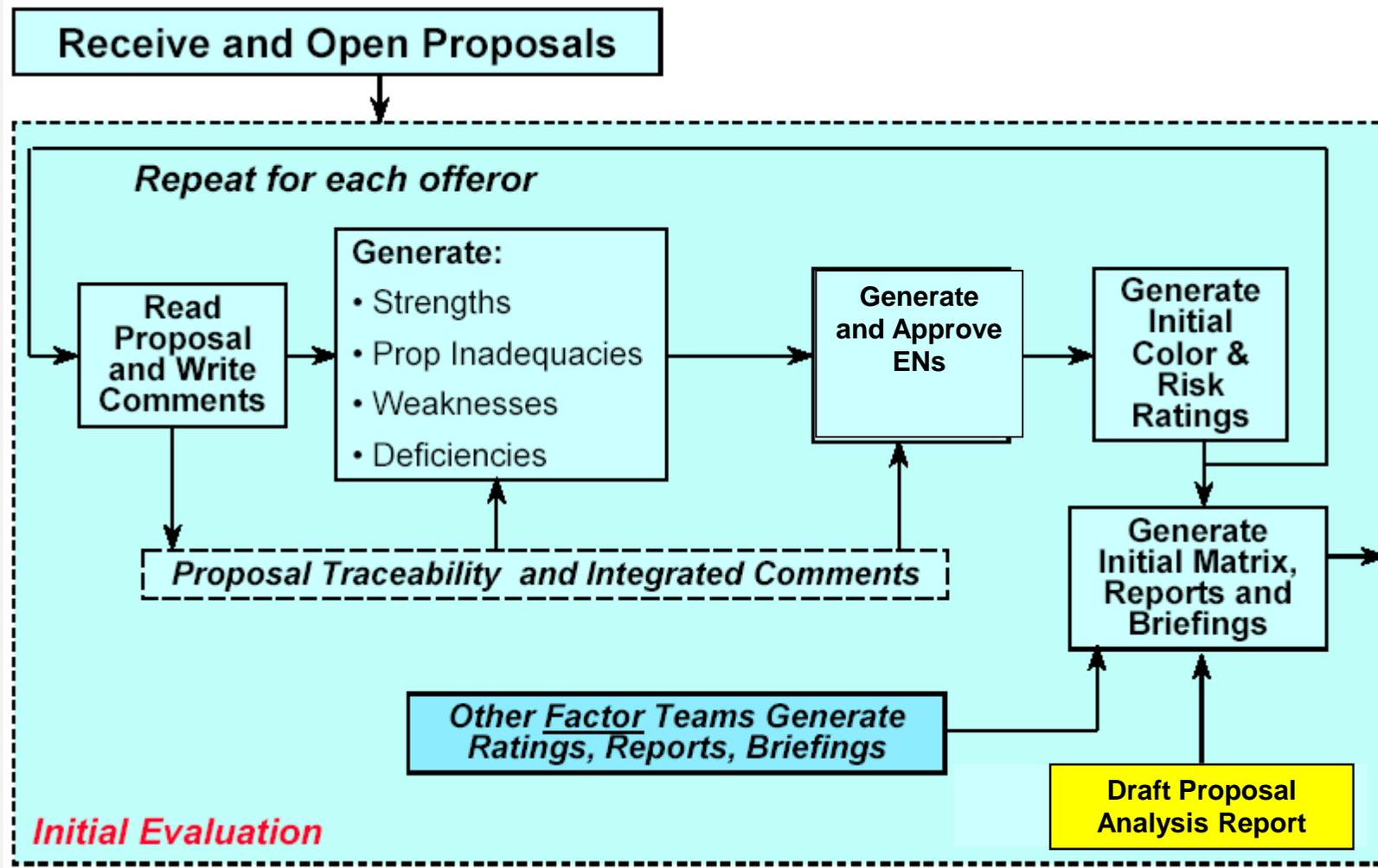
- RFP Section L - Instructions, Conditions, and Notices to Offerors or Quoters
 - Review proposal structure table
 - Specifications and Technical Requirements Documents
 - Statement of Work (SOW) Instructions (if used)
 - Cost/Price Instructions
- Study Section M - Evaluation Factors/Criteria for Award
 - Understand RFP threshold/objectives (if used)
 - Understand how criteria relate
 - Understand the uniform baseline against which each Offeror is compared
- Understand RFP/Proposal/Contract Document Linkage

DOD PREPARATION AND PLANNING

Before each Sub-Factor or Factor Team opens proposals, **strongly** recommend:

- Team discussion of Section M criteria and parts of the proposal that will be reviewed for each criteria
- Proposal parts: narrative, IMP, IMS, spec, CDRL, etc.

