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MAJOR SYSTEM SOURCE EVALUATION AND SELECTION PROCEDURES

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1911 Jefferson Davis Highway
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UNITED STATES AIR FORCE

SOURCE EVALUATION
AND
SELECTION PROCEDURES

Prepared by Business Management Research Associates, Inc.,
1911 Jefferson Davis Highway, Arlington, Virginia 22202,
for the Air Force Business Research Management Center under
Contract F33615-85-C-5142 for implementation by the Air Force
Systems Command and the Air Force Logistics Command.



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SOURCE EVALUATION AND SELECTION

CHAPTER I

INTRODUCTION

A. General.

The acquisition of supplies and services, by contract, is one of the most important functions performed by Executive Agencies. In fact, within agencies, many organizational elements exist solely for acquisition purposes.

The scope of the acquisition function is typified by the following procurement data for FY 1985:⁽¹⁾

	<u>Actions</u> ⁽²⁾	<u>Dollars</u>
Small Purchases	21,165,172	\$ 17.2 Billion
Other	<u>415,033</u>	<u>182.6 Billion</u>
Total	21,580,205	\$199.8 Billion

The number of actions completed and the total dollars obligated each year create an enormous workload. In addition, the regulations and procedures that govern the acquisition process are extremely detailed and complex.

For example, when acquiring goods or services, agencies must:

1. Identify and clearly specify needs for materials, equipment, supplies, and services.
2. Ensure that contracts to fulfill those needs are in compliance with a myriad of laws and regulations, and
3. Award contracts only to responsive, responsible offerors.

(1) Source: Federal Procurement Data System Standard Report

(2) Contracts and Modifications to Contracts

Source evaluation and selection is an extremely important part of the acquisition process. Basically, the objective of source evaluation and selection is to select that source for award whose proposal offers the highest probability of meeting agreed upon technical and schedule requirements at the cost or price most advantageous to the Government. In doing so, the Government's policy is to ensure that an impartial and comprehensive evaluation is made and that the selection is accomplished with minimum complexity and maximum efficiency and effectiveness.

The Federal procurement process is illustrated as Appendix A hereto. An understanding of the overall process is necessary in order to fully understand and appreciate the full scope of source evaluation and selection. This text and course emphasize the process essentially at the point after the requirement has been specified.

B. Formal and Streamlined Source Selection.

Overall, this text and course are appropriate for training personnel involved in source selection at any dollar value above the small purchase threshold of \$25,000. However, the material is oriented primarily toward major acquisitions and other acquisitions when "formal" source selection procedures are used. The FAR at 15.612 describes formal source selection as follows:

"A source selection process is considered 'formal' when a specific evaluation group structure is established to evaluate proposals and select the source for contract award. This approach is generally used in high-dollar-value acquisitions and may be used in other acquisitions as prescribed in agency regulations. The source selection organization typically

consists of an evaluation board, advisory council, and designated source selection authority at a management level above that of the contracting officer."

To better accommodate language contained in the various regulations, and to make a distinction between source selection procedures used for "high-dollar" and "lower-dollar" acquisitions, the terms "formal" and "streamlined" are used in this text as described below:

Formal (FAR 15.612)

<u>Formal</u>	<u>Streamlined</u>
AFR 70-15	AFR 70-30
Uses a group (formal) organization of 3 levels--SSA, SSAC, SSEB. Required at dollar thresholds described in Chapter III. Authorizes "tailoring" for use with lower dollar threshold acquisitions.	Uses a group (formal) organization but permits "streamlining" as appropriate for dollar thresholds below those specified in AFR 70-15.

CHAPTER II

CONTRACTING REQUIREMENTS AND PROCEDURES

A. General.

The acquisition by contract of supplies and services is one of the most important functions performed by Executive Agencies. The number of actions and the billions of dollars obligated clearly indicate how enormous this function is. Agencies must not only identify and specify their need for materials, equipment, supplies, and services, they must also ensure that needs are fulfilled in conformance with applicable laws and regulations.

B. Statutes and Regulations.

The Federal Acquisition Regulation (FAR) became mandatory for all Executive Agencies of the Government on April 1, 1984. Individual agencies implement and supplement the FAR, but within prescribed limitations. Agency implementations include, for example, the DFARS (DOD), the GSAR (GSA), the DOLAR (DOL), and the NASA FAR Supplement (NASA). The FAR and agency implementations constitute the FAR System.

The regulations reflect at least three sources of guidance:

1. Statutes.

Some laws passed by the Congress bear a public law number, such as P.L. 98-369 (the Competition in Contracting Act). That law, among other things, amends 10 U.S. Code and 41 U.S. Code. Statutory requirements are included in the FAR as new material or new changes to Chapter I, Title 48, Code of Federal Regulations (the FAR).

2. Policy.

Non-statutory policy emanates from Presidential Executive Orders; circulars issued by the Office of Management and Budget (e.g., OMB Circular A-76); policy memoranda issued by the Office of Federal Procurement Policy (OFPP); and policy direction issued by Agency Heads.

3. Procedures.

While the FAR contains a minimum of procedural detail, one of the functions of agency implementations is to prescribe agency-peculiar procedures applicable under the FAR System. Also, procuring activities generally have "localized" procedures and management requirements that, technically, are not part of the FAR System of regulations. Likewise, Departments often publish procurement guidance that is not incorporated into the FAR Supplements but which, nevertheless, establishes policy and procedures. Pertinent examples include DOD Directive 4105.62 (Selection of Contractual Sources for Major Defense Systems) and AF Regulation 70-15 (Source Selection Policy and Procedures). It is important that personnel responsible for source selection be familiar with the applicable regulations and any current changes thereto.

C. Competition.

Competition in the acquisition of defense goods and services is a statutory and regulatory mandate. The Congress and DOD have long preferred competition as a means of controlling costs, obtaining better quality goods and services, and ensuring a fair procurement system.

Congressional preference for competition was most recently reiterated by passage of P.L. 98-369, the Competition in Contracting Act of 1984 (CICA). Basically, CICA requires that agencies take affirmative steps to ensure "Full and Open Competition" (FAOC) in the acquisition of goods and services. FAOC means that "all responsible sources are permitted to compete" and exceptions to that intent are strictly limited and require specific approval. Part 6 of the FAR contains the basic regulatory coverage implementing CICA; however, many other parts of the FAR contain material relative to competition requirements.

