



GAO

Accountability * Integrity * Reliability

**Comptroller General
of the United States**

**United States Government Accountability Office
Washington, DC 20548**

DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

Decision

Matter of: Booz Allen Hamilton Engineering Services, LLC

File: B-411065

Date: May 1, 2015

Marcia G. Madsen, Esq., David F. Dowd, Esq., and Michelle E. Litteken, Esq., Mayer Brown LLP, for the protester.

David Z. Bodenheimer, Esq., and Jason M. Crawford, Esq., Crowell & Moring LLP, for DRS Technical Services, Inc., the intervenor.

Melissa Lloyd, Esq., David A. Balaban, Esq., and Peter S. Kozlowski, Esq., Department of the Army, for the agency.

Pedro E. Briones, Esq., and Nora K. Adkins, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging modification of a task order, approximately one month after the order was issued, to redesignate labor categories as subject to the Service Contract Act, is denied where the modification was not outside the scope of the underlying task order and the agency reasonably concluded, prior to award, that amending the solicitation was not required.

2. Protester's challenge to the agency's source selection decision and evaluation of the awardee's price/cost and technical proposals is dismissed where protester would not be next in line for award even if its protest were sustained.

DECISION

Booz Allen Hamilton Engineering Services, LLC, (BAHES) of Linthicum, Maryland, protests the issuance of a task order to DRS Technical Services, Inc., of Herndon, Virginia, and protests the subsequent modification of that order, under request for task execution plan (RTEP) No. R2-3G-0764, issued by the Department of the Army for aircrew training support services. BAHES contends that the agency was required to amend the solicitation because the modification materially altered the basis on which the task order was competed. The protester also challenges the Army's evaluation of DRS's proposal and source selection decision.

We deny the protest in part and dismiss it in part.

BACKGROUND

The RTEP was issued on September 25, 2014, to 18 firms holding indefinite-delivery, indefinite-quantity (IDIQ) contracts under the Army's Rapid Response Third Generation (R2-3G) program, and provided for the issuance of a hybrid (largely cost-plus-fixed-fee (CPFF)) task order for a 30-day transition period, a 1-year base period, and four 6-month option periods.¹ Agency Report (AR) at 2; RTEP at 1, 6.² The Army Contracting Command at Aberdeen Proving Ground, Maryland, which administers the R2-3G IDIQ contracts, issued the RTEP on behalf of the Air Force for services to support testing, training, and range activities for remotely piloted aircraft at military bases in California, Nevada, New Mexico, and New York. RTEP at 1; attach. 1, Draft Task Order Performance Work Statement (PWS), at 8-9.

The RTEP stated that the task order would be issued on a lowest-price, technically acceptable (LPTA) basis, and provided detailed instructions for submitting technical and cost/price proposals. RTEP at 1-11. In their technical proposals, offerors were to propose key personnel and various positions based on required labor categories³ and hours specified in the solicitation for each performance site. *Id.* at 4-5; attach 1, Draft Task Order, § 3.5, Key Personnel, at 14-15; § G.2, LOE, at 20, attach. 2, Manpower Requirements. The RTEP indicated that technical proposals would be evaluated as pass or fail based on whether the offeror met the minimum solicitation requirements. RTEP at 11.

In their cost/price proposals, offerors were to propose a fixed price for the transition period, a CPFF for services for the base period and each option period, and costs for materials and travel (not-to-exceed specified ceilings).⁴ RTEP attach. 1, Draft Task Order, § B, Schedule, at 2-6. Offerors and proposed subcontractors were to itemize their cost elements such as overhead and general and administrative costs (G&A) using a table provided with the solicitation. RTEP at 7-8; see attach. 3,

¹ The R2-3G program provides technology, equipment, logistical support services, and training for federal agencies worldwide. See AR at 1; see, e.g., CACI Techs., Inc., B-409147, B-409147.2, Jan. 27, 2014, 2014 CPD ¶ 44 at 1-2.

² Our citations to the RTEP are to the final, conformed version of the solicitation provided by the agency.

³ The labor categories were: (1) training specialist; (2) senior training specialist; (3) program specialist II; and (4) program manager I. RTEP, attach. 2, Manpower Requirements

⁴ For each CPFF contract line item (CLIN), offerors were to propose three amounts: an estimated labor cost (including subcontracted labor), a fixed fee, and a total not-to-exceed amount. RTEP attach. 1, Draft Task Order, § B, Schedule, at 2-6.