INITIAL EVALUATION EXAMPLE



* Evaluation Notices (Deficiencies, Weaknesses and Clarifications)

FORMS

Evaluation Notice

Assessment

Assessment

Member: Offeror:

Factor	Subfactor
Mission Capability	Technical

Assessments | Related Comments | Related E

Asmt Type	Status	Autho
Strength	Open	ES

RFP Ref:

Proposal Ref:

Level: Briefing Bullet:

Narrative

Requirement States: hull able to sustain xxx |
 Offeror Stated: hull design comprise of abc n
 Comment: offeror proposes a hull material de
 Effect/Benefit: hull integrity increased
 Suggested EN language:

Record: of 2

Dis position

Link Del Link Del

Comment

Comment

Member: Offeror:

Factor	Subfactor
Mission Capability	Technical

Comments | Related Asmts | Related ENs

Reviewed By:

Status	Author
Submitted	ESSAdmin

RFP Ref:

Proposal Ref:

Bullet

hull design more than adequate

Narrative

Requirement States: hull able to sustain xxx |
 Offeror Stated: hull design comprise of abc n
 Comment: offeror proposes a hull material de
 Effect/Benefit: hull integrity increased
 Suggested EN language:

Record: of 4

Dis position

Link Del Link Del

Evaluation Notice

Evaluation Notice

Member: Offeror: Proposal:

Factor	Subfactor	Element	Criteria
Mission Capability	Technical	Space Vehicle	1.1.1

ENs | Related Comments | Related Assessments

EN Type	Category	Author	D/T created	EN ID	EC	SFC	FC	PCO	SSET	SSA
Communication	Deficiency	ESSAdmin	23-Feb-00 15:45	1	<input checked="" type="checkbox"/>					

RFP Ref:

Prop Ref:

Topic Status:

propulsion lacking

Narrative

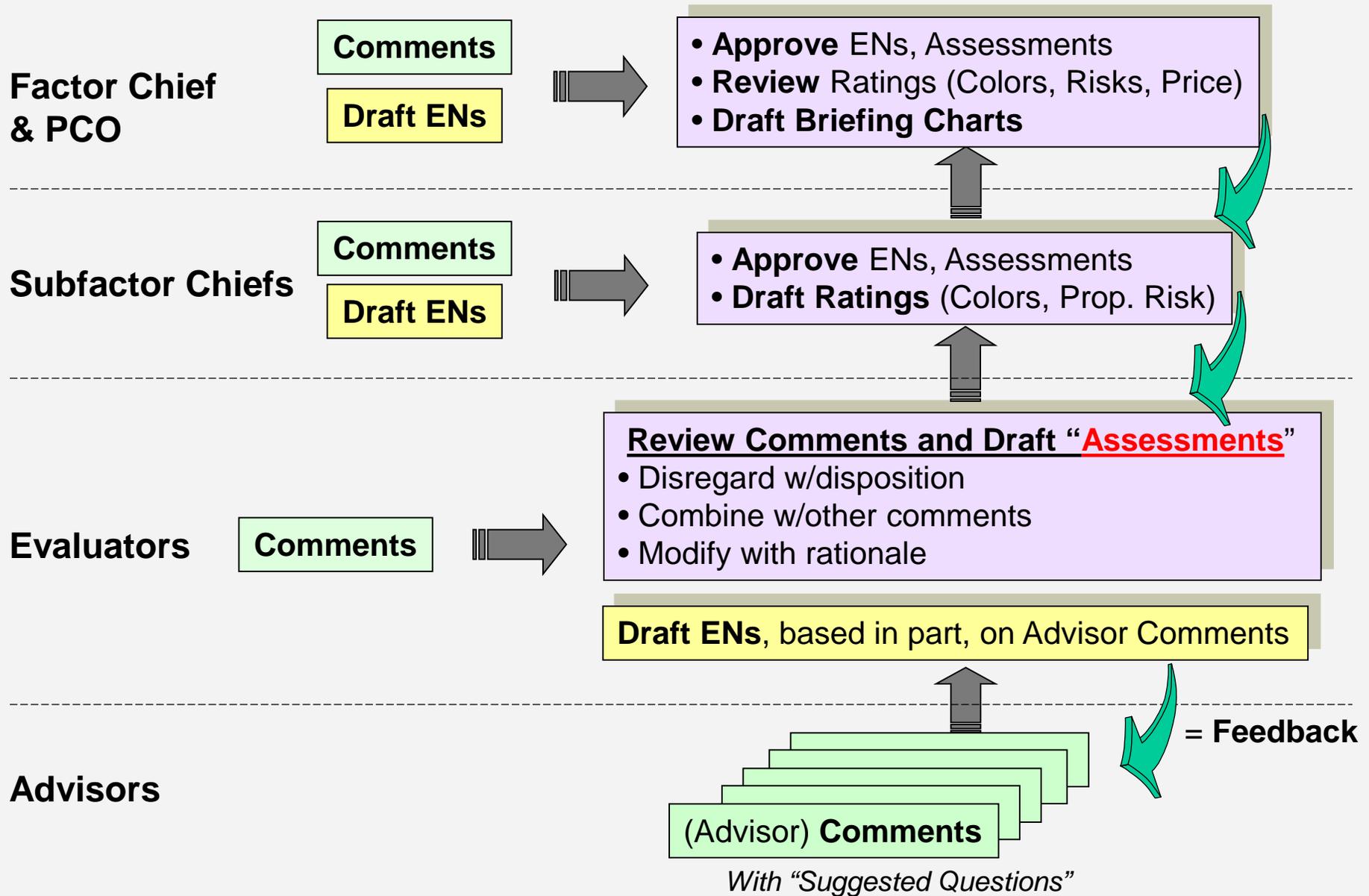
Requirement States: propulsion at xxx or greater
 Offeror Stated: at most vehicle has xxx-2.5
 Comment: offeror proposes a value of 2.5 less than the desired propulsion
 Effect/Benefit: not enough propulsion to reach desired orbit
 Suggested EN language:

