



National Science Foundation

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Memorandum

To: DACS-030057 File

From: Bart Bridwell; Contracting Officer, DACS, Rm. 475

Date: JUL 14 2004

Subject: Competitive Range Determination for NSF RFP No. DACS-030057

Reference: *Findings of the Evaluation Panel for NSF Solicitation No. DACS-030057, "Arctic Research Support and Logistics Services,"* dated June 25, 2004

The purpose of this memorandum is to establish, in accordance with the Evaluation Plan for NSF RFP No. DACS 030057, a competitive range consisting of the proposals from VECO USA and Raytheon Polar Services – Arctic for this acquisition, and set forth my rationale for this action, including my reasons for not making an award without discussions.

Background -- NSF released its solicitation DACS 030057, titled *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 deadline, 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 Polar Services – Arctic (RPSA), prime contractor, with subcontractors ESS Support Services Worldwide, GBC Inc., and CIRI (Peak Oilfield Services & Precision Power)



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- VECO USA (VECO), prime contractor, with subcontractors Polar Field Services and SRI International

This solicitation includes FAR Provision 52.215-1, titled *Instructions to Offerors – Competitive Acquisition*, which notifies all parties that the Government intends to evaluate proposals and award a contract without discussions with offerors (except clarifications as described in FAR 15.306(a)). Discussions may be conducted if it is later determined to be necessary upon establishing a competitive range as required by FAR 15.306(c).

A single evaluation panel was established for this acquisition. The panel evaluated the technical proposals in accordance with the following technical evaluation factors for the purpose of determining their relative merits:

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

The panel also evaluated cost to assess the realism of the proposed costs and to determine the probable cost/price to the Government. The cost/price factor was not numerically weighted or scored in the manner that the technical factors were, but could be used as an aid in evaluating the offeror's understanding of the work requirement.

The solicitation states: *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 evaluation factors will be significantly more important than the cost/price factor in proposal evaluation. The Government reserves the right to make tradeoffs between technical and price considerations that are in the best interest and to the advantage of the Government.*

The results of the panel's evaluation are summarized in the following table:

Technical Rank	Technical Score	Rank in Cost	Offeror	Proposed Total	Adjusted Total	Variance from Govt Estimate
1	96.65	3	VECO	\$93,301,980	\$93,301,980	(\$4,274,020)
2	89.00	2	RPSA	\$85,141,278	\$ 86,229,337	(\$11,346,663)
3	54.25	5	AES	\$116,273,702	\$116,273,702	\$18,697,702
4	28.00	1	DDC	\$62,392,000	N/A	(\$35,184,000)
5	26.00	4	Glacial Bear	\$103,368,191	\$107,185,561	\$9,609,561

Table 1 – Offerors' Technical Score and Rank, Proposed Total Contract Cost vs. Adjusted Total Contract Cost, and Difference from Government Estimate

The Government estimated the cost of this requirement at \$97,576,000 (with phase-in). The Government provided its estimates for other direct costs and level of effort due to the necessarily broad scope of the statement of work and the unique requirements of research support and logistics services in remote, extreme environments. Given these results,¹ and for

¹ The panel deviated from the Evaluation Plan for NSF RFP No. DACS-030057 (see Part III.2, Pg 4) by ranking the proposals based upon technical merit and cost considerations separately. The approved plan calls for a single

reasons explained in the subsequent narrative, I am directing that a competitive range be established and discussions conducted with each offeror included therein. Following is a summary of reports from the evaluation panel and its findings, the merits of each proposal, and my conclusions by offeror in alphabetical order.

ARSC Energy Services (AES) – The proposal earned a total score of 54.25 (on a scale of 100) from the panel for technical merit. This corresponds with an adjectival rating of *Good* using the ratings scale set forth in the evaluation plan. The total estimated cost plus fixed-fee for this proposal is \$116,273,702. No probable cost adjustments were made. It is the highest of the five offers received in reply to this solicitation, and is \$18,697,702 greater than the Government's estimate.

From a technical standpoint the proposal is credited with showing significant respect to cultural sensitivities, and seeking to forge strong relationships with local peoples and companies; resulting in an increased pool of resources from which to depend upon, and possibly reduced cycle time when seeking relevant permits. Planning, management, and engineering capabilities were considered *robust*. Its scheduling plan showed appreciation for the necessary timescale to accomplish work in the Arctic, and the offeror demonstrated it understood the complexities and a few of the challenges inherent in the project models.

