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## Decision

**Matter of:** Leidos, Inc.

**File:** B-409214.4

**Date:** January 6, 2015

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### DIGEST

1. Protest contending that the agency was required to amend the solicitation due to material changes in the agency's requirements is denied where the record establishes that, despite a 2-year lapse in time from when the solicitation was issued, the agency's requirements remain constant and the agency's estimated staffing levels have not changed substantially.

2. Protest challenging limited scope of agency's corrective action is denied where the agency identified a procurement impropriety that prompted its corrective action, and the corrective action was limited to remedy the area where the agency identified concerns.

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### DECISION

Leidos, Inc., of Reston, Virginia, protests the Department of the Air Force, Space and Missile Systems Center's (SMC) implementation of corrective action taken in connection with request for proposals (RFP) No. FA8807-11-R-0001 for systems

engineering and integration (SE&I) expertise for SMC's Global Positioning System (GPS) Directorate. Leidos contends that the agency is required to amend the solicitation and accept revised proposals because SMC's SE&I requirements have materially changed since the RFP was issued. The protester also objects to the scope of the agency's corrective action.

We deny the protest.

## BACKGROUND

SMC's GPS Directorate's (SMC/GP) "number one priority" is to sustain GPS capabilities for military and civilian users worldwide.<sup>1</sup> RFP at 322. In this regard, SMC/GP is tasked with the acquisition and management of the GPS enterprise, which is a "highly-complex 'system-of-systems'" composed of the enterprise segment and three product segments: space, control, and user. Agency Report (AR), Parts A & B, Contracting Officer's Statement of Fact and Agency Memorandum of Law (COSF/MOL), at 1. In the space segment, the Directorate maintains a constellation of satellites, or space vehicles (SVs). RFP at 322. The control segment involves an "intricate and complex" ground infrastructure to command and control the satellites and provide GPS services to various users. Id. Finally, the user segment contains "hundreds of thousands of fielded GPS receivers to enable military and civil[ian] customers around the globe to carry out their missions each and every day." Id.; Performance Work Statement § 1.1.

To ensure that the three segments work together, SMC/GP relies on a contractor to perform SE&I services for the GPS enterprise. The solicitation here, issued by SMC/GP on September 14, 2012, seeks proposals for follow-on SE&I services for the GPS enterprise.<sup>2</sup> RFP at 1. In general terms, the scope of the services to be provided under this solicitation range from performing system integration at the GPS enterprise level down to performing systems engineering for specific product teams at the segment level. Id. at 323. The RFP anticipates the award of a single contract with cost-plus-incentive-fee, fixed-price, and cost-plus-fixed-fee contract line items (CLINs), for a 2-year base period, four 1-year options, and one 6-month option. Id. at 2-21, 27, 33. The Air Force's estimate of the contract value is \$258.2 million. Id. at 324.

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<sup>1</sup> The RFP describes GPS as a "dual-use, military-civil[ian] system that provides real-time, accurate, worldwide positioning, navigation, and timing to an unlimited number of users. The system operates in all-weather and electromagnetically jammed environments, while supporting peace and wartime operations in space, in the air, on land and on sea." Performance Work Statement § 1.2.

<sup>2</sup> The agency amended the solicitation five times during the procurement. Citations in this decision are to the conformed version of the RFP.

Pursuant to the RFP, the Air Force will select for award the best overall offer, based on an integrated assessment of technical capability/risk, past performance, and cost/price. RFP at 394. The solicitation establishes the following three technical capability/risk subfactors, listed in descending order of importance: SE&I, domain expertise, and start-up plan.<sup>3</sup> Id. at 395. According to the RFP, the technical capability/risk factor is the most important factor, followed by the past performance factor, and then cost/price. Id. Additionally, the technical capability/risk and past performance factors, when combined, are significantly more important than cost/price. Id.

The RFP includes a performance work statement (PWS) that details the numerous tasks that the SE&I contractor will be required to perform. See RFP, attach. 1, PWS. In general terms, the PWS provides that the contractor will evolve and maintain the GPS enterprise technical baseline; plan and execute GPS enterprise integration and tests; and maintain, execute, and evolve key processes and plans across the GPS enterprise. PWS § 1.1. The RFP also includes a contract work breakdown structure (WBS) that summarizes the various work elements to be performed. RFP at 224-40. In addition to the PWS tasks, the RFP includes a contract data requirements list (CDRL) that identifies 28 separate deliverables that the SE&I contractor will be required to produce during contract performance. Id. at 96-141. The CDRLs include various plans and reports; one such CDRL that the contractor will have to produce every month is an enterprise master schedule. Id. at 120.

The enterprise master schedule is a planning document that tracks the work being completed across the GPS enterprise. AR, Tab 34, Declaration of SMC/GP Business Management Chief, ¶ 6, at 2; COSF/MOL at 20. The RFP instruction section includes a September 2012 version of the enterprise master schedule summary. RFP at 337. The RFP's schedule identifies various milestones and events associated with the major programs that comprise each segment of the GPS enterprise. COSF/MOL at 6. The RFP provides that the schedule is "for use only for the purposes of the GPS SE&I source selection." RFP at 337.

In October 2012, three firms submitted offers in response to the RFP: Leidos, The SI, and TASC.<sup>4</sup> COSF/MOL at 6. After establishing a competitive range,

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<sup>3</sup> The RFP provides that the agency will assign the following technical capability ratings: blue/outstanding, purple/good, green/acceptable, yellow/marginal, or red/unacceptable. RFP at 397. The agency will assign technical risk ratings of low, moderate, or high. Id. at 398.

<sup>4</sup> Leidos has served as SMC/GP's incumbent SE&I contractor since 2007. COSF/MOL at 6. The firm currently performs the SE&I services under a bridge contract. Id.; see AR, Tab 33, SE&I Bridge Contract.

conducting discussions, and requesting and evaluating final proposal revisions (FPR), the Air Force awarded the GPS SE&I contract to The SI on October 21, 2013. Id. Following post-award debriefings, both Leidos and TASC filed protests with our Office challenging the evaluation of proposals and award decision, among other things. In response to the protests, the agency indicated that it would take corrective action as follows: “reevaluate proposals, conduct limited discussions and solicit new FPRs.” Protest, exh. B, Corrective Action Letter (Nov. 25, 2013), at 1. The Air Force also reserved the right to “take any other action it deems appropriate.” Id. In response to the Air Force’s corrective action, our Office dismissed the protests as academic. Leidos, Inc., B-409214.2, Dec. 2, 2013; TASC, Inc., B-409214, B-409214.3, Dec. 2, 2103.