A major policy change contained in CICA is that the "negotiation" method of contracting is essentially on a par with the "sealed bid" method. Those processes are fully described in Parts 14 and 15 of the FAR. Source selection personnel should at least be acquainted with the two methods. Briefly, this policy change, together with the overall intent of FAOC, means that acquisition and contracting personnel should experience an increase in the number of competitive, negotiated acquisitions, thus requiring more source selection activity. One important and pertinent consideration relative to FAOC is that "restrictive" specifications can adversely affect competition and should be avoided. For example, a painting specification that requires that paint must be applied by a spray process would eliminate those prospective contractors who only paint with brush or roller. If there is no justifiable reason for requiring spray painting, then the specification is unduly restrictive and should not be used.

D. Sealed Bidding.

Sealed bidding is one of the two methods used to award Government

contracts. Sealed bidding is the contracting method that requires the submission of sealed bids; the public opening of the bids; and award of the contract to the lowest priced bid if the bidder is both responsive and responsible. The sealed bidding method of contracting is preferred if all four of the following conditions exist:

1. Time permits the solicitation (invitation for bids), submission, and examination of sealed bids. If, for example, supplies or services are needed on an emergency basis, sealed bidding would not be appropriate.

2. The award will be made on the basis of price and other price-related factors as stated in the solicitation. If, for example, qualifications of key personnel (such as in research and development) are as (or more) important as price in selecting the best offer, sealed bidding would not be appropriate.

3. It is not necessary to conduct discussions with the offerors about their bids. If, for example, the item to be purchased is a standard commercial item or an item for which the Government has definitive specifications or drawings, there is no reason to have discussions. However, if the item (or service) is to be developed by an offeror and it is necessary to discuss the development approach to be used by the offeror or offerors, sealed bidding would not be appropriate.

4. There is a reasonable expectation of receiving more than one sealed bid. As indicated in condition 3 above, sealed bidding presupposes that the offerors will be offering the same, or essentially the same, product or service. Therefore, the competition is a matter of price--the lowest price. To help ensure that offered

prices are fair and reasonable, and that true competition has been obtained, it is desirable to have two or more offerors competing for the contract.

In sealed bidding, if the low bid is responsive to the solicitation, and the offeror is a responsible source, the award is made to that offeror. In effect, there is no source selection decision in sealed bidding--other than as stated. Any contracting method not using sealed bidding is known as the negotiation method.

E. Negotiation.

The negotiation method is procedurally similar to the sealed bidding method up to the point of receipt of offers. The procedural processes for the two methods of contracting are shown below:

<u>Action</u>	<u>Sealed Bidding</u>	<u>Negotiation</u>
Solicitation	IFB	RFP
Publicize (includes)	CBD	CBD
Offer	Bid	Proposal
Opening	Public	Private
Assessment	Examine	Evaluate
Award	Low Bid	---
Source Evaluation	---	Competitive Range
Source Evaluation	---	Discussions
Source Evaluation	---	Best and Final Offer
Award (Source Selection)	---	Offer most advantageous to the Government, price and other factors considered

Source evaluation and selection in this text and course is based on the negotiation method of contracting; therefore, the aspects of negotiation that are most pertinent to source selection are included herein. FAR coverage is found primarily in FAR Parts 5, 6, 9, and 15.

F. Responsiveness and Responsibility.

1. Responsiveness.

To be considered for award, a bid must comply in all material aspects with the invitation for bid (IFB). Such compliance enables all bidders to stand on an equal footing and maintains the integrity of the sealed bidding system (FAR 14.301). This fundamental is quite appropriate in sealed bidding because all bidders responding to a given IFB will be bidding on the same work or services (or essentially the same work or services), the same delivery schedule, method of shipment or packaging, etc., as stated in the IFB. Qualifying a bid so that the offeror does not comply, or intend to comply, with such material aspects makes the bid nonresponsive and it cannot be considered for award.

When contracting by negotiation, however, the work to be accomplished is not as definitive as in sealed bidding--otherwise, the sealed bidding method would probably be used. An illustration would be that when contracting for research or development the Government might be able to do little more than state the need, but certainly not how to meet the need. In such a situation the several offerors would be proposing differing solutions or approaches to filling the need; therefore, all offerors would not stand on the same footing as to the work to be performed. Also, discussions would be held with the

offerors in order to fully understand the work proposed. Responsiveness then, has little import when contracting by negotiation.

2. Responsibility.

It is the policy of the Government to award contracts only to responsible prospective contractors. In Government contracting, responsibility has been defined as ".....having the capacity to perform, the financial ability to perform, as well as possessing the integrity, perseverance, and tenacity to properly comply with all of the requirements of the contract in a timely manner." More simply, responsibility refers to the contractor's potential ability to perform successfully under the terms of the proposed contract.

Responsibility standards are described in FAR Subpart 9.1; however, it is the contracting officer who must determine whether or not a prospective contractor meets the minimum and, if any, special standards.

If a small business concern submits a bid or proposal that would otherwise be accepted, but is rejected because of a contracting officer's determination of nonresponsibility, the contracting officer shall refer the matter to the Small Business Administration (SBA). The SBA will decide whether or not to issue a Certificate of Competency, which overrides the contracting officer's determination.

The contracting officer has broad discretion in determining contractor responsibility. The Comptroller General, in many decisions, has recognized this discretion. Thus, the projection of a contractor's ability to perform is, of necessity, a matter of judgment. Such judgment should be based on fact and arrived at in good faith.

With regard to contractor responsibility, source evaluation personnel should concentrate on the following concept, rather than on the detailed standards:

The award of a contract based on the lowest evaluated price alone can be false economy if there is subsequent default, late deliveries, a cost overrun, or other unsatisfactory performance resulting in additional procurement or administrative costs. While it is important that Government purchases be made at low, reasonable, competitive prices, this does not require that an award be made to a marginal contractor solely because it submits the lowest bid or offer.

Responsibility considerations are applicable to all contract awards--whether resulting from the sealed bidding or negotiation methods of contracting.