However, the offeror did not demonstrate that it could adapt its excellence in planning, management and engineering to the numerous small-scale projects that NSF sponsors and supports throughout the Arctic. The offeror was especially criticized for failure to recognize the characteristics of the academic research environment, the Foundation's role and its review processes, and the specific work identified in the work statement, leading the panel to conclude that it would take significant time for the offeror to develop a successful approach to work performance.

Also, the roles and authorities to be assumed by the various team members were not well defined, nor did the named personnel have any significant expertise in science support activities, particularly as related to the type and kind of work activities identified in the solicitation (though this major weakness is partially mitigated by the offeror's intention to hire other incumbent personnel, noted as a minor strength by the panel). Its project model solutions reflected the aforementioned weaknesses by not making use of available resources (particularly the regional managers) or including the grantee science team in planning activities to accomplish the hypothetical tasks.

Accordingly, no further consideration of this proposal is warranted given that NSF has received offers of substantially greater technical merit at significantly less cost. This determination is based upon the panel's conclusion that a successful approach to work performance will take time to develop if a contract is awarded to AES. This conclusion is well supported by and is consistent with the technical deficiencies identified by the panel.

ranking of all proposals based upon the panel's evaluation of merit from both a technical and cost standpoint. However, as will be shown in the subsequent text, this deviation affected all proposals equally, is not material, and does not affect the competitive range determination.

Moreover, the significantly higher total estimated cost plus fixed-fee cannot be attributed to any failure of the Government to make its needs known. The cost analysis demonstrates that the primary reason for the difference in pricing is attributable to the significantly higher wage and salary rates proposed by the offeror when compared with similar rates for similar job classifications as proposed by other offers, and wage and salary data obtained from the Bureau of Labor Statistics.

DDC Engineering and Logistics Services (DDC) – The proposal earned a total score of 28.00 (on a scale of 100) from the panel for technical merit. This corresponds with an adjectival rating of *Poor* using the rating scale set forth in the evaluation plan. The total estimated cost plus fixed-fee for this proposal is \$62,392,000 (the lowest received), and is \$35,184,000 lower than the Government's estimate.

The evaluation panel characterizes the proposal from DDC as ... *barely responsive to the RFP*. It goes on to note that the technical proposal text did not include any substantive discussion of interaction with the science community at any phase of the science support process, and the offeror seems not to have read or understood the work statement and supporting documents. The panel also states that the offeror did not submit the cost and pricing data sought by NSF; rejected the other direct cost estimates provided by the Foundation and did not use them in preparing its offer, but did not provide its rationale or any alternative estimates other than to state that it is able to provide lower pricing than NSF's data would indicate because it would be a one-contract company that will be able to direct charge all expenses; and stated that personnel compensation would be based on current US military pay scales. Rather, the offeror characterizes its proposed estimated cost plus fixed-fee as a *ROM*, interpreted by the panel to mean rough order-of-magnitude.

I am in substantial agreement with the panel's characterization of the proposal as ... *barely responsive to the RFP*, and will take this characterization one step further – this proposal is non-responsive to the RFP requirements, and cannot be used as the basis to formulate a contract. The offeror did not submit the cost and pricing data required by the Government or seek an exemption from providing the data, nor did the offeror provide an estimate of total cost plus fixed-fee as required by the RFP at Section B2. Thus, the offer submitted by DDC did not conform to at least two material requirements of the solicitation. This alone is sufficient basis for not giving DDC's offer any additional consideration.

Regardless, the panel did evaluate the proposal and assessed its merits per the approved plan. From a technical standpoint, DDC was credited with one major-strength under the concept of operations factor; i.e., operations managers were to be based at four major locations. This was seen as an innovation that will provide extra familiarity with the work being performed, and facilitate greater managerial control over the enterprise.

But this one strength is not enough to offset the numerous major weaknesses attributable to the proposal. Specifically, no discussion of the approach to interacting with the science teams and NSF during the planning process leads the panel to conclude that a workable approach to providing logistics support in an academic research environment was not demonstrated in spite of a credible general approach. Also, work experience of named personnel is primarily limited to the military logistics environment with no experience in supporting basic research. Almost

exclusive use of organic resources is unrealistic and does not facilitate development of necessary commercial relationships with service providers throughout the Arctic. No compensation plan was submitted for consideration, thus the panel concluded that DDC may not be able to attract the necessary labor for successfully perform this work. Reflecting the lack of expertise in science support, responses to the project models were devoid of details, and were not considered plausible or credible.