Cost Breakdown, at 14. The RTEP stated that cost/price proposals would be evaluated for fairness and reasonableness, and that CPFF and cost CLINs would be evaluated for realism. See RTEP at 12. Offerors were advised that proposed costs could be adjusted to realistic levels for evaluation purposes, and that for award determination, the total evaluated price would be the sum of all CLINs and cost adjustments for the entire performance period. Id.

Of significance here, the RTEP notified offerors of their responsibility for complying with the Service Contract Act (SCA), and required that offerors' cost/price proposals indicate which, if any, of the four required labor categories the offeror believed were subject to the Act.⁵ Id. at 6-7. If an offeror identified any SCA labor categories in its proposal, the RTEP additionally required the offeror to provide the applicable Department of Labor (DOL) wage determination schedule for the state and county where the services were to be performed, as well as applicable occupation codes and titles. Id. The RTEP did not include wage determinations.

Evaluation & Award

The Army received proposals from five offerors by the November 3 due date, including from BAHES (the incumbent) and DRS, which were evaluated as follows:⁶

	Technical	Total Proposed Price	Government Probable Cost
DRS	Acceptable	\$16,805,155	\$16,805,155
Offeror 2	Acceptable	\$21,376,926	\$21,376,926
Offeror 3	Unacceptable	\$21,519,362	undetermined ⁷
Offeror 4	Acceptable	\$24,323,814	\$24,323,814
BAHES	Acceptable	\$24,799,788	\$24,799,788

⁵ The SCA generally applies to any federal contract, the principal purpose of which is to furnish services. 41 U.S.C. § 6702(a); Federal Acquisition Regulation (FAR) § 22.1003-1.

⁶ Technical evaluations were completed by November 20; price evaluations were completed by December 3. AR at 7.

⁷ The RTEP advised that if an offeror's technical proposal was rated unacceptable or failed to include all required submissions, the offeror's cost proposal may not be evaluated. RTEP at 12.

AR at 5; Tab 8, Source Selection Decision, at 27.

As relevant here, DRS's technical proposal stated, as part of its staffing plan, that DRS would retain as many incumbent personnel as possible. AR, Tab 5.b, DRS Tech. Proposal, at 6, 10. BAHES's technical proposal stated that BAHES would subcontract most of the task order workload to its incumbent subcontractor, Rally Point Management (RPM). AR, Tab 4.b, BAHES Tech. Proposal, at 8. The agency found both proposals technically acceptable.

An Army cost/price analyst evaluated cost/price proposals and conducted a cost realism analysis. AR at 11-14; see, e.g., Tabs 7-8, DRS & BAHES Price Evaluations. The analyst concluded that DRS's cost/price proposal was fair and reasonable, and that DRS's labor rates and costs were realistic. AR, Tab 8, Source Selection Decision, at 14-17, 26-27. As reflected in the table above, no cost adjustments were made to cost/price proposals. None of the offerors (including BAHES, DRS, and their respective subcontractors) identified any of the labor categories as subject to the SCA or proposed SCA labor rates. See AR at 5.

The contracting officer, who independently reviewed the offerors' technical and cost/price proposals, determined that DRS submitted the lowest-priced, technically acceptable proposal, and issued the task order to DRS on December 19. Id. at 8; Tab 8, Source Selection Decision, at 27.

Task Order Modification

On November 25 (that is, 24 days before award), the contracting officer was contacted by a representative of the International Association of Machinists and Aerospace Workers, Western Territory (IAMAW), who was seeking information about the expiring task order (held by BAHES) and the forthcoming task order. See AR, Tab 12a.1, Army/IAMAW Emails, at 15-21. The representative informed the contracting officer that IAMAW had won an election 2 months earlier at March Air Reserve Base (ARB), California--one of the five air bases serviced under the task orders--and that the union was in the process of negotiating a collective bargaining agreement with BAHES's subcontractor RPM.⁸ See id. at 18-19. On December 10, the contracting officer responded that the Army was "looking into this" and advised the IAMAW representative to contact BAHES because the government did not have privity of contract with RPM. Id. at 5-7.

⁸ The IAMAW representative contacted the contracting officer again on December 9 and indicated that negotiations between RPM and IAMAW were continuing. See AR, Tab 12a.1, Army/IAMAW Emails, at 12-14.