G. Types of Contracts.

1. General.

There are two families or fundamental types of contracts: fixed-price type, and cost-reimbursement type. The type of contract agreed upon between the Government and the contractor affects the rights, obligations, and financial risks of the parties; therefore, the type of contract to be entered into can and does affect source evaluation. For example, if a given offeror has a history of cost overruns, that fact would affect the credibility of a proposal for a new cost-reimbursement type contract and the indicated action would be to intensify cost analysis and cost negotiations, and, if awarded the contract, postaward cost monitoring.

Technical uncertainty and cost risks are closely associated. When evaluating competing sources it is, therefore, important to have a clear understanding of the work required, the offeror's approach to performing the work, and the resulting indicated cost risks. The assumption of cost risk between the Government and the Contractor is determined by the type of contract agreed upon between the two parties. The following brief summary of contract types should help in understanding this important element of the contracting process. Also, Appendix B depicts the types of contracts generally used in the various contracting situations.

2. Fixed-Price Type Contracts.

As described at FAR 16.201, fixed-price types of contracts provide for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price (including target cost), or both. Unless otherwise specified in the contract, the ceiling price or target price is subject to adjustment only by operation of contract clauses providing for equitable adjustment or other revisions of the contract price under stated circumstances.

By the terms of a fixed-price type contract, the contractor is obligated to perform the contract for the agreed upon price (or price range in some variations of fixed-price contracts). This type of contract places maximum cost risk on the contractor.

Because the total contract price is fixed, the contractor must manage costs within the price in order to realize a desired profit. The greater the cost of contract performance, the lower the profit; thus, the contractor has the maximum incentive to achieve lower costs in order to gain higher profits.

3. Cost-Reimbursement Type Contracts.

As described at FAR 16.301-1, "Cost-reimbursement types of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer."

By the terms of the cost-reimbursement contract, the contractor is obligated to apply its best efforts to perform the contract for the estimated cost; however, when the estimate had been expended, and even though contract work has not been completed, the contractor is not obligated to continue performance unless additional funds are added. This type of contract allows the Government considerable flexibility in directing the contractor's efforts within the scope of the contract in response to changes in technology or mission requirements. It should be noted, however, that this flexibility is not necessarily gained without commensurate additional cost to the Government.

Educational institutions and not-for-profit organizations are typically awarded cost-reimbursement contracts. Commercial organizations are typically awarded cost-reimbursement contracts that also provide for a fee (profit). The fee can be fixed (CPFF); it can be on an incentive or formula basis (CPIF); or it can be based on a subjective evaluation of quality of performance (CPAF).

H. Solicitation Requirements.

1. General.

The Government solicits prospective contractors to submit offers

to perform work or services under proposed Government contracts. The solicitation document is either an IFB or RFP. (Note that another solicitation document, the Request for Quotation (RFQ), is for use in certain instances, but it is not germane to this text.)

The solicitation document serves several purposes. For example, it communicates the description or statement of need; it helps create competition; it puts order and discipline into the process; and ultimately, it becomes a part of the contract.

2. Publicizing.

If a proposed contract requirement is expected to exceed \$25,000, the FAR (Part 5) requires that a synopsis of the requirement be published in the Commerce Business Daily (CBD) and that a copy of the solicitation be posted in a public place, such as a bulletin board in the contracting office. The FAR (Parts 14 and 15) also require that solicitation mailing lists shall be established and used for the purpose of sending IFBs and RFPs to prospective contractors. The objective of publicizing proposed contract actions is to help to ensure FAOC.

I. Requests for Proposals.

1. General.

A Request for Proposals (RFP) is the solicitation document used when contracting by the negotiation method; therefore, it is the solicitation document applicable to competitive proposals and to this text and course.

Because of the importance of the solicitation document the regulations require that it be prepared in accordance with the Uniform

Contract Format (UCF). A review of the UCF helps to understand how the solicitation is an integral part of the source evaluation, source selection, and contract award process. The UCF is prescribed at FAR Part 14 for Sealed Bidding and at FAR Part 15 for Negotiation. The UCF at FAR Part 15 is included herein as Appendix C.

All of the sections of the UCF are pertinent to the solicitation and the resulting contract; however, for the purpose of this text and course, certain sections deserve special attention as indicated below. Note that the selected sections communicate the requirements of the Government and the parameters for source evaluation and selection.

2. Sections B and C.

This is where a description of the need, called the Statement of Work (SOW), is contained and where any pertinent specifications, drawings, etc., are included either by reference or attachment.

3. Section D.

This pertains to the work in that the packaging and marking requirements will affect the amount of effort required and will impact price or cost.

4. Section E.

This section pertains to inspection and acceptance, and to quality and reliability requirements. The capability of an offeror to perform specialized acceptance tests or meet quality and reliability requirements most definitely have an impact on source evaluation.

5. Section F.

The assessment of an offeror's ability to meet delivery requirements is an important consideration.

6. Section H.

Always review the RFP to see whether or not there are any special requirements that are or should be included and determine the impact on source selection.

7. Section L.

Section L is used to include special instructions, solicitation provisions, and other information and instructions not covered elsewhere in the solicitation. Here, offerors may be instructed to submit proposals in severable parts or to organize proposals as to, for example, administrative, management, technical, and cost or pricing data.

This type of information is often referred to as "Information For Proposal Preparation" (IFPP). The Air Force supplement to the DAR and FAR contains additional guidance relative to Section L (See Appendix D hereto).

8. Section M.

The regulations are quite specific relative to Evaluation Factors for Award. FAR 15.406.5(c) states "Identify all factors, including price or cost, and any significant subfactors that will be considered in awarding the contract.....and state the relative importance the Government places on those factors and subfactors." In addition, that statement is supplemented at FAR 15.605(e) by the following:

"Numerical weights, which may be employed in the evaluation of proposals, need not be disclosed in solicitations. The solicitation shall inform offerors of minimal requirements that apply to particular evaluation factors and significant subfactors."