From a business standpoint, analysis of individual cost elements could not be performed given the offeror's failure to submit the necessary data. It does suffice to say that the offeror has not demonstrated how it can accomplish the work for the ROM amount, and supports a conclusion that even if considered responsive to the solicitation's requirements the proposed estimated cost plus fixed-fee is not realistic when compared with the Government's estimate and other offers received.

Accordingly, this offer is considered to be non-responsive to NSF RFP No. DACS-030057, and will not be considered further for award. Even if regarded as responsive to the solicitation, further consideration is not warranted due to the severe technical deficiencies attributable to the proposal as demonstrated by the lack of credible information in all technical areas under consideration, and clearly unreasonable pricing.

Glacial Bear Wildlife Research Rescue, Inc. (Glacial Bear) -- The proposal earned a total score of 26.00 (on a scale of 100) from the panel for technical merit. This corresponds with an adjectival rating of *Poor* using the ratings scale set forth in the evaluation plan. The total estimated cost plus fixed-fee for this proposal is \$103,368,191. Probable cost adjustments were made totaling \$3,817,370. Including these adjustments, the anticipated total estimated cost plus fixed-fee is \$107,185,561. It is the second highest of the five offers received in reply to this solicitation, both as proposed and as adjusted, and as adjusted is \$9,609,561 greater than the Government's estimate.

From a technical standpoint the proposal was not credited with any major strengths, but the evaluation panel did identify numerous major weaknesses. Specifically, the offeror failed to systematically set forth any approach to providing Arctic logistic support in an academic research environment, facility management and field communications, and contract phase-in. Lines of organizational authority and communications were not defined; several named individuals (especially the proposed Project Planning Manager) did not possess the qualifications needed to occupy their proposed positions within the organization; credible plans for providing information technology support, and plans for employee recruitment and retention were not given; and a key position within the offeror's organization (i.e., Alaska Operations Manager) was not discussed within the proposal text. No information was provided regarding the offeror's performance on prior contracts (it was assumed that there is no prior performance history and a neutral rating was given). These deficiencies all manifested themselves in the Project Model responses, where very superficial information was provided that did not demonstrate the basic understanding necessary to adequately support the hypothetical science activities, nor was any attention given to safety matters, contingency planning, or risk assessment. The panel concluded that award to Glacial Bear presents inherently high risks that have no potential to manifest themselves into superior and innovative performance.

From a business standpoint, four positions were proposed for elimination when compared with the solicitation's staffing model that were not supported by the technical approach to work performance, thus appropriate probable cost adjustments were made. Also, hourly rates for two Service Contract Act covered position were adjusted upwards to the minimum specified by the relevant wage determination. Taken together, these are the basis for the \$3,817,370 upward adjustment made by the panel.

Accordingly, no further consideration of this proposal is warranted given that NSF has received offers of substantially greater technical merit at less cost. This determination is based upon the severe technical deficiencies attributable to this proposal as set forth herein and within the evaluation panel's report. The cost analysis shows that the total estimated cost plus fixed-fee proposed was not influenced by any failure on the Government's part, rather substantially higher wage rates, high inflationary escalation factors (6% per annum for permanent staff, 10% per annum for temporary staff), and a fee proposal equating to 24% of total estimated cost are the reasons for the higher pricing.

Raytheon Polar Services – Arctic (RPSA) -- The proposal earned a total score of 89.00 (on a scale of 100) from the panel for technical merit. This corresponds with an adjectival rating of *Very Good* using the ratings scale set forth in the evaluation plan. The total estimated cost plus fixed-fee for this proposal is \$85,141,278. Probable cost adjustments were made totaling \$1,088,058. Including these adjustments, the anticipated total estimated cost plus fixed-fee is \$86,229,337, but may eventually be greater once further analysis determines if the cost of services shared and obtained by RPSA from a related business segment, Raytheon Technical Services Company LLC, Polar Services, is included within the proposal. It is the second lowest of the five offers received in reply to this solicitation, both as proposed and as adjusted, and as adjusted is \$11,346,663 less than the Government's estimate.

