

CLIENT ALERT

Sample Tasks Must Be Reasonable Proxy For Entire Contract

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Holding that a cost realism analysis must provide a reasonable basis for estimating the cost to the government of an offeror's performance, in *Metro Machine Corp.* (May 3, 2006, <http://www.gao.gov/decisions/bidpro/2978792.pdf>) GAO overturned the agency's cost realism evaluation because, while sample tasks can provide a reasonable basis to assess the relative costs of competing proposals, the sample tasks used by the agency in this case were not representative of the contract work. The awardee had proposed a subcontractor with labor rates higher than the prime contractor's to perform a significant portion of the work, but, because that subcontractor had not been included in the proposed solution for any of the sample tasks, the subcontractor's high labor rates were nowhere reflected in the cost realism evaluation.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Thomas P. Humphrey

Senior Counsel – Washington, D.C.

Phone: +1 202.624.2633

Email: thumphrey@crowell.com