



**National Science Foundation**  
4201 Wilson Boulevard, Arlington, Virginia 22230



**MEMORANDUM**

**To:** File DACS-030057  
**From:** Donna Fortunat, Source Selection Official for NSF Solicitation No. DACS-030057  
**Date:** FEB - 1 2005  
**Ref:** Statement of Findings, NSF Request for Proposals No. DACS-030057, Evaluation Panel Report dated January 25, 2005

**Introduction** – The purpose of this memorandum is to state, for the record, my rationale for the selection of the proposal submitted by VECO USA, Inc. for award.

**Background** -- NSF released its solicitation DACS 030057, entitled *Arctic Research Support and Logistics Services*, on February 6, 2004. The anticipated contract will be a cost plus fixed fee award term contract type with a phase-in period of four months, a core period of three years and a total award term of four one-year awards. Five amendments were issued on February 13, 2004; February 25, 2004; March 1, 2004; March 5, 2004; and March 10, 2004 respectively. These amendments answered questions submitted by interested parties, made corrections and minor changes to the indirect cost table at B4 and award term notification at H12.5.1, deleted H15 Advance Agreement, extended the time and date for receipt of proposals, added the NSF Insurance liability clause, and provided additional proposal preparation information. On April 5, 2004, NSF received five proposals. Firms (including teams) submitting offers are as follows (in alphabetical order):

- ASRC Energy Services (AES), prime contractor, with subcontractors Arctic Slope World Services, AES Lynx Enterprises, AES E&P Technology (E&P)
- DDC Engineering & Logistics Services, Inc. (DDC), prime contractor, with subcontractors Global Wireless Satellite Network, Global Language Solutions, Info Tech Enterprise, Intercall, International Charter Inc. (ICI) of Oregon, McDaniel Construction, Trans-Soft, Website Design Institute
- Glacial Bear Wildlife Research Rescue, Inc. (Glacial Bear), prime contractor, with subcontractors Bodyguard Security Services, Canadian Arctic Holidays, Fairweather, Inc., LTR Training Systems, Inc., Maritime Helicopters, Taiga Ventures
- Raytheon Technical Services Corporation (RTSC), forming a new business unit in the event of award called Raytheon Polar Services – Arctic (RPSA), as prime contractor, with subcontractors ESS Support Services Worldwide, GBC Inc., and CIRI (Peak Oilfield Services & Precision Power)

**Source Selection Information – see FAR 2.101 and 3.104**

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- VECO USA (VECO), forming an umbrella organization called VECO Polar Services as prime contractor, with subcontractors Polar Field Services and SRI International

The Proposal Evaluation Committee (PEC) members reviewed proposals individually, then met as a panel on May 4, 2004. The panel evaluated the proposals based upon discussions at this meeting, numerically scored and ranked the proposals as required by the Evaluation Plan, and submitted its report, dated June 23, 2004, to the Contracting Officer, Mr. Bart Bridwell. As discussed in the Contracting Officer's Competitive Range Determination for NSF RFP DACS-030057, the panel deviated from the Evaluation Plan by ranking the proposals based upon technical merit and cost considerations separately. The approved plan calls for a single ranking of all proposals based upon the panel's evaluation of merit from both a technical and cost standpoint. However, this deviation affected all proposals equally, is not material, and did not affect the competitive range determination.

This solicitation includes FAR Provision 52.215-1, titled *Instructions to Offerors – Competitive Acquisition*, which notified all parties that the Government intended to evaluate proposals and award a contract without discussions with offerors (except clarifications as described in FAR 15.306(a)). Discussions are permissible if it is later determined to be necessary upon establishing a competitive range as required by FAR 15.306(c). Per the authority at FAR 52.215-1, *Instructions to Offerors – Competitive Acquisition*, the Contracting Officer established a competitive range on July 15, 2004 consisting of the proposals from VECO and RTSC, and documented the need for discussions.

Written discussions were conducted with the two offerors. The respective issues and questions are documented in the "Pre-Negotiation Memorandum for NSF RFP No. DACS-030057" dated October 21, 2004. Both offerors responded to questions by the deadline of November 12, 2004. The panel reviewed the responses individually and, in the memo entitled "Responses of Offerors to NSF's Questions" to the Contracting Officer, dated December 7, 2004 identified those areas of concern that still remained, and recommended NSF request final proposal revisions from both offerors. On December 9, 2004 final proposal revisions (FPR) were requested. The time and date established for FPR receipt was December 22, 2004 at 4 p.m. Eastern Standard Time. Amendment 006 was issued on December 9, 2004 revising the anticipated contract's period of performance and correcting the Government's original estimate for level of effort by doubling the suggested weeks for the Greenland and Alaska Managers' positions. FPRs were received in a timely manner from RTSC and VECO.