From a technical standpoint the proposal was evaluated as having numerous major strengths. Specifically, the approach to science support was well thought-out and suitable for the academic research environment; project-planning methods are well defined and sound; and integration of science needs were credibly and unambiguously integrated throughout the proposal. Risk assessment and management methods were comprehensive, and use of a native Russian to facilitate operations there was considered innovative and should result in greater operational efficiency. Problem identification, solution presentation and implementation strategies were clearly described and easily understood. Personnel were well qualified for the positions they are proposed to occupy, and their authorities and responsibilities were well defined. The proposed Project Manager is particularly well qualified, and the Science Project Planning Office was considered a sound team approach. Generally good past performance information was received, especially for Raytheon's efforts in the Antarctic, work that is particularly relevant to this requirement, and RPSA's leadership team is known for its excellent efforts for Raytheon supporting Antarctic research. Project Model responses were considered thoroughly researched and well presented, with good analysis of risk and appropriate plans for action, meaning the hypothetical projects had an excellent chance for success.²

² The panel attributed a minor weakness to the proposal under this criterion, stating that RPSA did not appreciate the differing requirements of the ocean and atmospheric science projects being undertaken in the first scenario. I discussed this weakness with the Evaluation Panel Chairperson. In the discussion the Chairperson noted that the panel reviewed the stated weakness, and subsequently determined that NSF did not give sufficient information in the

The proposal was also evaluated to have several major weaknesses. Most common was the criticism that the proposed project management implementation, while thorough and comprehensive, is complex to the point of being cumbersome and over reliant on multiple software tools (especially when compared with the planning and other methods employed in the meritorious responses to the Project Models). Specific mention was made of PolarIce, a software tool used to aid science project planning. While considered useful for the support of Antarctic research given a fairly static universe of logistics resources that are controlled by the Government, it is unlikely to be readily adaptable to the Arctic work environment, where most logistics resources are not similarly controlled. Moreover, the sustaining maintenance and reengineering burden would likely be substantial and is not addressed by RPSA in its proposal.

The panel also characterized as minor two weaknesses identified under the Past Performance and Experience criterion that require greater attention than is generally accorded to deficiencies of this magnitude. Information obtained from the Federal Aviation Administration on a project performed in Alaska indicated mediocre performance, especially as cost control is concerned, and DCAA and NSF audit personnel have informed the agency that Raytheon Technical Services Company LLC, Polar Services, or RPSC (as the business segment performing work for NSF in Antarctica is generally known) is likely to be cited for non-compliance with its disclosed cost accounting practices. However, insofar as the latter is concerned, it is important to note that an audit finding has not yet been made. Also, this concern has been made known to the auditors who will be performing fieldwork on this proposal, with the goal of determining whether this possible deficiency has been carried into this offer and if the cost accounting system is capable of fairly accumulating and allocating costs to the appropriate cost objective per the relevant disclosure statement.

From a business standpoint approximately \$1 million in probable cost adjustments were made, reflecting upwards revision of salary rates for four positions (including two Service Contract Act covered positions) that are considered to be unrealistic considering their responsibilities and given comparison with salary survey data from the Bureau of Labor Statistics and the Labor Department's Wage and Hour Division. RPSA also makes much of available *synergies* considering the similar work being performed by RPSC. The proposed business segment anticipates co-locating in the facility that RPSC currently occupies and to purchase certain services (e.g., human resources, finance and accounting) from its cousin. However, it is unclear if these items' cost has been included in the RPSA proposal. Field auditors have also been asked to express an opinion on this issue as well.

Accordingly, I determine that given the relative merits of this offer in relation to the other offers received, that the proposal from Raytheon Polar Services -- Arctic has a reasonable chance for award, and shall be included in the competitive range for this acquisition. This conclusion is based upon the excellent understanding of solicitation's technical requirements, superior project-planning and risk assessment methods proposed, well defined organizational roles and authorities, excellent managerial leadership, generally good past performance on other contracts relevant to this effort, and well regarded responses addressing the hypothetical situations laid out in the Project Models. Proposed contract pricing is generally considered fair

scenario text that would reasonably lead an offeror to distinguish between the type and kind of science activities being performed; however, the report inadvertently retained this criticism. Thus, I have disregarded the comment in this assessment.

and reasonable. The technical deficiencies attributed to this proposal are not so severe that they cannot be corrected through discussions.

VECO USA (VECO) – The proposal earned a total score of 96.65 (on a scale of 100) from the panel for technical merit. This corresponds with an adjectival rating of *Excellent* using the ratings scale set forth in the evaluation plan. The total estimated cost plus fixed-fee for this proposal is \$93,301,180. No should cost adjustments were made. It is the third lowest of the five offers received in reply to this solicitation, and is \$4,274,020 less than the Government's estimate.