9. **Summary of the UCF.**

Clearly, then, there is a strong relationship between UCF Sections B, C, D, E, F, H, L, and Section M. The former group of sections specify what the Government wants, performance standards, the methodology or procedure for determining acceptability of the work, the time for performance, and information for proposal preparation. Section M reveals the factors (considerations) the Government will use in evaluating the competing proposals and selecting the winner. It is imperative that these sections be as precisely stated as is possible and that they are in harmony with each other. Therefore, it is recommended that the contracting officer and source selection personnel carefully review the RFP before it is released.

J. **Contracting Procedures and Source Selection.**

Remember the objective of the source evaluation and selection process: select that source for award whose proposal offers the highest probability of meeting agreed upon technical and schedule requirements at the cost or price most advantageous to the Government. To help ensure meeting that objective, it is helpful to consider source evaluation in the perspective of the complete acquisition process (see Appendix A).

For emphasis within this textbook and course, the source evaluation and selection process can be viewed as consisting of four parts:

- Describing the Need (requirements specification)
- Soliciting Offers (the RFP will include the statement of work/requirement specifications)
- Evaluating Offers (Proposals)
- Selecting the Source

In that context consider:

1. Describing the Need.

The first important consideration is to describe the need in such a way that it creates or encourages competition rather than restricting or discouraging competition. The most well planned and executed evaluation process will be of little use if the competition has been unduly restricted.

2. Soliciting Offers.

The next important consideration is to communicate the need by soliciting offers. The requirement to publicize the solicitation has already been recognized and the various sections of the solicitation (RFP) have been noted. However well written and publicized a solicitation document might be, it is difficult in some instances to adequately convey or communicate the Government's needs by the written word alone. Therefore, there are contracting procedures that can be used to enhance communications and likely result in better competition and better contracts. Some of these are:

- a. Presolicitation Notices and Conferences (FAR 15.404). These are useful for developing or identifying interested sources; obtaining preliminary information based on a general statement of need; explaining complicated requirements; and otherwise facilitating efforts of

offerors and the Government relative to the ensuing solicitation. Draft RFPs are often used for a similar purpose.

b. Preproposal Conferences. This gives the Government the opportunity to explain or clarify complicated specifications or special contract requirements. The conference also gives prospective contractors the opportunity to seek clarifications or point out deficiencies in the RFP. It is not unusual for a preproposal conference to result in a clarifying amendment to the RFP.

c. Site Surveys or Inspections. In instances where work is to be performed at the site (e.g., overhaul or modification of an existing HVAC system in a Government facility) it is helpful to permit prospective offerors the opportunity to examine the equipment and the surrounding conditions under which the work will be performed. This procedure is frequently used in construction contracting (FAR 36.210) and when contracting for facilities maintenance.

The above, and other methods, such as establishing a technical specification library, should be used when it is necessary or desirable to communicate information that will be useful to the source selection and evaluation process. However, there is a precautionary note:

--No information shall be given to any one prospective contractor that is not given to all of the prospective contractors. This rule is designed to put all prospective contractors on the same footing and to prevent one from obtaining an unfair competitive advantage.

—Any activities such as those noted above must be approved by or conducted by the contracting officer.

3. Evaluating Offers (Proposals).

The evaluation of proposals is a highly structured process. Because of the importance and complexity of that process, it is included as a separate chapter in this text (Chapter IX). One aspect of proposal evaluation is the determination of the "competitive range." Competitive range is discussed below in this chapter, rather than in Chapter IX, because it is a subject of great importance within the contracting regulations.

4. Selecting the Source.

As depicted earlier in this chapter, under negotiation procedures, evaluations are followed by establishment of a competitive range, then discussion, then "best and final offers," then source selection. The process can be likened to "weeding out the weak proposals" or, perhaps preferably, "identifying the strong proposals." Recognizing that from several to numerous offerors might be competing for a proposed contract, and there is generally only one winner, the process will result in the identification of only a few of the offerors to which the Government is willing to award any given contract. When presented with those remaining few, the Source Selection Authority (SSA) is able to make a final selection of the winner. Chapter VI includes a discussion of the role of the SSA.

K. Competitive Range.

The purpose of establishing a competitive range is to identify those offerors that will remain in the competition and those that will

be eliminated from the competition. The competitive range decision is clearly of such importance to the Government and to the offerors that it must be made by the contracting officer. As a further safeguard, for both parties, AFR 70-15 and 70-30 provide that the contracting officer's competitive range decision shall be subject to the approval of the SSA.

Determining which offerors will or will not be included in the competitive range is largely a judgmental decision. It is determined on the basis of proposed price or cost and an assessment as to how well the offeror's plan to achieve the technical requirements is stated in the solicitation. Mishandling the competitive range determination can result in at least the following undesirable situations:

1. Improperly including an offeror in the competitive range results in unnecessary Government effort to further evaluate, discuss, audit, and otherwise process an offer that has no chance of being a winner.
2. Improperly including an offeror in the competitive range gives false hope to the offeror that it may be a winner. This can prove costly to the offeror if it has unnecessarily reserved resources to perform a contract that it has no chance of winning.
3. Improperly including an offeror in the competitive range denies the Government the potential opportunity to award the contract to a superior offeror.
4. Improperly excluding an offeror from the competitive range denies the offeror the opportunity to win.

5. Improperly excluding an offeror from the competitive range, if the exclusion is arbitrary or reflects an unfair bias, will result in a protest action to be filed by the offeror with the Comptroller General. Such protests are at best only disruptive to the acquisition process and, at worst, can be financially costly to the Government.

Appendix E hereto is the FAR and Air Force guidance relative to competitive range. Written or oral discussions that follow the competitive range determination is addressed in Chapter IX.

L. Protests.

The Competition In Contracting Act of 1984 (CICA) codified protest policies and procedures that, until that time, were only regulatory or a matter of practice. CICA also introduced some new policies and procedures. Protests are discussed in FAR Part 33.

A protest is defined as "a written objection by an interested party to a solicitation by an agency for offers for a proposed contract for the acquisition of supplies or services or a written objection by an interested party to a proposed award or the award of such a contract."

Because of the many legalities involved in a protest, they are normally processed by the contracting officer who relies heavily on the advice of counsel. While the subject is not appropriate for a full discussion in this text, it should be recognized that a large number of protests result from mismanagement of the source selection process.