On December 12, the IAMAW representative informed the contracting officer that the union was preparing to file a complaint with DOL's Wage and Hour Division because four of RPM's CAS/SME (close air support/subject matter expert) employees, located at March ARB, believed they were improperly classified as SCA-exempt. Id. at 1-2, 3-5.

On December 15, a second Army contracting officer responded to the IAMAW representative and advised that he (the second contracting officer) had also reviewed the labor categories for the (expiring) task order and found that they were professional (i.e., SCA-exempt) labor categories. See id. at 2-3. The contracting officer informed the representative that the task order did not include SCA wage determinations, and questioned why IAMAW believed the positions were not SCA-exempt and whether there were specific labor categories in question. See id. The IAMAW representative replied later that same day (December 15), and provided a copy of a complaint filed by the union with the local Wage and Hour Division office on December 12 on behalf of the four RPM employees at March ARB. Id. at 1-2. The complaint alleged that the employees had been misclassified as SCA-exempt and had not received proper wages for up to 5 years. AR, Tab 12a, IAMAW DOL Complaint, at 2.

As noted above, the new task order was issued to DRS on December 19. According to DRS, it first learned of the DOL complaint on December 23, and met with the contracting officer on January 7, 2015, to discuss the risk that DOL might ultimately conclude that the services and labor categories were subject to the SCA. See AR, Tab 12c, DRS Mem. to CO, Jan. 12, 2015, at 1. On January 12, DRS, submitted a memorandum to the Army describing DRS's concerns regarding the DOL complaint and requesting that the Army review whether the training specialist and program manager positions were subject to the SCA.⁹ See id. at 1, 7. DRS asserted that its (and its subcontractor's) employees were providing essentially the same services that the four RPM complainants provided at March ARB, and that a protracted DOL investigation could be extremely disruptive to the training services. See id. at 1-2, 7. DRS requested that, if the contracting officer determined that the labor categories were not SCA-exempt, the Army modify the task order to incorporate the relevant FAR SCA contract clauses and applicable DOL wage determinations. Id. at 7.

The contracting officer reviewed DRS's request and subsequently prepared a memorandum for the record documenting her determination that the labor categories at issue should be subject to the SCA. AR, Tab 9I, Modification Mem. for the Record, at 1. In reaching this conclusion, the contracting officer recognized

⁹ The program specialist II position, which represents less than 3-percent of the labor hours for each performance period under the RTEP, is not at issue. See RTEP, attach. 2, Manpower Requirements.

that while none of the offerors proposed non-SCA exempt labor categories, circumstances arising after award--the incumbent RPM employees refusing to sign letters of employment without the SCA labor categories being incorporated into the task order--necessitated the modification.¹⁰ Id. at 1-2. On January 15, the Army modified DRS's task order to redesignate the two training specialist positions and the program manager position as SCA labor categories and to include the applicable DOL wage determinations.¹¹ AR, Tab 9e, Task Order Modification, at 1-2, 13.

The Army provided BAHES with written debriefings between January 5 and January 12, and on January 22 BAHES filed this protest challenging the Army's issuance and subsequent modification of the task order to DRS.¹²

DISCUSSION

BAHES's Challenge to the Task Order Modification

BAHES argues that the modification materially changed the task order and undermined the basis on which offerors prepared their proposals. The protester contends that the Army should have delayed the award and amended or cancelled the RTEP, because the contracting officer knew (by at least December 10, if not November 25) that the required services may be subject to the SCA. BAHES complains that the modification allowed DRS to substantially increase its proposed labor costs, and the protester challenges the Army's cost realism analysis in that regard. As discussed below, we find the modification unobjectionable.

Our Office will generally not review protests of allegedly improper contract modifications because such matters are related to contract administration and are beyond the scope of our bid protest function. Bid Protest Regulations, 4 C.F.R. § 21.5(a); DOR Biodefense, Inc.; Emergent BioSolutions, B-296358.3, B-296358.4, Jan. 31, 2006, 2006 CPD ¶ 35 at 6. Even if a contract modification arguably is significant, absent a showing that the modification is beyond the scope of the original

¹⁰ The Army states that a formal DOL decision has not yet been issued; however, the Army was informally advised by DOL, on February 18, 2015, that the task order is likely subject to a SCA wage determination. AR at 17 n.3.

¹¹ The modification states that DRS's IDIQ labor rate ceilings would be revised accordingly in a subsequent modification. See AR, Tab 9e, Task Order Modification, at 2.