Record: of 2

Dis position

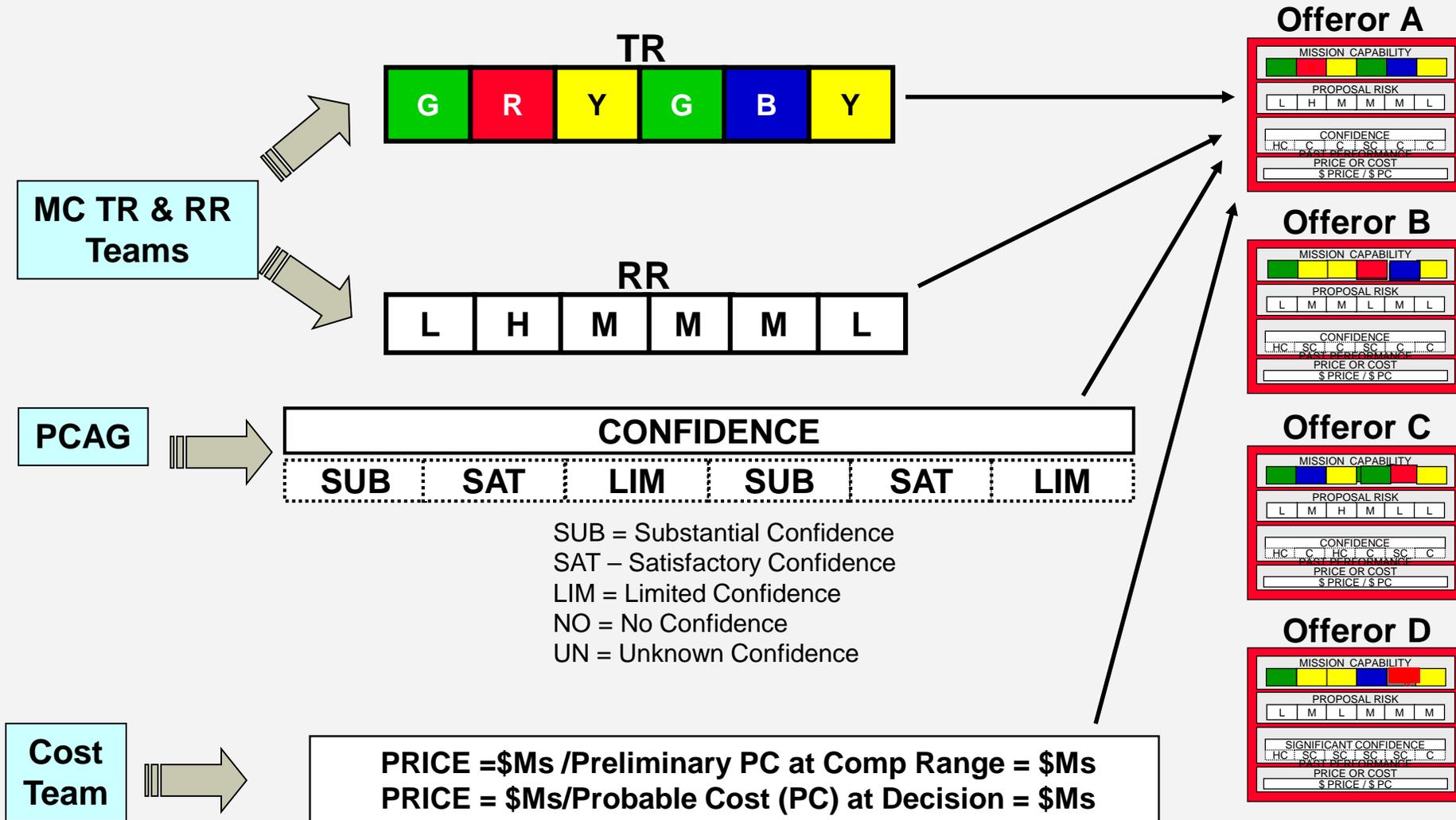
Link Del Link Del

“ROLLUP”