The PEC evaluated the proposals as revised from RTSC and VECO per their December 22, 2004 submissions. The PEC recommended award in a Statement of Findings dated January 25, 2005 for the Source Selection Official. The recommendation was based on the technical evaluation of the PEC, and the Cost Analysis of Final Proposal Revisions dated January 25, 2005. The PEC findings and supporting documentation were presented to me on January 25, 2005.

**Evaluation of Offers** – The final revised proposals were evaluated by the PEC based upon technical merit as follows:

Offeror	Concept of Operations	Gen. Mgmt & HR	Past Perf. & Experience	Project Models	Total Score	Adjectival Rating
VECO	Excellent	Excellent	Excellent	Excellent	97	Excellent
RTSC	Very Good	Very Good	Excellent	Excellent	85	Very Good

*Table 1 – Offerors’ Ratings by Technical Evaluation Subfactors.*

The Cost Analysis evaluated the two final proposal revisions as follows:

Offeror	Proposed Cost/Fee	Adjusted Cost/Fee	Difference from GE	% Difference
RTSC	\$ 87,232,209	\$ 88,423,718	(\$9,152,282)	9.4% lower
VECO	\$ 93,323,149	No change	(\$ 4,252,851)	4.3% lower

*Table 2 – Offerors’ Proposed Total Contract Cost vs. Adjusted Total Contract Cost, and Difference from Government Estimate*

The Government’s estimate was as follows:

Phase In Period	Core Period	Total Award Terms	Contract Total Without Phase-In Period	Contract Total With Phase-In Period
\$500,000	\$39,159,000	\$57,917,000	\$97,076,000	\$97,576,000

*Table 3 – Independent Government Cost Estimate*

The Government’s estimate of \$97,576,000 (with phase-in) is based on the value of the current contract (OPP-0001041, valued at approximately \$40.3 million), with an estimated increase of approximately \$2 million overall in logistics and research support activities, and an annual inflation factor of 3 percent. If the selected contractor earns all award terms, the new contract will represent a total effort of seven years plus a four-month phase-in period.

It should be noted that VECO proposed no costs for the Phase-In period. If the Government’s estimate for Phase-In (\$500,000) is subtracted from the overall Government estimate, the total Government estimate would be \$97,076,000. VECO’s estimated cost would be \$3,752,851 less than the Government estimate, or 3.9% lower.

NSF adjusted RTSC’s final cost proposal to restore the cost of the Fixed Reimbursable Element, “Fees, Leases, Field Services Subcontracts” to the Government’s estimate which had been included as an attachment to the solicitation and was to be included by all offerors in their proposals. RTSC had incorrectly assumed that the element included the cost of bonuses and uplifts.

**Rationale for Selection** – I have reviewed the acquisition file, all panel reports and the recommendation for award, and have concluded that selecting the proposal submitted by VECO USA represents the greatest value to the Government, warranting the payment of an additional

\$4,899,430 over the maximum seven-year term of the anticipated contract. My basis for this conclusion is as follows.

*Evaluation Factors and Their Relative Importance* – As stated in the Evaluation Plan (refer to the acquisition file, Attachment C) and the solicitation (see Section M1):

*Award will be made to the responsible offeror (see FAR 9.104-1) whose offer provides the greatest value to the Government. The combined technical factors are significantly more important than the cost/price factor in proposal evaluation. The Government reserves the right to make tradeoffs between technical and cost/price considerations that are in the best interest and to the advantage of the Government.*

The PEC employed the following factors in its evaluation:

- Concept of Operations (weight = 35)
- General Management and Human Resources (weight = 25)
- Past Performance and Experience (weight = 20)
- Project Models (weight = 20)

The Cost Analysis was performed to evaluate the proposals for reasonableness, including separate cost elements and fee to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency. Indirect rates were compared to the offerors' latest pricing agreements and DCAA audit reports. Labor rates and categories were analyzed for adequacy and realism by comparing to the government's suggested staffing schedule, and to the Bureau of Labor Statistics' Occupational Employment & Wages Survey for November 2003, the latest survey available, escalated by 3.9%.

Given the evaluation results and the stated importance of the combined technical factors relative to the cost/price factor, I determined the technical advantages and assessed the additional value attributable to the higher rated and higher priced VECO proposal when compared with the lower rated and lower priced RTSC proposal.