¹² The estimated value of the task order at issue exceeds \$10 million. Accordingly, this procurement is within our jurisdiction to hear protests related to the issuance of task orders under multiple-award indefinite-delivery/indefinite-quantity (IDIQ) contracts. 10 U.S.C. § 2304c(e)(1)(B).

contract (or in this case, task order) or awarded with the intent to modify it after award, we view the modification as matter of contract administration. See Zafer Constr. Co., et al., B-295903, B-295903.2, May 9, 2005, 2005 CPD ¶ 87 at 6-7.

In determining whether a modification is beyond the scope of the contract, and thereby triggers applicable competition requirements, we look to whether there is a material difference between the modified order and the order that was originally awarded. See MCI Telecomms. Corp., B-276659.2, Sept. 29, 1997, 97-2 CPD ¶ 90 at 7. Evidence of a material difference between the modification and the original order is found by examining any changes in the type of work, performance period, and costs between the order as awarded and as modified. See Atlantic Coast Contracting, Inc., B-288969.4, June 21, 2002, 2002 CPD ¶ 104 at 4. We also consider whether the solicitation for the original order adequately advised offerors of the potential for the type of change found in the modification, and thus whether the modification could have changed the field of competition. See DOR Biodefense, Inc.; Emergent BioSolutions, *supra*.

Contrary to BAHES's arguments, we find that the Army's modification of DRS's task order did not materially change the task order or the field of competition. As an initial matter, we note that the protester does not allege that the modification changed the type of work or performance period. Indeed, the RTEP, as noted above, specified an exact labor mix and fixed hours--which the modification did not change. Compare RTEP, attach. 2, Manpower Requirements with AR, Tab 9e, Task Order Modification. Rather, BAHES's protest is premised almost exclusively on the increase in DRS's proposed labor costs that will result from the modification. See Protester's Comments at 12-13 (Offerors were required to propose the same number of hours, labor categories, material estimate and travel estimate, and labor rates were one of the few variables that the offeror could control). Where, as here, it is clear that the nature and purpose of the task order has not changed, a substantial price increase alone does not establish that the modification is beyond the scope of the order. See Atlantic Coast Contracting, Inc., *supra*.

In our view, the RTEP adequately advised offerors of the potential for this type of change, and offerors could reasonably anticipate that the task order (as well as their underlying IDIQ contracts) could be modified to redesignate labor categories as subject to the SCA. In fact, the solicitation put the burden on the offerors to make their own SCA determination.

Moreover, notwithstanding the fact that the post-award modification may have been significant, in the absence of evidence that the contract was awarded with the intent to modify it, we will not question the modification. See Zafer, *supra*. Here, there is no indication in the record that the Army awarded the task order to DRS with the intention of modifying it after award or otherwise acted unreasonably in not amending the solicitation prior to award.

Prior to issuing the task order, the Army concluded that the labor categories were SCA-exempt. In reaching this conclusion, the contracting officer considered that: (1) the previous task order for similar work was not subject to SCA wage determinations; (2) none of the proposals indicated that the labor categories were subject to the SCA; (3) none of the offerors, including BAHES, protested or questioned the applicability of the SCA prior to receipt of proposals; and (4) DOL was aware of the issue based on the IAMAW complaint, but had not issued a decision in response to the complaint or issued an applicable wage determination. AR at 16-17. The contracting officer decided not to amend the RTEP, but to make award, based on the information available to her at that time.¹³ Id. at 16. Under these circumstances, we agree with the Army that the contracting officer's decision to make award did not demonstrate an intent to modify the contract post-award to redesignate labor categories as subject to the SCA.

While BAHES argues that the Army failed to diligently assess whether the labor categories were subject to the SCA, we find that the contracting officer's pre-award decision regarding the applicability of the SCA was reasonable. The regulations implementing the SCA contemplate an initial determination by the procuring agency as to whether the SCA is applicable to a particular procurement. Northeast Military Sales, Inc., et al., B-291384, Nov. 20, 2002, 2002 CPD ¶ 195 at 3. If the agency believes that a proposed contract may be subject to the SCA, the agency is required to notify DOL of the agency's intent to make a service contract so that DOL can provide the appropriate wage determination. 29 C.F.R. § 4.4. If there is any question or doubt as to the application of the SCA to a particular procurement, the agency is required to obtain DOL's views. FAR § 22.1003-7. However, where a procuring agency does not believe that a proposed contract is subject to the SCA, there is no duty to include SCA wage provisions in the solicitation or notify DOL. Tenavision, Inc., B-231453, Aug. 8, 1988, 88-2 CPD ¶ 114 at 2. Our review of a contracting agency's determination as to the applicability of the SCA is limited to deciding whether the contracting agency's determination was reasonable at the time it was made. OAO Corp., B-211803, July 17, 1984, 84-2 CPD ¶ 54 at 7.