In January 2014, the contracting officer (CO) advised the three offerors of the scope of the agency’s corrective action.<sup>5</sup> The CO explained that the agency would reevaluate offerors’ initial cost proposals, conduct discussions as necessary, request a second round of FPRs, reevaluate the FPRs, and make a new source selection decision. AR, Tab 19, CO’s Way Ahead Letter, at 1. The CO informed the offerors that the scope of the FPRs would be limited to a revised cost/price proposal volume and related sections of the model contract.<sup>6</sup> AR, Tab 21, CO’s Revised Way Ahead Letter, at 1. Significantly, the corrective action did not provide for the submission of revised technical proposals.

Following SMC’s reevaluation of initial cost proposals, the agency provided the offerors with evaluation notices (ENs) in which SMC identified areas of the proposals that required additional attention. AR, Tab 24, Transmittal of ENs, at 1, 8-120. The CO advised offerors that all responses to the ENs, in the form of contract change pages and a revised cost/price proposal volume, were due by October 7. AR, Tab 29, Extension and Clarification Letter, Sept. 12, 2014, at 1; Tab 31, Extension and Clarification Letter, Sept. 22, 2014, at 1. The CO also requested that the offerors’ responses “shift all effort proposed to perform the scope of work described in the [PWS]” 18 months from the original assumed start date of June 1, 2013 to a revised start date of December 1, 2014. AR, Tab 31, Extension and Clarification Letter, Sept. 22, 2014, at 1.

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<sup>5</sup> The CO’s correspondence included a tentative schedule for the reevaluation and a chart disclosing the technical and past performance adjectival ratings assigned to the proposals pursuant to the initial evaluation as well as the offerors’ proposed prices and most probable costs. AR, Tab 19, CO’s Way Ahead Letter, at 2-3.

<sup>6</sup> Specifically, in addition to submitting new cost proposals, the CO advised that offerors would be permitted to revise sections A (cover page) and B (CLIN pricing) of the model contract and clauses H-03 (related to cost/price in the option periods) and H-08 (involving pricing for “special studies”). AR, Tab 21, CO’s Revised Way Ahead Letter, at 1; see RFP at 39-41.

Prior to submitting its responses to the ENs, Leidos filed its protest with our Office.

## DISCUSSION

Leidos protests the scope of the agency's corrective action. In this regard, the protester first contends that the agency's requirements have materially changed such that the Air Force is required to amend the RFP and, ultimately, seek revised technical proposals (and not solely cost/price proposals). Leidos also complains that the Air Force's decision to limit proposal revisions to cost/price proposals is particularly unreasonable given the relationship between many of the firm's ENs and its technical proposal.

We have considered all of Leidos' arguments and find that none provides a basis to sustain the protest. First we discuss the agency's requirements on an enterprise-wide level. Then we discuss specific examples of changes in the space segment and user segment as illustrative examples of Leidos' contentions.<sup>7</sup>

### Challenges to SMC's SE&I Requirements

Leidos asserts that the agency must amend the solicitation and request revised proposals because SMC's SE&I requirements have "shifted dramatically" in the two years since the RFP was issued due to "tremendous change" in the GPS enterprise. Protest at 18-19. Leidos specifically protests that the September 2012 enterprise master schedule summary included in the RFP (hereinafter the "RFP-prescribed schedule") is "grossly disconnected" from more recent versions of the GPS enterprise master schedule, even taking into account the agency's directed 18-month shift forward in time.<sup>8</sup> *Id.* at 19. In this regard, Leidos highlights that various GPS enterprise milestones have already occurred and others will occur sooner, or later, than indicated on the RFP-prescribed schedule, notwithstanding the agency's 18-month schedule shift. *Id.* at 21. According to Leidos, the SE&I contract will require "immediate and extensive post-award modification." *Id.* at 19.

In support of its allegations, Leidos' protest includes its own analysis to document the quantitative and qualitative impact that it contends the changes in the GPS enterprise would have on the firm's proposed staffing and skill mix.<sup>9</sup> Specifically,

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<sup>7</sup> To further develop the record regarding these protest issues, our Office conducted a hearing. Testimony received during the course of the hearing will be cited herein by reference to the hearing transcript.

<sup>8</sup> Leidos asserts that, as the incumbent, it is knowledgeable of the current state of the GPS enterprise master schedule.

<sup>9</sup> The firm proffered an annotated version of its technical proposal in which it highlighted numerous changes the firm would make if it were permitted to re-submit  
(continued...)

the Leidos vice president responsible for the firm's performance on the current GPS SE&I contract examined the differences in the level-of-effort that the firm proposed compared to what it would propose if it based its staffing profile on a more recent enterprise master schedule. Protest, exh. CC, Declaration of Vice President (VP), Technical Services for Leidos, ¶ 11-23, at 4-12. Based on his "engineering judgment," the Leidos VP concluded that the various GPS enterprise changes impact [deleted] to [deleted] percent of the firm's total proposed SE&I labor hours. Id. ¶ 24, at 13. Consequently, the protester argues that the Air Force is required to amend the solicitation "to reflect SMC's actual and current [GPS SE&I] requirements."<sup>10</sup> Id. at 17, 20. More specifically, Leidos contends that the agency should update the enterprise master schedule summary in the RFP, and offerors should have the opportunity to revise their proposals based on the updated schedule. Id. at 29.