As indicated in the definition, a protest can occur as the result of:

1. A Solicitation (RFP or IFB). If, for example, the SOW is unduly restrictive; the time allowed for proposal preparation is unduly short

(perhaps thus favoring an incumbent contractor); or the release of the solicitation is not as prescribed by regulations, an interested party may file a protest.

2. **Proposed Award.** If an interested party believes that a proposed award is not being made on the basis of procedures as announced in the solicitation or required by the regulations, or that the party was unfairly treated, a protest may be filed.

3. **After Award.** A protest may be filed even after the contract has been awarded--usually for the reasons in "2" above.

While statistical data on the reasons for protests is not readily available, it is known that failure to properly utilize the announced evaluation criteria, and improperly excluding offerors from the competitive range, account for many protests (note that protests are allegations--most of which are unfounded).

Whether alleged or real, once filed, a protest can result in, among others, (1) halting the acquisition process until the issue is resolved; (2) causing the solicitation to be cancelled and having to start all over; (3) making costly monetary settlements; and (4) delaying a program or mission.

Adherence to sound procurement policies and procedures will help to prevent protests and to "win" the case when a protest is filed.

CHAPTER III

PLANNING FOR SOURCE SELECTION

A. General.

At the program level, various elements of the proposed acquisition are addressed in an acquisition strategy. The acquisition strategy deals with all phases of a program from design to deployment and support. Planning for a specific acquisition within a program is reflected in an acquisition plan which must be in conformance with (or enunciates) the overall acquisition strategy. A source selection plan (SSP) is ultimately developed to plan and control the contracting portion of the acquisition plan.

Planning for the acquisition of a major system is very complex and many aspects of planning are outside the scope of this text and course. However, a general understanding of acquisition planning is essential to those persons responsible for initiating the source selection planning for a particular acquisition, and the excerpts below should serve that purpose. When reviewing the excerpts, it is helpful to observe that:

- o Acquisition planning requires cooperation between many organizations and people, particularly the Program Manager and the Contracting Officer.
- o Many elements of the Source Selection Plan (SSP) will be dictated by the Acquisition Plan and the Acquisition Strategy, including the time-frame within which the process must be completed.

The FAR (7.101) defines acquisition planning as "the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need

in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition."

The general procedures for acquisition planning are in FAR 7.104 and state, in part, as follows: "(a) Acquisition planning should begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award is necessary. In developing the plan, the planner shall form a team consisting of all those who will be responsible for significant aspects of the acquisition, such as contracting, fiscal, legal, and technical personnel. The planner should review previous plans for similar acquisitions and discuss them with the key personnel involved in those acquisitions. At key dates specified in the plan or whenever significant changes occur, and no less often than annually, the planner shall review the plan and, if appropriate, revise it."

The DOD FAR Supplement (DFARS) contains additional guidance on acquisition planning. Extracted below are two paragraphs from DFARS 7.103, Agency-Head Responsibilities:

a. "(c)(1) The formal acquisition planning provided for herein and in FAR Subpart 7.1 applies to the more complex and costly programs to procure hardware developed and produced to satisfy the need for modern military equipment. These acquisition planning requirements may also be adapted to the acquisition of all supplies and services."

b. "(f) The program manager, or other official responsible for the program concerned has overall responsibility for the requisite acquisition planning as this official has for all other planning for the program. The contracting officer or the contracting officer's designee shall support this official by preparing and maintaining the acquisition plan. The contracting officer shall enlist the aid of

cognizant engineering, production, logistics, quality assurance, maintenance and other functional staff business management personnel at command and subordinate buying activity levels as required. The head of the contracting activity, or the chief contracting official of the buying activity, in coordination with the program manager, must ensure that the objectives of the acquisition plan are realistic and achievable and that solicitations and contracts will be appropriately structured to equitably distribute technical, financial, and economic or business risks, consistent with the program phase of the acquisition, the technical requirements and needs of the specific program, and salient business and legal constraints. All personnel engaged in the management of the acquisition process, including program, technical and financial personnel, are essential to the comprehensive acquisition planning and preparations necessary to achieve the acquisition objectives. These personnel must be made cognizant of their responsibilities and actively participate in the development and preparation of the acquisition plan, if acquisition planning is to be successful."

B. Sources of Guidance.

When formal or streamlined source evaluation and selection procedures are used, every element of the process, from preparation of the work statement to contract award, must be planned and coordinated. This is accomplished by the use of a Source Selection Plan (SSP).

The plan explains how proposals are to be solicited, evaluated, and scored, and provides for establishing the Source Selection Organization.

In substance, the plan is the Government's statement on how it intends to conduct the source evaluation and selection.

Events and decisions leading up to a specific major system acquisition are controlled by numerous documents, many of which are outside of the scope of this text and course. The more pertinent of those documents are (1) OMB Circular A-109, Major Systems Acquisition; (2) DODD 5000.1, Major System Acquisitions; and (3) DODI 5000.2, Major System Acquisition Procedures. However, because the SSP is affected by decisions contained in documents that precede the SSP, it is important to consider those documents and regulations that do directly affect the SSP. Those that most often apply are:

1. DOD Directive 4105.62, "Selection of Contractual Sources for Major Defense Systems." (See Appendix E).

This directive establishes DOD-wide policy for source selection; assigns responsibilities; and provides some procedural guidance, including the requirement for a source selection plan that shall be prepared by the Program Manager. Acquisition strategy is also discussed.

2. Air Force Regulation (AFR) 70-15, "Source Selection Policy and Procedures." (See Appendix G).

The policies and procedures in AFR 70-15 are used to select the source or sources for:

- a. Validation and full-scale development contracts for each new development program estimated to require \$100 million or more RDT&E funds or projected to require \$500 million or more production funds (including support).
- b. Each new production program estimated to require \$500 million or more production funds (including support), except when

the proposed contract is to be awarded primarily on the basis of price competition.

c. Any modification, maintenance, services or other program or project estimated to require \$500 million or more, except when the proposed contract is to be awarded primarily on the basis of price competition.

d. Other programs or projects designated by the Secretary of Defense, the Secretary of the Air Force, or HQ USAF.