INTEGRATING RATINGS

Core Team: SSEB Chair, Factor Chiefs, Sub-Factor Chiefs, PCO, Recorder (admin)



EXCHANGES WITH INDUSTRY AFTER RECEIPT OF PROPOSALS

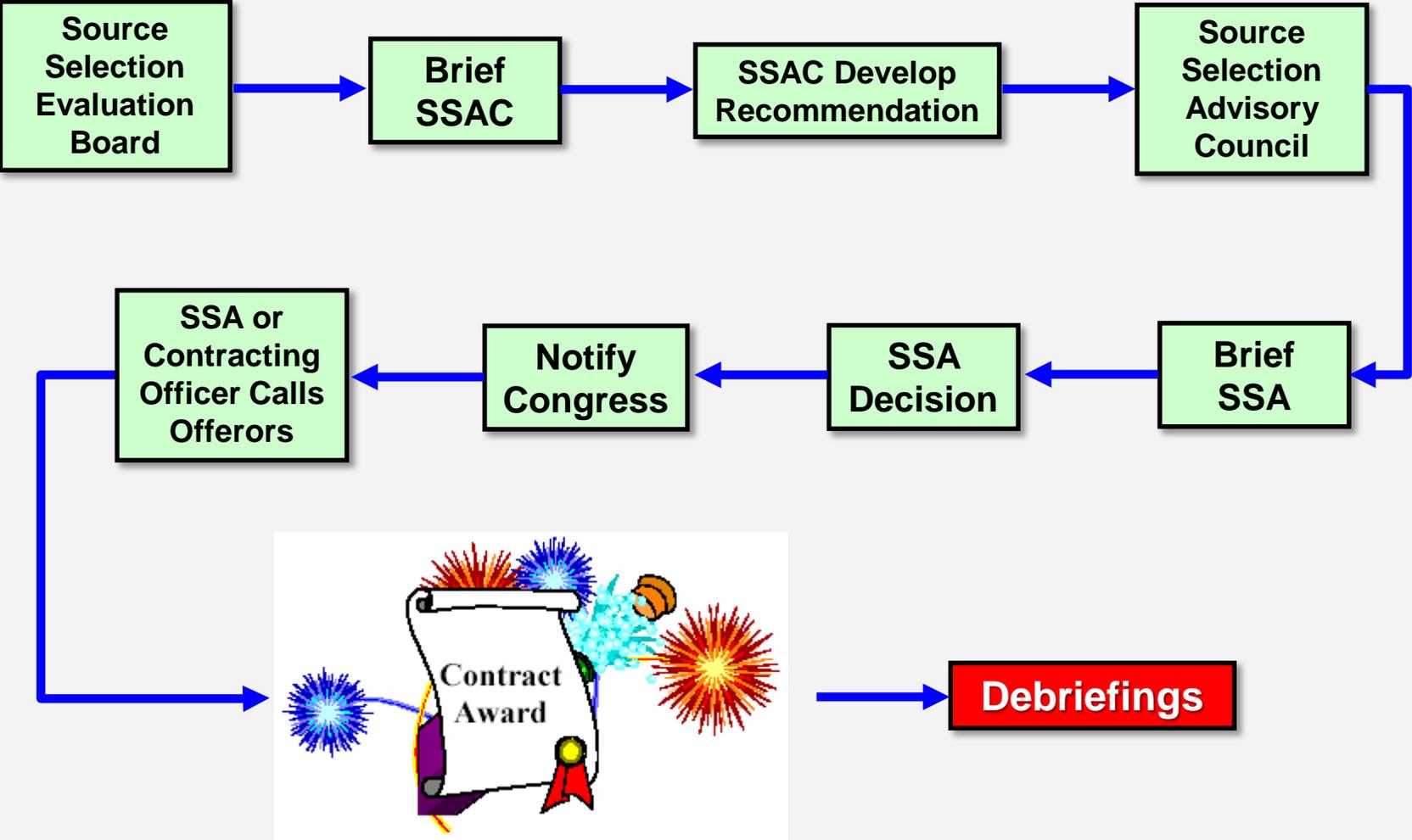
Clarifications and award without discussions

Communications with offerors before establishment of the competitive range

Exchanges with offerors after establishment of the competitive range

Limits on exchanges

EXAMPLE DECISION PHASE



SOURCE SELECTION DECISION

“The source selection authority’s (SSA) decision shall be based on a comparative assessment of proposals **against all source selection criteria in the solicitation**. While the SSA may use reports and analyses prepared by others, *the source selection decision shall represent the SSA’s independent judgment.*”

Federal Acquisition Regulation 15.308



DECISION DOCUMENT

“The source selection decision shall be documented, and the documentation shall include the rationale for any business judgments and tradeoffs made or relied on by the SSA, including benefits associated with additional costs. Although the rationale for the selection must be documented, that documentation need not quantify the tradeoffs that led to the decision.”