Here, there is nothing in the record that calls into question the contracting officer's decision, which was based upon all the information she had at the time. Rather, we find that it was incumbent on BAHES to have raised its SCA concerns prior to award. While BAHES suggests that the Army should have cancelled the RTEP as soon as the agency learned on November 25 "that union labor was performing some of the work under the task order," the Army, in our view, was not required to speculate about the possibility that four subcontractor employees, at one of the five

¹³ In this respect, the record shows that a second Army contracting officer and an Air Force contracting official also reviewed the labor categories at issue, and concluded that they were SCA-exempt. See AR at 16-17; Tab 12f.1, Army/IAMAW Emails, at 4; Tab 12g, Army/Air Force Emails, at 1.

(or more)¹⁴ performance sites, might possibly increase labor costs in the future.¹⁵ See, e.g., Textron Marine Sys., B-255580.3, Aug. 2, 1994, 94-2 CPD ¶ 63 at 28 (agency not required to speculate whether an awardee would hire a substantial number of incumbent employees that might eventually obtain wage concessions that could raise the awardee's labor costs). In fact, we have not imposed an absolute requirement for resolicitation under similar circumstances, because contracting agencies have a legitimate need to proceed with award in an orderly fashion and an incumbent contractor could manipulate the timing of labor negotiations in order to force an agency to resolicit its requirements. See, e.g., KCA Corp., B-236260.2, July 2, 1990, 90-2 CPD ¶ 1 at 4-5 (explaining that a rigid rule would place incumbent contractors in a position to delay contract award for their own benefit since they control the timing of submission of revised collective bargaining agreements); The Fred B. DeBra Co., B-250395.2, Dec. 3, 1992, 93-1 CPD ¶ 52 at 17-18, citing KCA Corp. (no absolute requirement that all wage determinations received prior to award be incorporated into solicitations and offerors be provided the opportunity to resubmit offerors).

Under the terms of the RTEP, as described above, offerors were responsible for complying with the SCA. RTEP at 6-7. Furthermore, under the terms of BAHES's underlying IDIQ contract, it was incumbent on BAHES to comply with the SCA and request that the contracting officer seek wage determinations if necessary. See BAHES R2-3G IDIQ Contract at 11, 58, 79. The IDIQ contract also refers offerors to the DOL Wage and Hour Division for assistance in determining SCA applicability. Id. at 58. DOL's regulations implementing the SCA provide a number of mechanisms for requesting official rulings and interpretations regarding the application of the Act. 29 C.F.R. §§ 4.101(a), (g); 4.191(a); see Northeast Military Sales, Inc., et al., supra, at 3-4.

In this respect, BAHES knew, or should have known (months before the agency and DRS knew) that some of its proposed labor force was actively disputing its SCA-exempt status. The record indicates--and the protester does not dispute--that in September 2014, a number of incumbent RPM instructors voted to unionize and began to bargain collectively for SCA wages, as discussed above. AR, Tab 12a.1, Army/IAMAW Emails, at 16-18; see Protester's Comments at 5. The record also indicates that, within days of the due date for submission of proposals, RPM sought

¹⁴ The RTEP stated that performance will take place at other locations in the continental United States as directed by the agency. RTEP, attach. 1, Draft Task Order PWS, at 9.

¹⁵ Indeed, the record here shows that DRS and the IAMAW did not reach a labor agreement after award. See AR, Tab 12d, IAMAW Letter to Army, Jan. 22, 2015 (stating that IAMAW was unable to negotiate a collective bargaining agreement with DRS).

legal counsel on whether the required services were SCA-exempt. See AR, Tab 12B, White Paper. The agency points out that under these circumstances, BAHES could have, prior to competing for the task order, questioned the applicability of the SCA to the labor categories at issue, and/or protested the RTEP's omission of relevant wage determinations. See AR at 15-17. We agree, and find that BAHES was in the best, and earliest, position to resolve the question of SCA applicability, but did not avail itself of various opportunities to do so. See, e.g., Northeast Military Sales, Inc., et al., supra (DOL has the primary responsibility for interpreting and administering the SCA; protester should have availed itself of mechanisms for requesting DOL's review of a wage determination's applicability to a particular procurement).