In response, the Air Force concedes that the GPS enterprise has undergone changes since the SE&I solicitation was originally issued and that other changes are forthcoming. See, e.g., AR, Tab 23, Revised Corrective Action Memorandum, at 13 (CO noting that "various events and milestones contained in the [enterprise master schedule] have changed" since the RFP was issued); see also Hearing Transcript (Tr.) at 161-69, 183 (SMC/GP's director discussing schedule delays and new acquisition approaches in the enterprise segments). However, the agency represents that its SE&I requirements have not materially changed despite changes in the GPS enterprise. COSF/MOL at 22; Hearing Tr. at 32 (CO testifying that the scope of the SE&I work "remains unchanged").

Additionally, the agency asserts that it conducted its own analysis to address concerns that SMC's executive director had due to the delay in awarding the SE&I contract. Hearing Tr. at 394. The agency's internal analysis reviewed the impact that changes in the GPS enterprise had on SMC's estimated SE&I level-of-effort.<sup>11</sup>

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its full proposal based on a more recent version of the enterprise master schedule. Protest, exh. EE, Leidos' Annotated Proposal, at 1-159.

<sup>10</sup> The protester cites Federal Acquisition Regulation (FAR) § 15.206(a), which provides as follows: "When, either before or after receipt of proposals, the Government changes its requirements or terms and conditions, the contracting officer shall amend the solicitation."

<sup>11</sup> Specifically, the analysis compares the agency's SE&I staffing estimates from a May 2014 independent government estimate (IGE)--which was based on the RFP-prescribed schedule--with SE&I staffing increases and/or decreases as a result of GPS enterprise changes as reflected in a February 2014 version of the enterprise master schedule. AR, Tab 34, Declaration of SMC/GP Business Management Chief, ¶ 28, at 22.

See AR, Tab 37, GPS SE&I Schedule Impact Slides, at 1-42. The impact analysis--performed by SMC/GP's business management chief, who also serves as the chairman of the source selection evaluation board--found a negligible increase in the estimated SE&I level-of-effort necessary to meet the RFP's requirements, "only [deleted] staff hours" out of the approximately [deleted] million hours estimated. AR, Tab 34, Declaration of SMC/GP Business Management Chief, ¶ 28, at 22; Tab 23, Revised Corrective Action Memorandum, at 13. Moreover, because of staffing decreases in other areas, the analysis found that the net change in staffing estimated for all PWS sections over the entire period of performance is a mere [deleted] hours, or [deleted] full time equivalent (FTE) employees. Based on the results of this analysis and its contention that its SE&I requirements remain unchanged, the agency argues that it is not required to amend the solicitation.<sup>12</sup> COSF/MOL at 24-25; see AR, Tab 23, Revised Corrective Action Memorandum, at 13.

A contracting agency has the discretion to determine its needs and the best method to accommodate them, and we will not question an agency's determination of its needs unless that determination has no reasonable basis. See Womack Mach. Supply Co., B-407990, May 3, 2013, 2013 CPD ¶ 117 at 3. The adequacy of the agency's justification of its needs is ascertained through examining whether the agency's explanation is reasonable; that is, whether the explanation can withstand logical scrutiny. See SMARTnet, Inc., B-400651.2, Jan. 27, 2009, 2009 CPD ¶ 34 at 7; Chadwick-Helmuth Co., Inc., B-279621.2, Aug. 17, 1998, 98-2 CPD ¶ 44 at 3. A protester's disagreement with the agency's judgment concerning the agency's needs and how to accommodate them does not show that the agency's judgment is unreasonable. Dynamic Access Sys., B-295356, Feb. 8, 2005, 2005 CPD ¶ 34 at 4; AT&T Corp., B-270841 et al., May 1, 1996, 96-1 CPD ¶ 237 at 7-8.

Generally, where an agency's requirements change materially after a solicitation has been issued, it must issue an amendment to notify offerors of the changed requirements and afford them an opportunity to respond. FAR § 15.206(a); Symetrics Indus., Inc., B-274246.3 et al., Aug. 20, 1997, 97-2 CPD ¶ 59 at 6. The purpose of the rule is to avoid award decisions not based on the agency's most current view of its needs. See N.V. Philips Gloellampenfabriken, B-207485.3, May 3, 1983, 83-1 CPD ¶ 467 at 12.

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<sup>12</sup> SMC/GP's director admitted during his testimony that in light of the minimal staffing impact identified in the analysis, he was initially "skeptical and questioned the analysis." Hearing Tr. at 201. However, after looking deeper into the analysis, considering what had gone into it and "the assumptions that were undergirding this," and recognizing the "rigor that had gone into the analysis," he fully accepted the conclusions. Id. at 201-02.

Here, the agency assessed its needs and reasonably concluded that an amendment to the solicitation was not required. In this respect, the record, including the hearing testimony, confirms that the agency requires substantially the same SE&I support services reflected in the PWS, WBS, CDRLs, and other portions of the solicitation that discuss contract terms and conditions. The record demonstrates that the SE&I requirements have not materially changed since the RFP was first issued, despite various changes in the GPS enterprise over the past two years. Indeed, after acknowledging various changes in the GPS enterprise, SMC/GP's director testified that he was "hard-pressed to come up with an example in which we would substantively change what it is we're asking [the SE&I contractor] to do." Hearing Tr. at 209. Likewise, the business management chief explained as follows: "The performance work statement is pretty much independent of changes inside the directorate as a whole." Id. at 383.

Moreover, the record establishes that the agency comprehensively analyzed the impact that changes in the GPS enterprise had on the agency's SE&I staffing estimates for various PWS sections. As discussed above, the result was a negligible change in staffing--an increase of [deleted] staff hours and a net change of only [deleted] hours out of [deleted] million hours estimated--not a material one that would necessitate a change to the procurement approach.<sup>13</sup> See AR, Tab 37, GPS SE&I Schedule Impact Slides at 10. Though the protester disagrees with the methodology the business management chief used in his impact analysis, and Leidos prefers that the agency rely on its assessment of changes (based on its role as the incumbent SE&I contractor), Leidos simply has not demonstrated that the agency's impact analysis was flawed or that SMC's reliance on the analysis was unreasonable. See, e.g., Hearing Tr. at 298.