Federal Acquisition Regulation 15.308



DECISION DOCUMENTATION

“Contrary to Contracting Officer Shivers' position, the destruction of the individual TEP members' score sheets is barred by the FAR provisions. The current contract file for the challenged procurement does not “constitute a *complete history of the transaction*,” FAR § 4.801(b) (emphasis added), nor does it “[f]urnish[] essential facts in the event of litigation.” FAR § 4.801(b)(4). FAR § 4.801(b) expressly refers to § 4.803, which provides “examples of the records normally contained ... in contract files.” FAR § 4.803. Specifically, the record as submitted does not contain all “[s]ource selection documentation,” as required by FAR § 4.803(a)(13).”

“Contracting Officer Shivers' destruction of the rating sheets raises issues of spoliation of evidence. “ ‘Spoliation is the destruction or significant alteration of evidence, or failure to preserve property for another's use as evidence in pending or reasonably foreseeable litigation.’ ” See *United Med. Supply Co. v. United States*, 77 Fed.Cl. 257, 263 (2007) (quoting *West v. Goodyear Tire & Rubber Co.*, 167 F.3d 776, 779 (2d Cir.1999)).”

**Pitney Bowes Government Solutions v. United States
United States Court of Federal Claims, No. 10-257C
Filed Under Seal: May 28, 2010.**



CONTRACT AWARD

Affirmative Responsibility Determination

Contract award

Notification of unsuccessful offerors

Debriefings

**Not all solicitations result in contract award.
Solicitations may be cancelled prior to award.**

DEBRIEFINGS OF UNSUCCESSFUL OFFERORS

May be done orally or in writing

Minimum information to be provided

- Government's evaluation of significant weaknesses and deficiencies in the proposal
- Overall evaluated cost/price and technical rating of successful and debriefed offerors
- Overall ranking of all offerors, if created
- Summary rationale for award

Make and model of commercial items

Reasonable responses to relevant questions

DEBRIEFING TIMELINES & RULES

3 Days -- Written request for debriefing

5 Days -- Debriefing

An offeror excluded from the competition, but failed to submit a timely request, is not entitled to a debriefing.

Untimely debriefing requests may be accommodated.

Government accommodation of a request for delayed debriefing or any untimely debriefing request, does not automatically extend the deadlines for filing protests.

Debriefings delayed pursuant to 15.505(a)(2) could affect the timeliness of any protest filed subsequent to the debriefing.