**VECO USA** – In reviewing the technical aspects of the VECO proposal, one immediately notices the score of 97 out of a possible 100 points, earning an adjectival rating of *Excellent* with no major weaknesses. Under *Concept of Operations*, the offeror's comprehensive and thorough approach has been proven effective. The relative simplicity allows for great flexibility and efficiency. The three member organizations – VECO USA, Polar Field Services, and SRI International – each bring unique strengths to the team that, taken as a whole, offer depth and range of skills, including innovative information technology, communications concepts, and engineering capability which are incorporated into their approach to operations and can be drawn on by NSF as needed. Science goals are afforded a high priority throughout the process. VECO's approach emphasizes direct personal contact with the researchers and takes the lead in preparing and communicating research plans. As an added value to the science community, VECO provides planning assistance to researchers in proposal stages on request. Under *General Management and Human Resources*, the offeror had no major or minor weaknesses. All

personnel, particularly managers, are very highly regarded by the science community for their competence, reliability, and their current, relevant experience providing science support in the Arctic. The company has demonstrated excellent retention, with most of the managers having served the entire current contract. Lines of communications and authority, if somewhat informal, are well understood and effective. Operational authority is delegated in appropriate measure to the field activities, allowing timely, flexible and appropriate responses to situations as they develop. This is a significant advantage in an extreme environment where management is remote from the activities. The proposed staffing plan also provides flexibility and low turnover, with benefits for permanent seasonal employees, two dedicated planners, and rotation for staff in extreme environments. Under *Past Performance and Experience*, the offeror and its subcontractors demonstrated combined excellence as the incumbent for this requirement. The offeror tailored the *Project Model* responses, emphasizing strong interactions with the researchers, and successfully addressed risks, contingencies, safety and management issues. The offeror emphasized strong interaction with the science field parties, reflecting their approach under *Concept of Operations*.

From a business standpoint, the proposed final overall contract price of \$93,323,149 is the higher cost, \$4,252,851 less than the Government estimate. Spread over seven years, the cost is \$607,550 less per year than the Government expected to pay. It should be noted that VECO proposed no costs for the Phase-In period. If the Government's estimate for Phase-In (\$500,000) is subtracted from the overall Government estimate, the total Government estimate would be \$96,576,000. VECO's estimated cost would be \$3,252,851 less than the Government estimate, or 3.9% lower, for an annual average of \$464,693. As the incumbent, VECO will conduct a final inventory as part of their existing contract closeout costs. The offeror intends to hire the same employees, and will use existing field services subcontractors, website and communications. As there will be no need to create a new infrastructure, these activities can be accomplished at no cost to the Government. The current contract was extended through May 31, 2005; thus, any phase-in activities under a new contract could be performed concurrently with closeout activities for the existing contract.

Four Administrative rates and five Field rates fell more than 20% below the BLS rates NSF had identified as applicable to the general responsibilities of those positions. No adjustment was made to those rates, however, for the following reasons: the proposed rates are based on salaries paid under the current contract which has experienced very low turnover; VECO provides other incentives including insurance benefits, and proposes management techniques such as rotation for seasonal employees in extreme environments; some positions are currently performed at a lower level administratively, with supervision; and the subcontractor, PFS, included bonuses or awards as an element of their indirect rate, Overhead. Therefore it would be inaccurate to conclude that the offeror's rates are unrealistic or unreasonable in comparison to the BLS rates. The very low turnover experienced on the current contract demonstrates that the offeror provides sufficient incentive to its employees.

The total increase in the final proposed price from the original proposed price was \$21,170. Prices for PFS and SRI, the two subcontractors, remained unchanged. PFS is providing the majority of administrative labor categories. VECO provided labor rates for its field staff including 20% bonuses, and verified that it would not pay bonuses for its own administrative

staff. PFS, a small business, has anticipated payment of incentive bonuses but they are charged to their only indirect rate, Overhead, costed by VECO as Subcontract cost.

VECO's proposed caps on indirect rates raised concerns with the panel that the offeror might not be able to perform with the support of their parent corporation if the operation was subsequently found to be unprofitable at the proposed caps. This was of particular concern to NSF because VECO had asked to restate its indirect rates on the current contract. In response, VECO included in its final proposal revision a letter from VECO Services Inc., the parent, stating that it would assume performance and will cover liabilities at a level consistent with the standards of the industry, should VECO USA fail to perform. VECO will cap Headquarters Overhead at 42.4%, Contract/Field Overhead at 14.2%, and G&A at 8.25%.

VECO and its proposed subcontractors are healthy companies with the financial wherewithal to perform the anticipated contract. The team has demonstrated outstanding performance on the current contract, and none of the firms are included on the *List of Parties Excluded From Federal Procurement and Non-Procurement Programs* as of January 24, 2005. Experienced managerial personnel and high employee retention rates mean that individuals with the necessary skills and abilities will be available, thus work disruptions will be avoided. VECO is a responsible prospective contractor, and is otherwise eligible to receive this award.