In reaching our conclusion, we recognize that the parties used different methodologies to assess the impact that changes in the GPS enterprise have on SMC's SE&I requirements. For instance, while Leidos focused on its proposed SE&I support for different product segments and acquisition programs, the agency focused on SE&I support for various PWS requirements (i.e., the tasks the contractor will actually perform), each of which may extend across product segments. Moreover, Leidos' analysis is based on the firm's staffing mix as it

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<sup>13</sup> The intervenors conducted similar assessments of changes in proposed staffing due to the lapse in time. Both firms concluded that changes in the schedule had a relatively minor impact on their proposed staffing. Specifically, TASC noted a net increase of only [deleted] to [deleted] percent of TASC's proposed labor hours over the 6.5-year period of performance. TASC Comments, exh. 1, Declaration of TASC Director of Air Force Space Division, ¶¶ 7-9, at 2. The SI calculated a net increase of only [deleted] percent of the firm's proposed hours over the period of performance. The SI Comments, exh. 2, Declaration of Director of Vencore, Inc. (formerly known as The SI), ¶¶ 10-17, at 2-3.

applies to Leidos' unique technical approach, whereas the agency used its staffing estimate as a baseline. Further, while the agency considered different engineering skill levels, it did not take into account different "disciplines of engineering." Hearing Tr. at 480-83. In addition, Leidos and SMC relied on two different versions of the enterprise master schedule to assess change. Notwithstanding these different methodologies and the protester's general contention that its analysis is a better metric, See Comments at 31, the protester has simply not established that the agency's analysis was flawed.

In addition, the protester's emphasis on the enterprise master schedule in its effort to demonstrate changed SE&I requirements is misplaced. In this respect, the record confirms that the schedule--both the RFP-prescribed schedule and later versions of the enterprise master schedule--"is not a requirements document." See Hearing Tr. at 175. Instead, it is merely a snapshot of the "dynamic," constantly-changing GPS enterprise. See COSF/MOL at 26; Hearing Tr. at 65, 161. More specifically, SMC/GP's director explained that the schedule is a "living document" maintained by the SE&I contractor--"a visual of what the synchronization across the segments are relative to the GPS enterprise"--and relied on by SMC to "assess the state of the overall enterprise." Hearing Tr. at 161, 164, 175, 195. The director further testified that "if we think about [the enterprise master schedule] as a requirements document, then we've completely missed the mark." Id. at 163; see also id. at 181-82 ("I think you're asking do any changes to the enterprise master schedule make corresponding changes to the requirements, and the answer is no, because this is not where requirements are documented. This is where we reflect the status of the program").

Thus, the record firmly establishes that the SE&I contractor will not have to perform the contract in accordance with the schedule--either the RFP-prescribed schedule, or a schedule current at the time of contract award. Id. at 175. Simply stated, the agency's SE&I requirements are not codified in the enterprise master schedule. See COSF/MOL at 22-23, 26-28. It follows that although the record supports Leidos contention that various elements in recent enterprise master schedules are different than what is reflected in the RFP-prescribed schedule, this alone does not demonstrate that the agency's requirements have changed such that it must amend the solicitation and request revised proposals.

Similarly, the record also supports the agency's explanation that the schedule included in the RFP was for source selection purposes only. In this respect, the RFP instructed offerors to describe how various portions of their proposal submissions supported the RFP schedule (among other things), but the schedule itself was not to be incorporated into the contract upon award. See RFP at 334; Hearing Tr. at 29 (CO testifying that schedule in RFP does not contain material solicitation requirements). Offerors were to propose the labor hours and skill mix necessary to perform the PWS tasks as outlined in the WBS elements; they were not proposing to support specific events identified on the schedule. RFP at 349.

Instead, the schedule in the RFP was merely a tool to ensure that all offerors were evaluated on the same basis. AR, Tab 34, Declaration of SMC/GP Business Management Chief, ¶ 6, at 4.

To the extent that the actual staffing and labor mix used during performance varies from what the offerors propose--the actual extent of which being dependent largely on the offerors' unique staffing profile and technical approach--such changes in staffing were contemplated by the RFP. In this regard, the RFP described the GPS enterprise that the contractor would be supporting as "extremely dynamic and multifaceted." RFP at 322. During the hearing, SMC/GP's director referred to the enterprise as a "moving, living system." Hearing Tr. at 210. In this respect, the RFP advised that the SE&I contract would be dependent on the numerous GPS programs, i.e., the delivery of equipment to be verified and integrated. Thus, the RFP put offerors on notice that the enterprise master schedule could change frequently as a result of schedule changes at the segment level, and the contractor would have to accommodate and manage those changes. See, e.g., PWS §§ 2, 3.1(a), 3.5(h), 4.4.1(b), 4.4.1(l). Indeed, part of the agency's evaluation was an assessment of an offeror's ability to respond to schedule changes and adjust staffing profiles as warranted during performance.<sup>14</sup> RFP at 399. Thus, while the SE&I requirements remain constant, the RFP provided that the staffing mix necessary to perform those tasks may require adjustments during performance. See Logistics 2020, Inc., B-408543.4, Feb. 28, 2014, 2014 CPD ¶ 110 (where solicitation contemplates ongoing fluctuations, and such changes occur after the solicitation is issued, an agency need not, in effect, begin the procurement anew.)

We find unavailing Leidos' insistence on changed SE&I requirements based solely on changes in the GPS enterprise as reflected on the enterprise master schedule. Despite the delays associated with the award of the SE&I contract, and changes in the GPS enterprise, the record confirms that the agency's SE&I needs simply have not substantially changed. We discuss in more detail a few of Leidos' principle contentions below.

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<sup>14</sup> We note further that SMC contemplated the need for the SE&I contractor to "rebalance and synchronize the segment requirements" due to their changing nature. AR, Tab 36, GPS SE&I Acquisition Strategy Document, at 18. Furthermore, the RFP provided that certain portions of the work--primarily tasks to be performed in the earlier years of performance--would be performed on a cost-reimbursable basis due to the "evolving nature of system requirements with multiple programs." Id. at 23; see also RFP at 2-21.