FAR BASED PROTESTS FORUMS

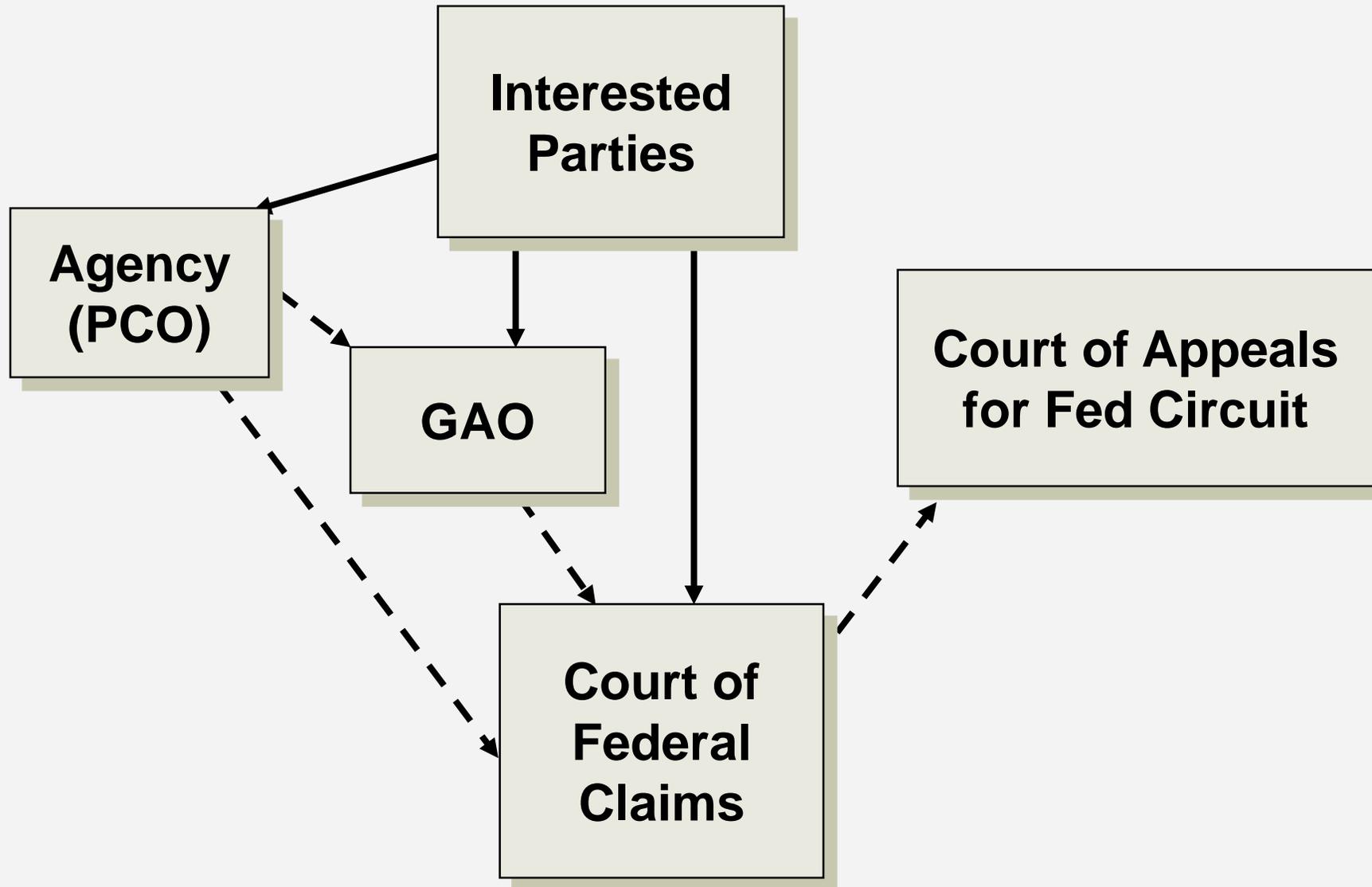
Agency

Government Accountability Office *

United States Court of Federal Claims

*** When the agency receives notice of a protest from the GAO within 10 days after contract award or within 5 days after a debriefing date offered to the protester for any debriefing that is required by 15.505 or 15.506, whichever is later, the contracting officer shall immediately suspend performance or terminate the awarded contract**