3. The FAR, especially Section 7.105, Contents of Written Acquisition Plans.

4. The DFARS, especially Section 7.105, Contents of Written Acquisition Plans.

5. Other Sources.

Although AFR 70-15 states that the policies and procedures therein may be used as a guide to formally evaluate competitive proposals and to select sources for lower dollar acquisitions, other guidance is contained in, among other sources, the following:

a. AFR 70-30, Streamlined Source Selection Procedures. (See Appendix H).

b. AFLC FAR Supplement, Subpart 15.6, Source Selection.

c. Local (e.g., Product Divisions, ALCs) issuances. These issuances provide procedural guidance, particularly for those acquisitions for which AFR 70-15 procedures are tailored or streamlined for use in lower dollar acquisitions.

C. Applying the Guidance.

The listed documents seem unclear in some respects. This problem is generally brought about because basic policies and procedures are restated

at the various levels of implementation, and each such implementation is authored by different people with different choices of words and terms.

For example, some terms that might be judged to be unclear, ambiguous, or redundant are:

<u>Term</u>	<u>Used at</u>
Acquisition Plan	AFR 70-15(1-3)
Acquisition Plans	FAR and DFARS 7.105, DFARS 7.1
Acquisition Planning	FAR 7.101
Acquisition Strategy	DODD 4105.62(C.2) and AFR 70-15 (within Business Strategy Panel, 1-3.c.)
Acquisition Approach	AFR 70-15 (within Business Strategy 2-2), and DFARS 7.105(b)(70)

Whatever the definitions or interpretations of the terms might be, the important consideration is how the contents of the various documents affect the SSP.

D. The Source Selection Plan (SSP).

1. General.

The FAR, at Subpart 15.6--Source Selection, prescribes policies and procedures for selection of a source or sources in competitive negotiated acquisitions and, at 15.602, states, in part, that the subpart applies "to negotiated contracting when source selection is based on:

- (1) Cost or price competition between proposals that meet the Government's minimum requirements stated in the solicitation; or

(2) Competition involving an evaluation and comparison of cost or price and other factors."

Neither the FAR nor the DFARS, however, prescribes the use of a SSP, but both DODD 4105.62 and AFR 70-15 do require a SSP.

For source selections under AFR 70-15, preparation of the SSP is usually the responsibility of the Program Office. For lower dollar threshold procurements, preparation of the SSP is usually the responsibility of the chairperson of the evaluation board or team, as prescribed in the applicable procedures.

2. SSP Sections.

The various sections of the SSP, as required by AFR 70-15 (2-4.b.), are listed below and are followed by appropriate commentary:

a. Introduction.

Describe briefly the system or subsystem to be acquired and how it is intended to satisfy the approved requirements.

Comment: Use information found in the Acquisition Plan as a guide.

b. Source Selection Organization.

Describe the proposed SSA, SSAC, and SSEB organization; list recommended key members by name, if known, or by position title or functional area. The plan must specify other government organizations that will be represented on the SSAC and SSEB, and include an estimate of the total number of personnel who will form the membership of the SSAC and SSEB, including any advisors.

Comment: DODD 4105.62 and AFR 70-15 require a three-level (SSA, SSAC, SSEB) source selection organization for the acquisition of major systems. Streamlined organizations (generally merging the functions of the SSAC and SSEB) are used for source selections at lower dollar thresholds. See Chapter V hereof for a discussion of source selection organizations.

c. Screening Criteria.

Indicate the method to be used to select prospective sources to make sure that adequate competition is obtained.

(1) The recommend source list screening criteria will be used to determine the sources to whom the Government will issue solicitations.

(2) The screening criteria will include a requirement that the sources solicited will have (inherently or by subcontracting or teaming arrangement) the management, financial, technical, manufacturing facility capabilities, and security clearances necessary to design and produce an operationally effective and logistically supportable system, subsystem, or component.

Comment: Some information on this section will be found in the Acquisition Plan (see FAR and DFARS 7.105(b), Plan of Action). Competition requirements as prescribed in FAR Part 6 also apply as do the requirements for publicizing contract actions, FAR Part 5 (see Chapter II hereof). Also consider small business and labor surplus area set-asides. The contracting officer and the competition advocate should be consulted.

d. Evaluation Procedures.

Specify evaluation and rating methodology. The process to be followed in formulating the Government's best estimate of the total cost will be outlined. Items that are considered to have sufficient cost impact to warrant special consideration will be separately identified. Items which represent nonquantifiable cost risks should be identified. Plans for developing Independent Cost Analysis (ICA), Design-to-Cost (DTC), Most Probable Cost (MPC), and Life Cycle Cost (LCC) estimates will be presented. The cost area will not be rated but must be ranked in order of importance. The methodology to be followed for evaluating offeror's cost proposals must be described in the SSP.

Comment: Use information found in the Acquisition Plan as a guide. Some items (ICA, DTC, MPC, LCC) might not apply to lower dollar threshold procurements. See Chapter VIII hereof for scoring and weighting and Chapter IX for evaluation procedures.

e. Evaluation Criteria (Specific and Assessment).

Describe and specify evaluation criteria, including areas, items and, when appropriate, factors and subfactors. Describe the assessment criteria and how they apply to the evaluation. The relative importance of all evaluation criteria will be stated. The general format in Attachment 2 to AFR 70-15 may be used for displaying the evaluation criteria.

Comment: The FAR, at 7.105(b)(3), indicates that the Acquisition Plan will refer to evaluation "factors."

Otherwise, development of evaluation criteria is most likely

to be a responsibility of those persons who prepare the SSP
(see Chapter VII for more on evaluation criteria).

f. Acquisition Strategy.

The SSP will include a summary of the acquisition strategy, including type of contract(s) proposed, the incentives contemplated, milestone demonstrations intended, special contract clauses to be used, etc. The SSP acquisition strategy must be compatible with the AP.

Comment: DODD 4105.62 states, in part, that the "acquisition strategy is the basis of the overall plan that a program manager follows in program execution. The strategy encompasses the entire acquisition process from concept exploration to post-production support." The acquisition strategy will be addressed in the Acquisition Plan. When preparing an SSP, the acquisition strategy addressed therein will be contract specific (i.e., applicable to the specific procurement covered by the SSP), but must be compatible with the Acquisition Plan. For contracts less than the major systems threshold, acquisition plans might be less definitive and the strategy might be contained almost entirely in the SSP.

g. Schedule of Events.