## Challenges to Space Segment Requirements

In its protest submissions, Leidos highlights various changes to the GPS enterprise space segment, and the protester analyzes the impact these changes have on the SE&I requirements and its proposal. For instance, Leidos points out that the RFP-prescribed schedule identifies GPS satellite “SV2” as available for launch in August 2016, but, according to an August 2014 version of the schedule, SV2 will be available for launch in April 2017, an 8-month “schedule disconnect.” Protest at 24. Leidos also notes that the RFP-prescribed schedule identifies SVs 1 through 8 as a block of identical satellites--subsequent satellites would be subject to “major design changes”--whereas later versions of the enterprise master schedule depict SVs 9 and 10 as identical to the SV 1 through 8 block. Id.; Comments at 27.

According to Leidos, the delays associated with the launch of SV2 will require the SE&I contractor to re-baseline approximately [deleted] percent of the total hours associated with the launch in base year 2. Protest at 24. Likewise, Leidos explains that the firm proposed [deleted] associated with what it expected to be design changes to SVs 9 and 10, but now that those satellites will end up being replicas of the first eight SVs, the “[deleted] [it proposed] is in fact being eliminated.” Id., exh. CC, Declaration of Vice President, Technical Services for Leidos, ¶ 17, at 9. Based on the “engineering judgment” of the Leidos VP, these space segment changes require a change to [deleted] percent of the hours the firm proposed for space segment support (which equates to [deleted] percent of the total SE&I hours Leidos originally proposed). Id. ¶ 19, at 12.

SMC reached different conclusions with respect to the impact that the space segment changes discussed above have on the agency’s SE&I requirements. The agency maintains that it requires the same SE&I support for the space segment. COSF/MOL at 36; Hearing Tr. at 242. It asserts that no PWS tasks or CDRLs have changed as a result of schedule slips. Hearing Tr. at 165-66.

Here, we find no merit to this aspect of Leidos’ protest. The record shows that the agency’s impact analysis found that space segment delays had a “minimal” impact on the estimated staffing for associated PWS sections during each year of performance. AR, Tab 37, GPS SE&I Schedule Impact Slides, at 12. As an example, under PWS § 3.4.1--enterprise test, evaluation, and verification tasks--the business management chief noted that the agency had estimated [deleted] FTE personnel to perform this aspect of the PWS in option year 1, based on the RFP-prescribed schedule. Id. at 24. The business management chief’s assessment identified that [deleted] FTEs may actually be required in option year 1 based on the February version of the schedule, a delta of merely [deleted] FTEs ([deleted] hours) in this year of performance. Id. Indeed, the largest delta for this PWS section was [deleted] FTEs ([deleted] hours) identified in option year 3. Significantly, these nominal changes in staffing estimates for this PWS section were not solely the result of schedule slips in the space segment but rather shifts throughout the entire

enterprise. Id. In this respect, we agree with the agency that the staffing hours associated with SV launches are an “insignificant portion of the total level of effort.” COSF/MOL at 36.

In the final analysis, the record does not demonstrate that schedule slips in the space segment have had a material effect on the agency’s SE&I requirements. Instead, the record establishes that the agency requires essentially the same SE&I services, regardless of when the launches will occur. As discussed above, the agency’s requirements are not contingent on the enterprise master schedule. Hearing Tr. at 175. Moreover, the agency examined the impact that the schedule shifts have on its SE&I estimates and found a minimal change when it reviewed the relevant PWS sections across the period of performance. On this record, we find unpersuasive Leidos’ assertion of material changes in SE&I space segment requirements.

Leidos also argues that the agency’s space segment SE&I requirements have changed because the Air Force will be embarking on a new satellite acquisition approach. Specifically, according to Leidos, for SVs 11 through 32 the Air Force will identify alternate manufactures and procure these satellites on a competitive basis. Comments at 28. Leidos contends that this new acquisition approach represents a “radical departure from the pre-existing strategy” and will require a “substantial expansion of SV-driven SE&I work” because there will likely be more than just the one satellite design being reviewed and tested. Id.

We also find no merit to this aspect of Leidos’ protest. First, the agency acknowledges that the satellite acquisition strategy detailed by Leidos is being considered as the way forward, see Hearing Tr. at 168-69, but the agency explains that the new strategy has not been formally approved.<sup>15</sup> COSF/MOL at 37; AR, Tab 34, Declaration of SMC/GP Business Management Chief , ¶ 11, at 9-10. Consequently, the agency maintains that it would be “irresponsible” to revise the current solicitation to reflect any additional SE&I requirements that may be related to the new satellite acquisition strategy--to the extent there were any--because nothing is official yet. Hearing Tr. at 239.

Second, and more fundamentally, the agency maintains that a change in the acquisition approach for GPS satellites would “not necessarily have any specific impact to the [SE&I] requirements . . . because it’s the standards and the interoperability of those segments that is what the SE&I effort is about.” Hearing Tr. at 168-69. In this respect, SMC/GP’s director explained that regardless of which

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<sup>15</sup> More specifically, the agency explains that the Undersecretary of Defense for Acquisition, Technology, and Logistics--the Department of Defense official responsible for the program--has not officially signed off on the new strategy. COSF/MOL at 37.

satellite provider develops future SVs, the satellites themselves would still have to be produced to the same government specifications and standards that the SE&I contractor would be testing and inspecting regardless of which company is delivering the SVs and regardless of how many satellite contractors are involved. Id. at 233, 236-37. Thus, the agency acknowledges that a change in the satellite acquisition strategy will affect future satellite providers, but will not impact SMC's SE&I requirements. See id. at 432-34. Further, the agency highlights that the PWS does not include any specific paragraph that "correlates directly" with the satellites that would be procured under a changed approach. COSF/MOL at 37; AR, Tab 34, Declaration of SMC/GP Business Management Chief, ¶ 11, at 9-10. Moreover, the first satellite under this generation of SVs would not even be delivered until 2022, after the period of performance. Hearing Tr. at 434-35.

On this record, we disagree with Leidos that a pending change to SMC's acquisition strategy for future SVs demands a change to the current SE&I solicitation. The record shows that future satellites will be developed in accordance with the same interface control documents that the SE&I contractor manages, regardless of whether the basic design of the satellites differ. The record further confirms that while a change in the space segment acquisition strategy will impact the satellite developers, it is not clear that the role of the SE&I contractor would fundamentally change. As discussed above, the agency still requires performance of the same SE&I tasks despite changes in the enterprise. See, e.g., Hearing Tr. at 383.