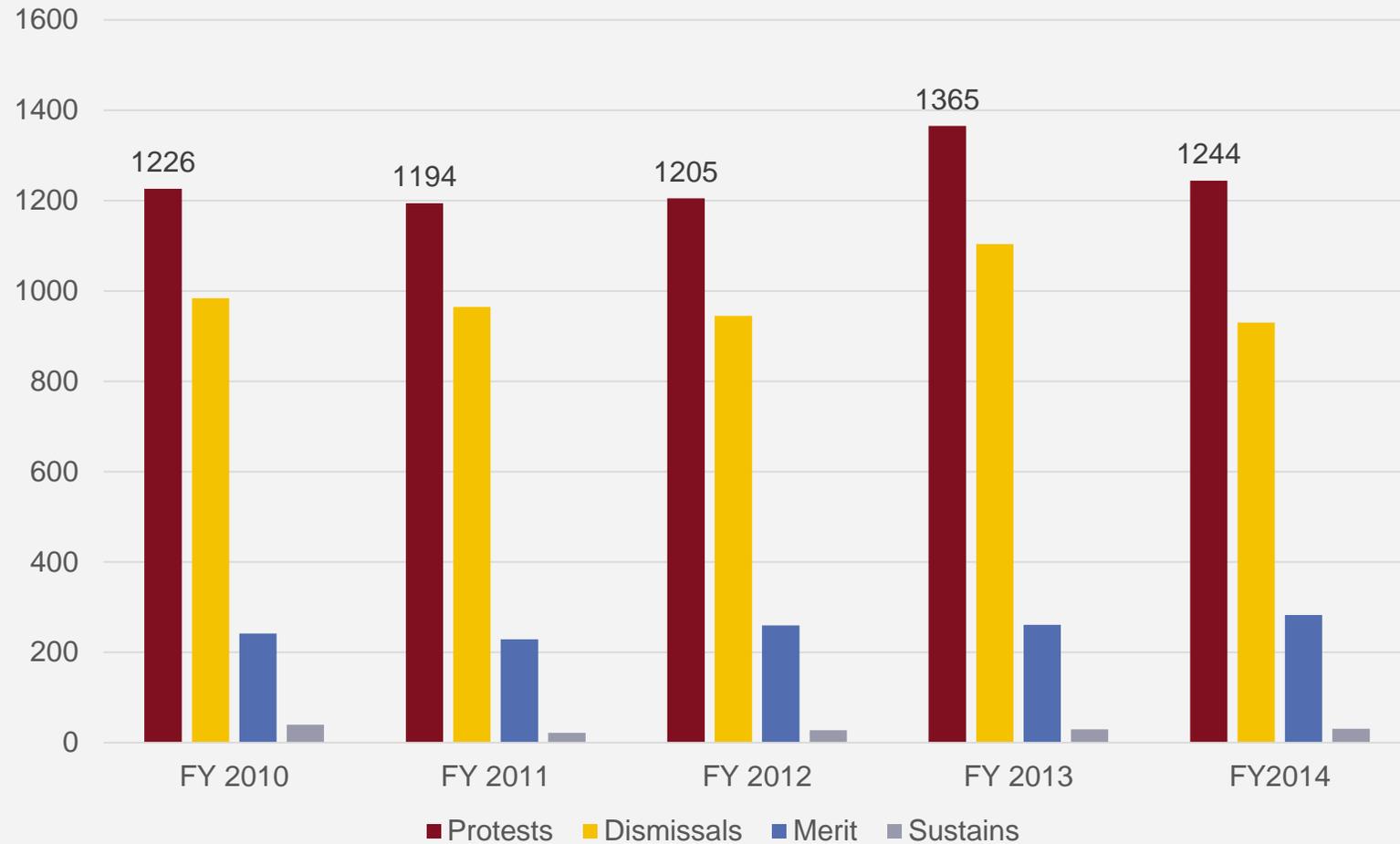
FAR BASED PROTESTS FORUMS



GAO

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Cases Filed	2,639	2561	2429	2,475	2,353	2,299	1,989	1,652	1,411	1,327
Cases Closed	2,647	2458	2538	2,495	2,292	2,226	1,920	1,581	1,394	1,274
Merit (Sustain + Deny) Decisions	587	556	509	570	417	441	315	291	335	249
Number of Sustains	68	72	87	106	67	82	57	60	91	72
Sustain Rate	12%	13%	17%	18.6%	16%	19%	18%	21 %	27 %	29 %
Effectiveness Rate	45%	43%	43%	42%	42%	42%	45%	42 %	38 %	39 %
ADR Cases	103	96	145	106	140	159	149	78	62	91
ADR Success Rate	70%	83%	86%	80%	82%	80%	93%	78 %	85 %	96 %
Hearings	3.10%	4.70%	3.36%	6.17%	8%	10%	12%	6 %	8 %	11 %