Identify and schedule significant source selection activities. This should be provided in sufficient detail to allow the reviewing authorities to assess the practicality of the schedule. The schedule of events as outlined in Attachment 1 to AFR 70-15 may be used as a guide.

Comment: Review the Acquisition Plan to identify any milestones contained therein. Normally, the Acquisition Plan will contain major milestone events. The more detailed schedule of events for the specific source selection plan must be designed to meet those milestones.

E. Approval of the SSP.

For acquisitions meeting the AFR 70-15 thresholds, the SSP shall be formally approved by the SSA. For major acquisitions, the Secretary of the Air Force, or designee, is the SSA. The designee is most frequently the Commander of an AFSC Product Division, BMO, or Range or Center, or AFLC Air Logistics Center.

For acquisitions at a dollar level lower than the AFR 70-15 threshold, the person or organization responsible for preparation of the SSP should be identified in the applicable guidance; but, in any event, the SSP should always be approved by the SSA. Because the SSA, when making the source selection decision, relies on the "output" of the SSP to help make that decision, it is only fair and logical that the SSA approve the SSP.

CHAPTER IV
INITIATING AN ACQUISITION

A. General.

The acquisition of a major defense system is an extremely complex process that includes several major events. Using Appendix A hereto as a guide, the early events are shown as "acquisition planning." Procurement planning is also shown as taking place as acquisition planning progresses.

The first two events, "Requirement Determination" and "Requirement Specification," include functions such as mission analysis; preparation of needs statement; budget authorization and appropriation; initiation of statement of work; etc. These first two events evolve primarily under the following guidance:

- o OMB Circular A-109, Major System Acquisitions
- o DODD 5000.1, Major System Acquisitions
- o DODI 5000.2, Major System Acquisition Procedures

The "procurement planning" functions evolving from these events are of direct interest to this text and course, and are listed below. They include:

- o Assign Contracting Officer
- o Establish Source Selection Authority
- o Establish Source Evaluation Board
- o Review Procurement Request (Statement of Work, Data Requirements, etc.)
- o Develop Source Selection Plan (Review and Approval of Source Selection and Proposal Evaluation Criteria)

o Develop Acquisition Plan (Business Strategy)

- Determine type of contract/incentives/pricing arrangements
- Determine type of competition (price, technical, life cycle cost, design to cost)
- Develop special clauses (e.g., Economic Price Adjustment)
- Identify long lead items
- Approve deviations
- Establish lead time standards and milestones

Notice that the PR (procurement request or requisition) is listed above and is also shown as the third event on Appendix A. This is not a conflict in that, while the PR is an important document and it usually "kicks-off" the purchase action, the substance of the PR is developed as procurement planning progresses.

The source selection plan is the critical document leading to initiating an acquisition--acquisition in the context of initiating a contract action. If the SSP has been prepared and approved, its provisions can be implemented. If the plan has not been prepared, the Program Manager, or other designated person, should commence preparation of the plan using the preceding chapter for general guidance.

Much of the material above and in preceding chapters is included as an orientation to those aspects of the acquisition process that directly or indirectly affect source evaluation and selection.

The remaining material in this chapter and the subsequent chapters concentrate on source evaluation and selection.

B. Getting Started.

The steps that must normally be taken in order to initiate the procurement of the item or service to be acquired are enumerated below.

The steps assume a competitive negotiated procurement using formal or streamlined source selection procedures:

1. Prepare the SSP.

Refer to Chapter III hereof for guidance (if the plan has already been approved, proceed accordingly). Action items within the SSP are:

- a. Establish the source selection organization (see Chapter V).
- b. Develop evaluation criteria (see Chapter VII) and the rating system (see Chapter VIII).
- c. Develop the procedures to be used to evaluate competing proposals (see Chapter IX).
- d. Develop a time-phased schedule of source selection events. See Attachment 1 to AFR 70-15 for guidance. The attachment is also useful as a checklist of additional action items.

After the SSP has been approved by the SSA the next step, within the context of this text and course, is to initiate preparation of Requests for Proposals as discussed below.

2. Prepare the Requests for Proposals (RFP).

The RFP is discussed in Chapter II hereof. In that discussion it is noted that the RFP is prepared in the format described in the Uniform Contract Format (UCF), Appendix C and Appendix D hereto, and the sections of the UCF most pertinent to source evaluation and selection are identified. Some of that discussion is repeated below.

The RFP is the solicitation document used when a contract is to be entered into by negotiation procedures. It describes the requirement of the Government, the manner in which the procurement is to be handled, and the terms and conditions of the contract that will

be awarded. Prospective contractors, or offerors, submit their offers in response to the RFP. Discussions and negotiations take place after receipt of the offers and a decision is then made as to which offeror(s) will be awarded the contract(s). The sequence of events in competitive negotiations can be portrayed as follows:

- o Issue Solicitations (RFP)
- o Receive Proposals (Offers)
- o Evaluate Offers (Technical and Price or Cost). See Chapter IX.
- o Establish Competitive Range (keep the competition going). See Chapter II.
- o Hold Discussions.
- o Request Best and Final Offers
- o Re-evaluate.
- o Award the Contract(s)

The RFP, then, starts the chain of events that lead to contract award. The importance of the RFP can be further illustrated by the formula:

$$\text{RFP} + \text{Proposal} \pm \text{Discussions} = \text{Contract}$$

The sections, or elements within sections, of the UCF that are critical to the source evaluation and selection process are discussed below (if necessary, other sections can be discussed in the classroom):

- a. Sections B and C.

These sections describe what the Government wants to acquire; the quantities; item number; etc. Section C includes

the statement of work (SOW). The SOW is the key element of the requirement. Specifications are also included or referenced in Section C. When formal source selection procedures are being used, the specifications are generally functional or performance type specifications.

The SOW communicates the needs of the Government. The SOW should be reviewed for clarity, and it should state the minimum needs of the Government. It should also be in harmony with the acquisition plan. Wording of the SOW is critical to the selection of evaluation criteria (see Chapter VII). In complex procurements, it might be desirable to hold a preproposal conference so that the Government and prospective contractors can enhance understanding of the proposed work. In some cases, a preproposal conference can result in revisions being made to the SOW.

b. Section D. Packaging and Marking.