#### Challenges to User Segment Requirements

Similar to the space segment changes discussed above, Leidos also contends that since the RFP was issued, the user segment has seen a "fundamental re-conceptualization" with an "entirely new and more commercially oriented [u]ser technology acquisition strategy." Protest at 25. Under this new approach, the protester alleges that the military GPS user equipment (MGUE) development work will occur only during the first three years of the SE&I contract performance and not throughout the entire period of performance, as indicated on the RFP-prescribed schedule. Id. at 26.

According to Leidos, the "compression of processes" under the revised acquisition strategy means that many of the milestones in the RFP-prescribed schedule "no longer even exist" and many key dates have changed. Protest at 25; id., exh. CC, Declaration of Vice President, Technical Services for Leidos, ¶ 11, at 5. For instance, some user segment events such as preliminary design reviews (PDRs) and critical design reviews (CDRs) identified on the RFP-prescribed schedule have already been completed or will no longer occur. Id. Likewise, certain acquisition milestones for MGUE increment 1 have been combined, and the milestones have shifted forward by almost three years, which, according to Leidos, will require "a material re-alignment of resources." Id. at 26.

Specifically, Leidos asserts that these “wholesale changes” will require [deleted]percent of the SE&I user segment work to be re-baselined after award. Protest at 26. Leidos’ VP discussed in his declaration the different skill sets, tools, and processes that his firm would propose to support the new acquisition approach and accelerated milestones. Id., exh. CC, Declaration of Vice President, Technical Services for Leidos, ¶ 11, at 4. He further quantified that these changes in the user segment affect approximately [deleted] percent of Leidos’ proposed labor hours. Id. ¶ 13, at 7.

The agency agrees that the new MGUE acquisition strategy is “quite different” and reflects a “fundamental change” from the user segment procurement approach two years ago.<sup>16</sup> Hearing Tr. at 231-32. Specifically, the new approach is more in line with a commercial-style acquisition rather than a traditional Department of Defense acquisition. Id. at 257. Notwithstanding these changes in the way MGUE will be acquired, the agency maintains that it still requires the same SE&I support services as stated in the RFP. Id. at 166-68. In this respect, when pressed on what the new MGUE strategy means for the agency’s SE&I requirements, SMC/GP’s director testified: “I don’t think there is a single thing that would change.” Id. at 206. More specifically, the director emphasized that “the role of the SE&I contractor is not to build hardware . . . . It’s to support the government in verifying, validating, doing the security certification and performance certification.” Id. at 173.

Thus, the agency argues that while the changes in the MGUE acquisition strategy may result in modifications to the three MGUE contracts for the equipment itself, the Air Force still requires the same SE&I services regardless of how or when the equipment is procured. COSF/MOL at 44; Hearing Tr. at 229-30; see also id. at 256-57 (SMC/GP director testifying that “fundamentally the work is the same”), 447 (business management chief explaining that “the [SE&I] testing is still the testing. It still ha[s] to be done”). Likewise, the agency explains that the SE&I contractor has a “limited role” in supporting events like the PDRs highlighted by Leidos.<sup>17</sup> See COSF/MOL at 40.

Moreover, SMC’s business management chief considered the impact that the MGUE changes—including the revised acquisition approach—had on staffing

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<sup>16</sup> We note that while the new MGUE acquisition strategy has not been officially approved, the record establishes that SMC is proceeding on a path consistent with the revised approach, as outlined in an acquisition decision memorandum. Hearing Tr. at 222-23.

<sup>17</sup> As an example of the limited role the SE&I contractor has in support of these reviews, the agency points out that Leidos proposed [deleted] hours for the PWS tasks associated with the PDR, which reflects [deleted] percent of Leidos’ proposed total staffing. COSF/MOL at 40; see PWS §§ 3.3.1.5(f), 3.3.1.5(g).

estimates for relevant PWS sections, and he reached far different conclusions than Leidos. Over the total 6.5-year period of performance, according to the agency the net change in staffing due to the MGUE changes was an increase of [deleted] FTEs, or approximately [deleted] hours out of the estimated [deleted] million hours. AR, Tab 37, GPS SE&I Schedule Impact Slides, at 13. Based on these findings, the CO concluded that the magnitude of the impact of user segment changes was “too inconsequential” to necessitate revisions to the solicitation or changes to the agency’s SE&I acquisition approach. AR, Tab 23, Revised Corrective Action Memorandum, at 14; Hearing Tr. at 95.

Here, again, we find that the record supports the agency’s conclusion that user segment changes over the past two years and going forward do not have a material impact on SMC’s SE&I requirements. In this regard, the record establishes that the new MGUE acquisition strategy does not result in changed SE&I requirements. More specifically, we find persuasive the agency’s explanation that the SE&I contractor will not be building or delivering user equipment; it will be assessing the equipment and validating that it meets government specifications--regardless of the acquisition approach under which the equipment is procured. As explained by SMC/GP’s director, the agency is seeking SE&I services to ensure that the integration across segments is “tracked and understood and synchronized.” Hearing Tr. at 167. Similar to the potentially different acquisition approach in the space segment, the MGUE acquisition strategy change means much more for the three MGUE contractors than it does for the SE&I requirements. With respect to the staffing estimates, while the protester disagrees with the agency’s impact analysis and would [deleted] if provided the opportunity, this does not demonstrate that the agency’s conclusions are wrong.

Moreover, the record is clear that the agency is not procuring SE&I services to support a single event or milestone, such as a PDR, but rather it is seeking SE&I services to support the entire GPS enterprise through the performance of tasks outlined in the PWS. Again, for the reasons outlined above, the protester’s reliance on the enterprise master schedule as its underpinning for changes to the agency’s SE&I requirements is unavailing. More specifically, that certain events identified on the RFP-prescribed schedule have already occurred, or may not occur, does not establish a change in the agency’s SE&I requirements. The testimony from SMC/GP’s director makes clear that during the same period of performance, the agency still requires an SE&I contractor to perform the PWS tasks, regardless of which milestones and events remain scheduled. Thus, we find compelling the agency’s explanations with respect to the impact that MGUE changes have on the agency’s SE&I requirements.