Most obvious from a technical standpoint is that the proposal was rated as not having any major weaknesses. The offeror was credited with a comprehensive and thorough approach to work performance, yet one that is relatively simple and effective, allowing for great flexibility and efficiency. Science goals are afforded a high priority throughout the process, and innovative information technology and communications concepts are incorporated. The three members each bring unique strengths to the team and have demonstrated combined excellence as the incumbent for this requirement, as demonstrated in the panel's evaluation under the Past Performance and Experience criterion. Personnel are well regarded, competent, and highly motivated with relevant and successful experience providing science support in both polar regions. Lines of communications and authority, if somewhat informal, are well understood and effective. Operational authority is delegated in appropriate measure to the field activities. Project Model responses are credible, tailored to each scenario, emphasize strong interaction with the science field parties, and address all risks and contingencies.

The panel did characterize as minor a weakness that needs to be afforded greater attention than its evaluation would suggest. Specifically, in conjunction with NSF Contract No. OPP-0001041, VECO has requested a change in the accounting basis for calculating its indirect cost rates effective April 1, 2003. This could have its genesis in the findings of an internal audit report disclosed with its FY 2001 incurred cost proposal for NSF Contract No. OPP-0001041, that notes changes in accounting practices are necessary to capture the true cost of the company's operations, and may account for VECO's failure to disclose in accounting practices in 1999.³ This issue has been brought to the attention of audit staff that has been asked to assess the sufficiency of VECO accounting systems and practices, and the disclosure statement it filed concurrently with submission of this proposal.

From a business standpoint, while no probable cost adjustments were made to the proposal, the staffing review noted that two planning positions included by the offeror were inadvertently left out of the staffing model provided by the Government with the solicitation.⁴ The cost of these positions over the proposed contract's maximum term is approximately \$1.2 million. Thus, on a normalized basis (i.e., without the aforementioned positions included in the analysis), the total estimated cost plus fixed-fee is approximately \$92,136,927.

³ VECO has proposed to cap its indirect cost rates for the term of the contract resulting from this solicitation, offering a degree of protection to the Government from a future similar situation.

⁴ NSF will amend the solicitation to include the two positions in the staffing model provided with the solicitation subsequent to determination of the competitive range for this acquisition.

Accordingly, I determine that given the relative merits of this offer in relation to the other offers received, that the proposal from VECO USA has a reasonable chance for award, and shall be included in the competitive range for this acquisition. This conclusion is based upon the excellent operational concepts presented, strong organizational and management skills demonstrated, well-qualified personnel, excellent past performance record as the incumbent for this requirement, and well thought-out responses to the Project Model scenarios. Proposed contract pricing is generally considered fair and reasonable.

Conclusion -- For the reasons set forth in the preceding text, I hereby determine that the offers from Raytheon Polar Services – Arctic and VECO USA have a reasonable chance for award based upon their merits from a technical and business standpoint, and are to be included in the competitive range for NSF Request for Proposals No. DACS-030057. Discussions are warranted with both RPSA and VECO given concerns about their accounting practices as identified herein.

The proposals from ASRC Energy Services O&M and Glacial Bear Wildlife Research Rescue, Inc. are excluded from the competitive range because the proposals offer neither a technical or cost advantage. The latter also includes deficiencies so severe from a technical standpoint they cannot be corrected through discussion. The proposal from DDC Engineering and Logistics is considered non-responsive to the solicitation requirements, and also includes deficiencies so severe from a technical standpoint they cannot be corrected through discussion. Accordingly, it will not be considered further for award.

Concerning the deviation from the approved evaluation plan by the evaluation panel, all offers were equally affected by the panel's action given that all proposals were ranked separately from both a technical and business standpoint, or stated another way, no one proposal was singled-out for disparate treatment. Considering that the combined technical factors are significantly more important than the cost/price factor in this evaluation and the appreciably greater technical merit demonstrated by the two competitive range offers at generally fair and reasonable prices when compared with the remaining three proposals (two of which are higher priced than the competitive range proposals, and the third that was non-responsive to this RFP), the deviation by the panel from the approved evaluation plan is moot and has no material effect on the evaluation or this determination.

Signed:



JUL 14 2004

Bart Bridwell
Contracting Officer

Date