**RTSC** – RTSC's proposal, from a technical standpoint, received a score of 85 out of a possible 100 points. This corresponds with an adjectival rating of *Very Good* using the ratings scale set forth in the evaluation plan. Under *Concept of Operations*, RTSC's approach was tailored to the academic research environment, and included well-defined elements of project planning including the annual program plan, innovative support for research in Russia, and a comprehensive approach to risk assessment. RTSC demonstrated that it understood NSF's process throughout the life of a project. Under *General Management and Human Resources*, the offeror's proposed Project Manager is well qualified, having broad experience in the USAP and his current position as the Manager of Science Support within RPSC. Use of a native Russian to facilitate operations there could result in greater operational efficiency. Under *Past Performance and Experience*, Raytheon earned an *Excellent* rating for its efforts in the Antarctic, and the proposed leadership team is known for its support for Antarctic research. Under *Project Models*, responses were considered thoroughly researched and well presented, with good analysis of risk and appropriate plans for action.

The offeror's proposal was rated as *Very Good*, rather than *Excellent*, for the following reasons: Under *Concept of Operations*, the reliance on a set of management and software tools that seemed overly complex for the activity of a fairly small core staff seemed to risk placing an unwarranted bureaucratic burden on the activity of the staff and, potentially, the science community. The FPR did clarify that the management systems would only be applied where appropriate and if NSF agreed, but then failed to describe what approach would be applied in the absence of the ones discussed. Of particular concern to the PEC was the central role of POLARICE. It was difficult to see how this system would be applied in an environment that presents many logistical options, most beyond the control of the program, rather than the

function it was designed for – to assist in managing a fairly predictable set of resources in the USAP. Also, as a system still under development, POLARICE places a significant burden on investigators. While these were not considered major weaknesses, the reliance on complex systems without a clear alternative approach was not considered a strength.

Under *General Management and Human Resources*, RTSC stated that their management team is familiar with the management tools being proposed, but the resumes would suggest that few have experience using the proposed management & software tools other than 6-sigma. Among the proposed project managers, with one exception there appeared to be relatively little experience managing remote projects or local knowledge of Arctic logistics support and suppliers. RTSC did not propose a fulltime dedicated planner, despite the emphasis on planning in the RFP, and while the offeror did propose a highly experienced, fully capable senior manager, the responsibilities of that position appeared to include other management duties. Also, their emphasis on property management, rather than procurement, is similar to their approach in the Antarctic, but the PEC felt that the need for logistical support throughout the Arctic region requires much greater emphasis on procurement, whereas there is little need to maintain and move a significant inventory.

Under *Past Performance & Experience* and *Project Models* there were no major weaknesses; the offeror received ratings of Excellent for each subfactor. In *Project Models*, the offeror attempted to remedy failure to apply their concept of operations to the solution for each scenario. The panel took a slight deduction for failure to utilize the proposed systems fully in the final proposal revision for this subfactor, and for making an otherwise outstanding solution unnecessarily complex. Again, this was not considered a major weakness by any means.

Although RTSC's proposal had no major weaknesses, the PEC's evaluation reflects concern about the potential risk of adopting complex systems that would require adaptation to Arctic requirements and training, not only for the offeror's staff but for investigators and NSF staff as well, combined with the potential loss of flexibility and efficiency. This concern was expressed to RTSC in the request for final proposal revisions. While the FPR did clarify that RTSC would work with the program for effective, efficient and appropriate implementation, their lack of explanation of any alternative, were the systems to prove of little use, reduced their scores under the *Concept of Operations* and, very slightly, the *General Management and Experience* subfactors, both receiving ratings of *Very Good*. The reduction under *Project Models* was fractional, and remained at *Excellent*. Overall, the proposal received a rating of *Very Good*.

RTSC's adjusted estimated cost of \$88,423,718 is the lowest cost, and is nearly \$4.9 million less than VECO's estimated cost. If all award terms are earned, the total estimated cost would be \$1.3 million less per year than the Government expected to pay. Evaluated at the adjusted cost, \$88,423,718, the price is considered fair and reasonable.

Neither RTSC nor their proposed subcontractors are included on the *List of Parties Excluded From Federal Procurement and Non-Procurement Programs* as of January 25, 2005. RTSC is considered to have sufficient financial resources to perform the resulting contract, and past performance results are sufficient to assure the Government that, when considered in conjunction

with other responsibility criteria, RTSC is a responsible prospective contractor, and is otherwise eligible to receive this award.