## Challenges to Scope of Corrective Action

As stated above, in November 2013, the agency advised our Office of its intent to take corrective action. The contracting officer informed the three offerors that the corrective action would be limited to a reevaluation of cost proposals (and OCI mitigation plans). See AR, Tab 21, CO's Revised Way Ahead Letter, at 1. Specifically, the CO's January 2014 letter indicated that the agency would reevaluate the offerors' initial cost proposals--those submitted in October 2012--to "determine the extent to which each offeror 'provides staffing and skill mix . . . to meet the requirements of the PWS' under the Domain Expertise Subfactor . . . of the Technical Capability/Technical Risk Factor." AR, Tab 21, CO's Revised Way Ahead Letter, at 1, quoting RFP at 400. The agency did not provide for either the submission of revised technical proposals or the reevaluation of technical proposals outside of the domain expertise subfactor.

In August, the CO provided the firms with the initial results of the agency's corrective action reevaluation of the offerors' proposals. AR, Tab 24, Transmittal of ENs, at 1, 8-120. Whereas Leidos' proposal had been rated [deleted] under the domain expertise subfactor following the October 2013 evaluation, the proposal was now [deleted] following the agency's corrective action reevaluation. Id. at 29-30. Ratings under other factors and subfactors remained unchanged because, for reasons discussed below, the agency did not reevaluate these aspects of the proposals; the agency would rely on these ratings and "discriminating assessments" in its new best-value decision.<sup>18</sup> See id. at 18; AR, Tab 25, Revised Transmittal of ENs, at 3.

The CO's August communications also provided offerors with evaluation notices that identified areas of the proposals that required responses. The CO instructed offerors to submit narrative responses to each EN and "include estimates of impacts to the BOEs [basis of estimates] and costs, as necessary." AR, Tab 24, Transmittal of ENs, at 2. The CO reiterated that offerors could only submit changes to their cost/price proposal volume and certain provisions in the model contract (and their OCI mitigation plan, if necessary) as part of any EN response. AR, Tab 25, Revised Transmittal of ENs, at 3. In this respect, the CO explained as follows: "The only assessments that may change will be those associated with the Government's re-evaluation of the extent to which the Offeror 'provides staffing and skill mix . . . to meet the requirements of the PWS' under the Domain Expertise Subfactor . . . ." Id., quoting RFP at 400. For Leidos, the agency identified [deleted] ENs, [deleted]

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<sup>18</sup> In the 2013 evaluation, Leidos' technical capability/risk proposal was rated as follows: [deleted] under the systems engineering and integration subfactor; [deleted] under the domain expertise subfactor; and [deleted] under the start-up plan. AR, Tab 24, Transmittal of ENs, at 29-30. Leidos' past performance was rated [deleted]. Id.

of which were associated with the domain expertise subfactor and [deleted] related to cost/price.<sup>19</sup> AR, Tab 24, Transmittal of ENs, at 34. The CO explained that the increase in the number of ENs associated with the domain expertise subfactor was a result of the agency's "more detailed evaluation of each Offeror's Basis of Estimate . . . using a bottoms-up approach."<sup>20</sup> Id. at 1.

Leidos objects to the scope of the agency's corrective action. Specifically, Leidos argues that it is unreasonable for the agency to reevaluate proposals under the domain expertise subfactor and not allow for the submissions of revised technical proposals. Leidos further asserts that to fully respond to some of the ENs, it must revise various elements of its technical proposal. See Protest at 33-35. We have carefully considered the protester's arguments and conclude that SMC's limited corrective action is reasonable.<sup>21</sup>

Contracting officers in negotiated procurements have broad discretion to take corrective action where the agency determines that such action is necessary to ensure a fair and impartial competition. The Matthews Group, Inc. t/a TMG Constr. Corp., B-408003.2, B-408004.2, June 17, 2013, 2013 CPD ¶ 148 at 5; Domain Name Alliance Registry, B-310803.2, Aug. 18, 2008, 2008 CPD ¶ 168 at 8. As a general matter, the details of a corrective action are within the sound discretion and judgment of the contracting agency. Evergreen Helicopters of Alaska, Inc., B-409327.3, Apr. 14, 2014, 2014 CPD ¶ 128 at 8. An agency may reasonably limit

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<sup>19</sup> Leidos reports that of its [deleted] ENs, [deleted] were duplicates that had been previously provided to Leidos during SMC's 2013 evaluation. Protest at 12. The CO explains that SMC was reissuing these ENs because the agency's reevaluation was based on a review of the offerors' original cost/price proposal. AR, Tab 24, Transmittal of ENs, at 1-2.

<sup>20</sup> With respect to BOEs, the RFP instructed offerors to submit as part of their cost/price proposal volumes their basis of estimate to support each WBS element, including the rationale for the labor, hardware, material, and other direct costs. RFP at 349. The BOE was to include various elements such as a task description, pricing summary, and a time-phased personnel-loading graph. Id. at 350. Offerors also were to provide in their BOE their proposed labor hours and skill mix (including position descriptions) for each WBS element. Id.

<sup>21</sup> Leidos also argues that the agency's corrective action fails to address alleged flaws in SMC's original evaluation--improprieties that formed the basis of Leidos' 2013 protest. Protest at 35. The agency responds that it has not yet completed the reevaluation of proposals or made a new award decision, and, consequently, a challenge on this basis is premature. Request for Dismissal at 4. Ultimately, Leidos withdrew this objection, noting that if the firm is not selected for award it reserves the right to raise whatever evaluation errors it deems appropriate at that time. Leidos Response to Request for Dismissal at 1, 10.

the scope of proposal revisions, provided such limitation is appropriate to remedy the procurement impropriety. See, e.g., Honeywell Tech. Solutions, Inc., B-400771.6, Nov. 23, 2009, 2009 CPD ¶ 240 at 4; Networks Elec. Corp., B-290666.3, Sept. 30, 2002, 2002 CPD ¶ 173 at 3. We generally will not object to the specific corrective action, so long as it is appropriate to remedy the concern that caused the agency to take corrective action. Networks Elec. Corp., supra.