BAHES also cannot demonstrate that it has been prejudiced by the Army's alleged failure to modify or cancel the RTEP.¹⁶ In response to the protest, the Army's cost/price analyst performed a new most-probable-cost analysis, assuming that DRS's and BAHES's respective labor rates would both be subject to the same upward adjustment to comply with local SCA wage determinations. AR, Tab 1, Cost/Price Analyst Declaration. According to the agency's analysis, DRS's cost/price proposal would still be lower priced than BAHES's.¹⁷ See id. at 2-5; AR at 24.

In sum, based upon the record, we find that the modification was not outside the scope of the underlying task order and the agency did not issue the task order with the intent of modifying after issuance of the order. Accordingly, we view the modification at issue as purely as matter of contract administration within the sound discretion of the agency. Moreover, as we discuss above, the contracting officer reasonably determined before award that the SCA did not apply to the labor

¹⁶ Competitive prejudice is an essential element of a viable protest; where the protester fails to demonstrate that, but for the agency's actions, it would have had a substantial chance of receiving the award, there is no basis for finding prejudice, and our Office will not sustain the protest, even if deficiencies in the procurement are found. See, e.g., Special Servs., B-402613.2, B-402613.3, July 21, 2010, 2010 CPD ¶ 169 at 4.

¹⁷ BAHES objects to the agency's post-award cost analysis and argues that it is improper to speculate on the impact on a competition and source selection of a new wage determination. Protester's Comments at 11-12, citing Dyneteria, Inc., B-178701, July 15, 1975, 55 Comp. Gen. 97. However, in the context, as here, of a LPTA award basis, an agency may reasonably conclude that the impact of a wage determination would not alter the relative price standing of competing proposals. The Fred B. DeBra Co., supra, at 17-18.

categories in question, and in any event the protester was not prejudiced by the modification. We deny this basis of protest.¹⁸

BAHES's Challenges to the Task Order Award

BAHES also challenges the Army's evaluation of DRS's cost/price and technical proposals. BAHES contends that the agency's price realism analysis was flawed, because DRS's proposed labor rates were so low that the offeror was unable to hire sufficient personnel after award. In this respect, BAHES maintains that if the Army had properly evaluated DRS's cost/price proposal, the agency would have found DRS's technical proposal unacceptable because of the risks that DRS could not recruit and retain personnel at its unrealistically low labor rates. BAHES challenges the agency's source selection decision insofar as it relied on the allegedly flawed cost/price and technical evaluation of DRS's proposal.

BAHES is not an interested party eligible to pursue these remaining protest grounds. Under the bid protest provisions of the Competition in Contracting Act, 31 U.S.C. §§ 3551-3556, only an "interested party" may protest a federal procurement. That is, a protester must be an actual or prospective bidder or offeror whose direct economic interest would be affected by the award of a contract or the failure to award a contract. Bid Protest Regulations, 4 C.F.R. § 21.0(a)(1). A protester is not an interested party where it would not be in line for contract award were its protest to be sustained. Resource Title Agency, Inc., B-402484.2, May 18, 2010, 2010 CPD ¶ 118 at 9.

Here, the record reflects that in this LPTA procurement, there were two technically acceptable proposals that were lower-priced than BAHES's proposal. BAHES, however, does not protest the agency's technical or cost/price evaluations of the

¹⁸ To the extent BAHES alleges that the need for the modification demonstrates that the Army's cost realism analysis was flawed, we find the agency's analysis unobjectionable. Here, the Army's cost/price analyst used the following techniques in evaluating the cost realism: (1) a standard deviation statistical comparison of all offerors' labor rates; (2) comparisons of proposed rates to publically available market/salary survey data and to offeror IDIQ rates; and (3) review of all cost elements, including direct and indirect costs for fringe benefits, subcontractor costs, material costs, travel costs, G&A, and proposed fee. AR at 11-14; see, e.g., Tabs 7-8, DRS & BAHES Price Evaluations. These analysis techniques were consistent with FAR requirements. An agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. Cascade Gen., Inc., B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8.

two intervening offerors that would be next in line for award if we were to sustain BAHES's protest. Accordingly, BAHES is not an interested party to pursue its claims against the Army's evaluation of DRS's price/cost and technical proposals.

The protest is denied in part and dismissed in part.

Susan A. Poling
General Counsel