*Comparative Assessment* – Comparing the proposals from VECO and RTCS, I determine that in the area of *Concept of Operations*, VECO offers significant advantages and additional value to the Government. The simplicity of the VECO approach relies on establishing knowledgeable points-of-contact (POCs), usually the regional managers, with each research project. At the request of researchers, VECO provides support for proposal development, an added value for the scientific community. The POC tailors a support plan based on the project proposal, which sets the scope of the activity. Very little burden is placed on the scientists, who can interact with VECO using tools they are already familiar with. In contrast, the proposed RTSC approach relies on a complex, interconnected set of software and management tools that would require training of staff and scientists. While RTSC offered to absorb the cost of basic adaptation, it is possible that such a complex system would require ongoing changes and additional costs in terms of training, etc. not proposed by the offeror or budgeted for by the program.

In the area of *General Management and Human Resources*, I determine that VECO offers a significant advantage and additional value to the Government. VECO deviated from the government suggested staffing schedule to add considerable strength to their management approach by doubling the planning team. While the salary level for the management team tends to be high, it is consistent with the current contract and has resulted in extraordinarily high retention. In contrast, while offering a strong team that has largely gained experience in USAP, some RTSC management staff appears to have less experience than VECO in dealing with multiple projects in remote areas. RTSC assigned the role of planning to the deputy, a senior staff position. VECO clearly has the advantage in providing more fulltime planners, a necessity for their direct contact approach. VECO also paid their managers at higher rates, and proposed more hours, which may point to their low employee turnover. RTSC dropped one procurement official and added a logistics manager whose real strength is in property management. The panel found there would likely be a greater need for procurement support than for moving large inventories; as a result, this deviation was not considered a strength for RTSC.

In the area of *Past Performance and Experience*, both offerors earned a rating of *Excellent* in the area of organizational past performance. Based on the comments of reviewers for the most applicable contracts, both offerors appear to have performed with equal ability and both have demonstrated relevant experience in an extreme environment. Accordingly, I determine that no advantage or additional value accrues to either offer in this area.

In the area of *Project Models*, I note that although the PEC considered both offerors had responded adequately to the scenarios, the panel did not find entirely credible RTSC's efforts to overlay its complex systems on the discussion of these scenarios in the final proposal revision. However, the panel's Statement of Findings affirmed that both offerors presented excellent discussion of how they would resolve the issues. Both offerors earned a rating of *Excellent*. Accordingly, I determine that no advantage or additional value accrues to either in this area.

In summation, RTSC's meritorious scores in *Past Performance and Experience* and *Project Models* does not outweigh the proposal's less than excellent ratings in the areas of *Concept of*



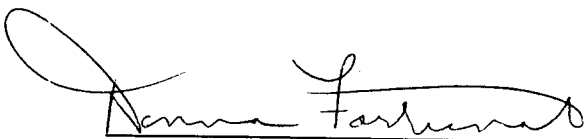
*Operations and General Management and Experience* – namely, RTSC’s complex, interconnected set of information systems and management tools that appear impractical for use in support of the Arctic program, and their inability to clearly articulate alternate approaches. This puts the RTSC proposal at a disadvantage when compared with VECO’s relatively simple and proven successful approach. This disadvantage is compounded when considering the likely need for staff training in the use of the RTSC systems, and for scientists in the use of POLARICE as it evolves; and for greater flexibility in empowering managers to support multiple remote projects in an efficient and effective manner that meets the needs of the scientific research.

In accordance with the Evaluation Plan, and as a result of the PEC’s thorough evaluation, the offers were ranked as follows:

RANK	OFFEROR	SCORE	RATING	COST	DISCRIMINATOR
1	VECO	97	Excellent	\$93.3M	Outstanding in every aspect
2	RTSC	85	Very Good	\$88.4M (adjusted)	Lowest cost

**Selection** – As recommended by the PEC, I hereby select the offer from VECO USA for award at a total estimated cost of \$93,323,149. VECO USA is a responsible prospective contractor, and is otherwise eligible for this award. This selection is warranted given the greater significance of the combined technical factors when compared with the cost/price factor, and is based upon the significant technical advantages accruing to this proposal in the areas of *Concept of Operations* and *General Management and Human Resources*. These are characterized by the overall 12.4% difference in technical scores attributed to the proposals by the PEC; a difference I believe is correct. Payment of an additional \$4,899,431 (or 5.5%) over the contract’s maximum seven-year term is clearly warranted, considering the superior technical capabilities VECO brings to this award.

**Signed:**



Donna Fortunat  
Source Selection Official

2-1-05  
Date

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