Here, we have no basis to object to the Air Force's corrective action. The record establishes that the corrective action is narrowly tailored to address the procurement improprieties that the agency identified after Leidos and TASC filed their original protests. In this regard, the CO considered all of the protesters' original allegations, as well as other issues not raised by either protester, and examined whether corrective action was warranted to address the complaints. AR, Tab 18, Corrective Action Memorandum, at 1-12. In many areas, particularly those challenging the agency's evaluation of technical proposals or past performance, the CO concluded there were no errors in the evaluation and, thus, corrective action was not necessary. Id. at 5-8. However, the CO did identify concerns with respect to the agency's evaluation of offerors' staffing profiles--their labor and skill mix--as reflected in their BOEs and the cost/price volume of their proposals.<sup>22</sup> Id. at 3-4, 9-12.

More specifically, the agency explains that, in its original evaluation of offerors' staffing profiles, it assessed whether the offerors had proposed staffing hours within a [deleted] percent range of the government's IGE, for most of the WBS elements. AR, Tab 23, Revised Corrective Action Memorandum, at 4. For the cost-reimbursable CLINs, the agency made adjustments to the offerors' hours to the extent that the proposed hours exceeded that range. Id. In reviewing its own analysis the agency became concerned that this approach might not have taken into account each offeror's unique technical approach. Id. As a result of this perceived flaw, the agency determined that it was necessary to reevaluate offerors' staffing profiles, as described in their BOE.

During its corrective action, the agency concluded that its original IGE was "inadequate," Hearing Tr. at 109, and it developed a new IGE based on a "bottoms-up analysis" of the staffing needed to perform all 26 WBS elements. AR, Tab 23, Revised Corrective Action Memorandum, at 4, 12. The CO testified that the new IGE provided SMC with "more details and more definitive numbers" for its evaluation. Hearing Tr. at 134. Next, SMC evaluators compared each offeror's proposed hours (described in their original BOE and cost/price proposal volume) and each offeror's unique technical approach for all WBS elements to the new

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<sup>22</sup> The CO also identified certain OCI concerns with respect to [deleted]. AR, Tab 23, Revised Corrective Action Memorandum, at 2, 9-10. Thus, the scope of the corrective action includes revisions to [deleted] OCI mitigation plan. Id. at 14.

IGE.<sup>23</sup> AR, Tab 23, Revised Corrective Action Memorandum, at 4, 12. Because part of the evaluation under the domain expertise subfactor included an assessment of whether the offeror “provides staffing and skills mix, with sufficient relevant expertise to meet the requirements of the PWS,” RFP at 400, the agency’s initial reevaluation of offerors’ staffing resulted in revised ratings under this subfactor. See, e.g., AR, Tab 24, Transmittal of ENs, at 30. Finally, if the evaluators concluded that an offeror understated or overstated proposed hours for a certain WBS element, the agency identified it in an EN in which the offeror was asked to justify the proposed hours for the WBS element, or revise the proposed hours, as appropriate. AR, Tab 23, Revised Corrective Action Memorandum, at 4, 12. Currently, the agency is evaluating the offeror’s responses to the ENs and it intends to request revised FPRs once the evaluation of ENs is complete. See id. at 5; COSF/MOL at 13. Ultimately, SMC will conduct a new cost/technical tradeoff analysis and make a new best-value award decision. AR, Tab 23, Revised Corrective Action Memorandum, at 8.

On this record, we have no basis to question the agency’s limited corrective action. The record establishes that the scope of the corrective action is rationally related to the perceived defect that the agency seeks to correct. In this regard, SMC’s original IGE, and its use as an evaluation tool without regard to the offerors’ unique approaches, raised serious concerns to the agency. Accordingly, as the CO explained during the hearing, the corrective action is tailored to fix this perceived “defect,” and the “defect lies in domain expertise.” See Hearing Tr. at 139. Given that the apparent impropriety in the evaluation of offeror’s staffing and skill mix brought into question the integrity of the procurement process as a general matter, we see nothing objectionable in the agency’s decision to reevaluate this area and assign proposals new domain expertise ratings. See generally MayaTech Corp., B-400491.4, B-400491.5, Feb. 25, 2009, 2009 CPD ¶ 55 at 2.

Likewise, the agency’s limitation on proposal revisions also is unobjectionable. In this respect, the offerors’ staffing and skill mixes are outlined in the BOE portion of cost/price proposals, and not in the technical proposals. Because the staffing profiles are the primary area being reevaluated, it is reasonable for the agency to limit proposal revisions to the cost/price volume. Moreover, the record shows that the agency considered whether additional proposal revisions were warranted in light of the lapse in time since the RFP was issued. See AR, Tab 23, Revised Corrective Action Memorandum, at 13-14. As discussed in detail above, the agency reasonably concluded that its requirements had not changed and that broader proposal revisions were not necessary. Id.; see also Tab 37, GPS SE&I Schedule Impact Slides, at 1-42.

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<sup>23</sup> In reevaluating staffing profiles, the agency no longer relied on an application of a [deleted] percent range. AR, Tab 23, Revised Corrective Action Memorandum, at 4.

Finally, the record does not support the protester's assertion that some of its ENs require alterations to aspects of its technical proposal (in addition to its BOE). Rather, the record establishes that the protester should be able to sufficiently address the agency's concerns, identified in ENs, through revisions to its BOE and cost/price volume. See COSF/MOL at 54-60; Hearing Tr. at 534, 537, 542 (SMC's business management chief confirming that to address the ENs an offeror would not need to revise any part of its technical proposal, even due to revisions to its BOE). That Leidos would prefer the opportunity to update various parts of its technical proposal in an effort, presumably, to improve its competitive standing does not provide a basis to question the scope of the corrective action here.

In sum, the corrective action taken here is unobjectionable and well within the broad discretion afforded to contracting agencies.

The protest is denied.

Susan A. Poling  
General Counsel