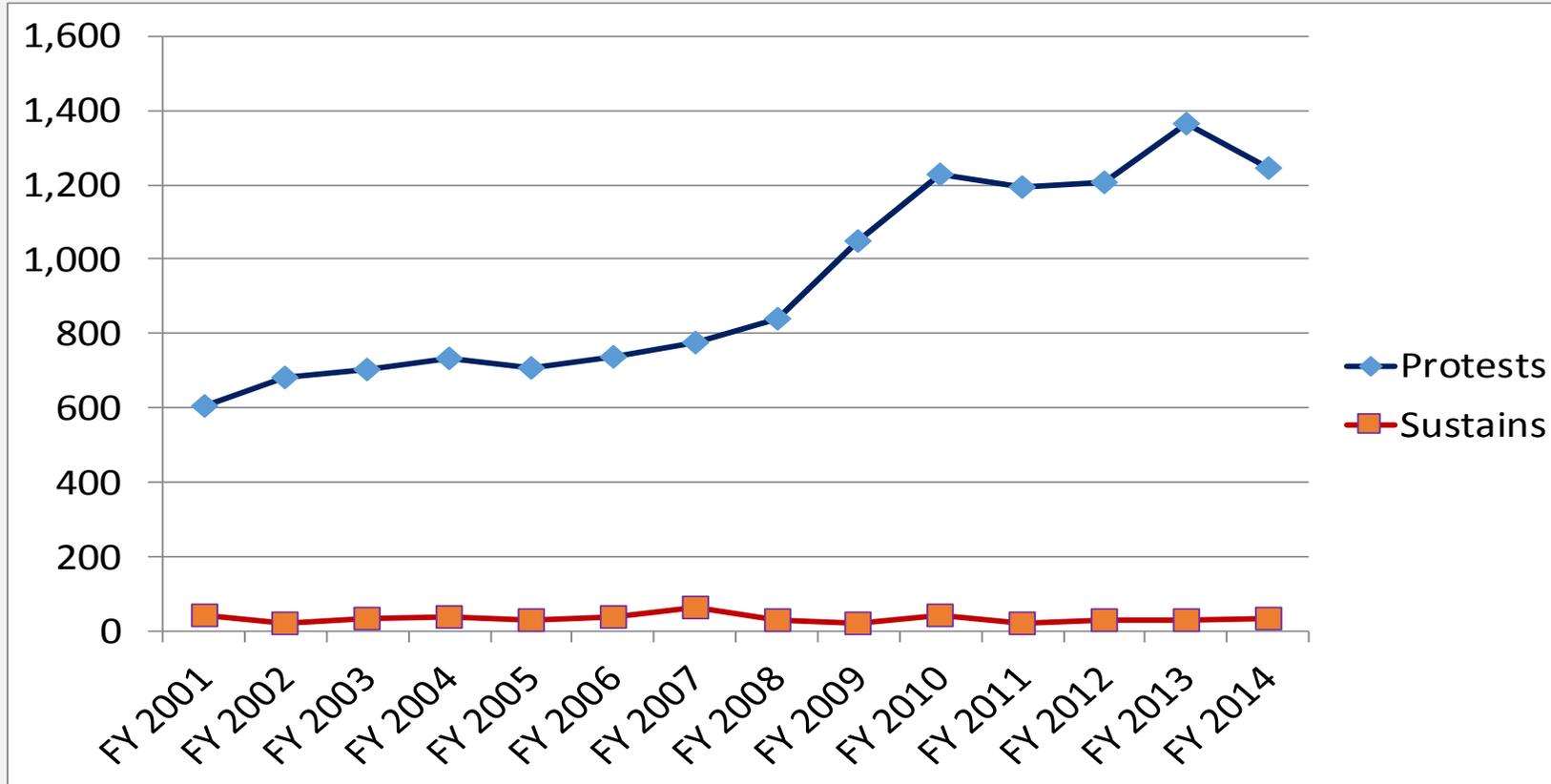
OVERALL DOD BID PROTEST STATISTICS



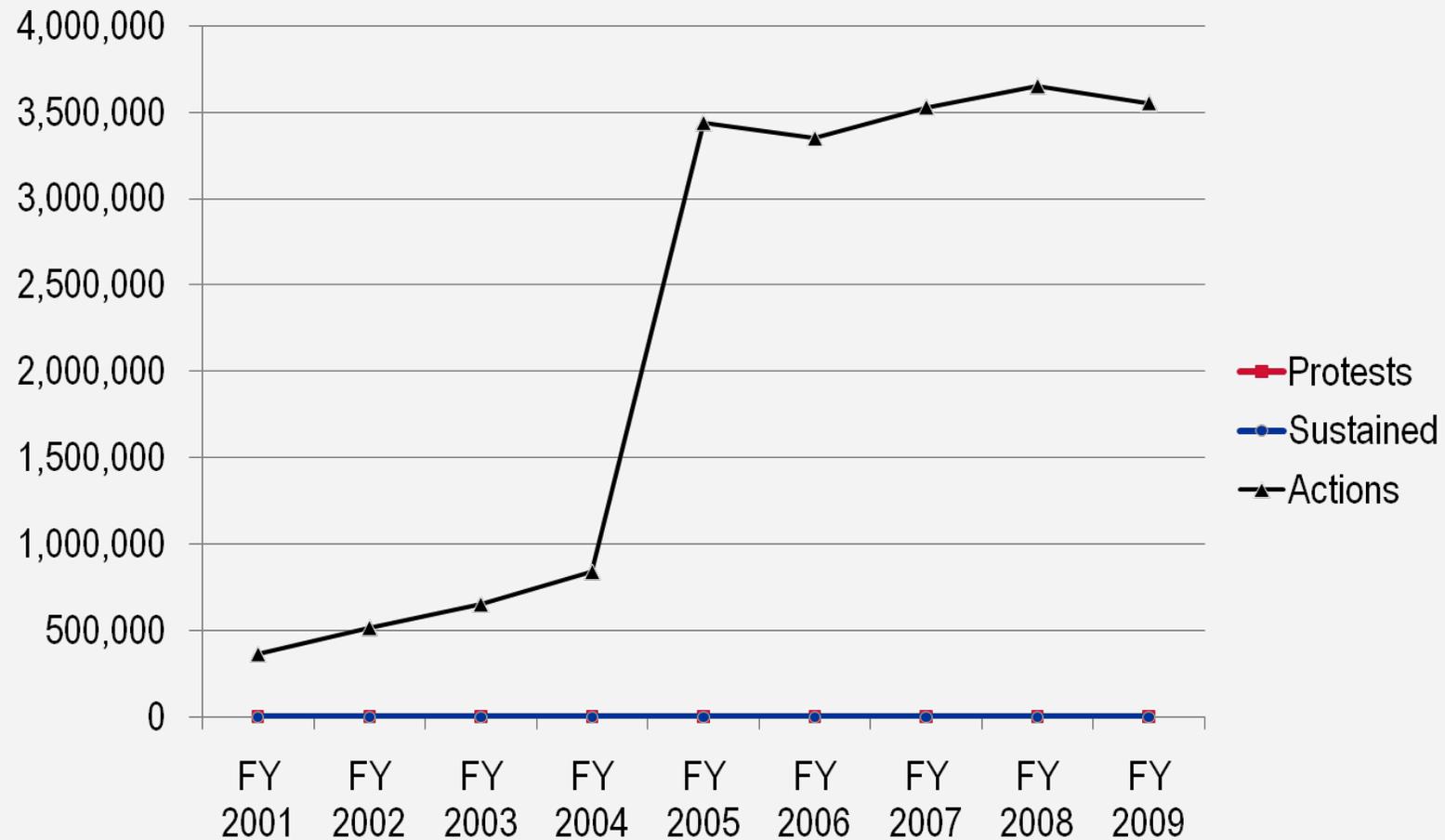
Source: CRS analysis of GAO data.

Note: Based on number of protests closed.

DOD PROTESTS VS. SUSTAINS



DOD CONTRACT ACTIONS, PROTESTS AND SUSTAINS



Note: In Fiscal Year 2005 the contract action reporting threshold was significantly reduced, resulting in a jump in reported contract actions.

BACK -UP