Generally, only critical to the evaluation process if there are special requirements such as when water or vapor proofing, or shock resistant packaging, are of significant technical importance.

c. Section E. Inspection and Acceptance.

Might be critical to the evaluation process. For example, special test equipment or procedures might be involved and could be a factor in the evaluations. Quality assurance and reliability requirements are stated in Section E, and an offeror's ability to meet those requirements are often evaluation factors.

d. Section F. Deliveries or performance.

Time, place, and method of delivery or performance are generally stated contract requirements that must be met and are usually not the basis for evaluation criteria; however, these items might very well be a responsibility factor (see Chapter

II). e. Section L. Instructions, Conditions, and Notices to Offerors or Quoters.

The contracting officer will include some "boilerplate" material in Section L, as well as material pertinent to the specific solicitation. Use Section L to shape the make-up of offeror's proposals, thus facilitating the efficiency and timeliness of evaluations. Refer to the Section L discussion in Chapter II and to Appendix D hereto.

f. Section M. Evaluation Factors for Award.

Evaluation factors must be in harmony with the SOW. See Chapter VII.

C. Summary.

In summary, getting started centers around two major steps:

1. Prepare the SSP, giving special attention to the items discussed in B.1. above, and
2. Initiate the RFP, giving special attention to the items in B.2. above. The Program Manager (or a specified member of the source selection organization) should work closely with the contracting officer in preparing the RFP. The contracting officer is responsible for the RFP and is the issuing officer; however, the contracting officer would be unable to prepare the RFP without the input of program or requirements personnel.

CHAPTER V

ORGANIZATION FOR SOURCE SELECTION

A. General.

To organize for source selection, available resources must be arranged in such a way that the objectives (discussed in Chapter I) of Source Selection are met. The Source Selection Organization must operate so as to minimize complexity and maximize efficiency and effectiveness. To assure that there is a balanced evaluation, the personnel selected to participate in the process must possess the skills commensurate with their assigned duties. The functions of source selection organizations are described in Chapter VI.

Before developing an organizational structure, it must be determined whether to use the Source Selection Procedures for a "Major Systems Acquisition," or procedures for "Less than a Major Systems Acquisition." Many factors can influence the decision concerning whether or not to use Major Systems Source Selection Procedures, which call for a Formal Source Selection Organization, or less than Major Systems procedures which call for a Streamlined Source Selection Organization. The Streamlined Source Selection Organization is a modification of the Formal Organization and is sometimes referred to as a Streamlined Organization.

AFR 70-15 implements DODD 4105.62 and requires that Formal Source Selection Procedures be used when acquisitions are \$100 million or more for research, development, test and evaluations, and \$500 million for production and other programs. In addition, other factors may influence the decision to use a Formal Source Selection Organization for an

acquisition that falls below the AFR 70-15 thresholds. Some of these factors include: the complexity of an acquisition, the state of the art of the technology involved, the end product involved, or specific direction by the selection authority as to the desired organization.

Whether a Formal Organization or a Streamlined Organization is used, the functional responsibilities of each element in the organization must be defined and clearly understood. The basic functional structure of a Source Selection Organization is shown as Figure V-1:

FUNCTIONAL STRUCTURE

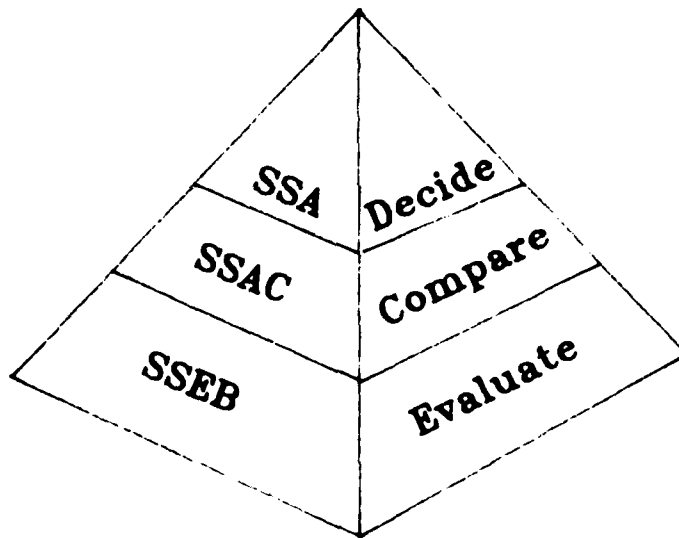


Figure V-1

B. Formal Source Selection Organization.

It is important to clearly establish responsibility and authority. Under AFR 70-15 (unless otherwise directed by the Secretary of Defense) the Secretary of the Air Force is the SSA. The Secretary of the Air Force may delegate authority to the Under Secretary or any of the Assistant Secretaries of the Air Force, or to the Chief of Staff with or without

authority to redelegate. Delegation and redelegation authority is specified in AFR 70-15. Key organizational elements and their basic functions are:

1. SSA.

The SSA makes decisions, reviews and approves the Source Selection Plan, provides guidance, provides the Secretary of the Air Force with information, and appoints the Chairperson and members of the SSAC.

2. SSAC.

The SSAC reviews and approves Evaluation Standards, designates the Chairperson and members of the SSEB, and advises and assists the SSA.

3. SSEB.

The SSEB conducts an in-depth review and evaluation of each proposal. It prepares and submits evaluation reports to the SSAC for analysis, along with a summary report of the findings. It also provides briefings and consultations concerning the evaluation to the SSA and SSAC.

4. Program Office.

The Program Office develops both the Acquisition Plan (AP) and the SSP, and assures that the SSAC and SSEB are indoctrinated on their responsibilities. It establishes evaluation criteria for the approval of the SSA. The Program Office develops evaluation standards for approval by the SSAC and assures that all administrative clearances are valid before the SSA announces the selection decision.

C. Flow of Duties and Responsibilities.

The more salient responsibilities and duties under AFR 70-15 procedures are illustrated below (Figure V-2):

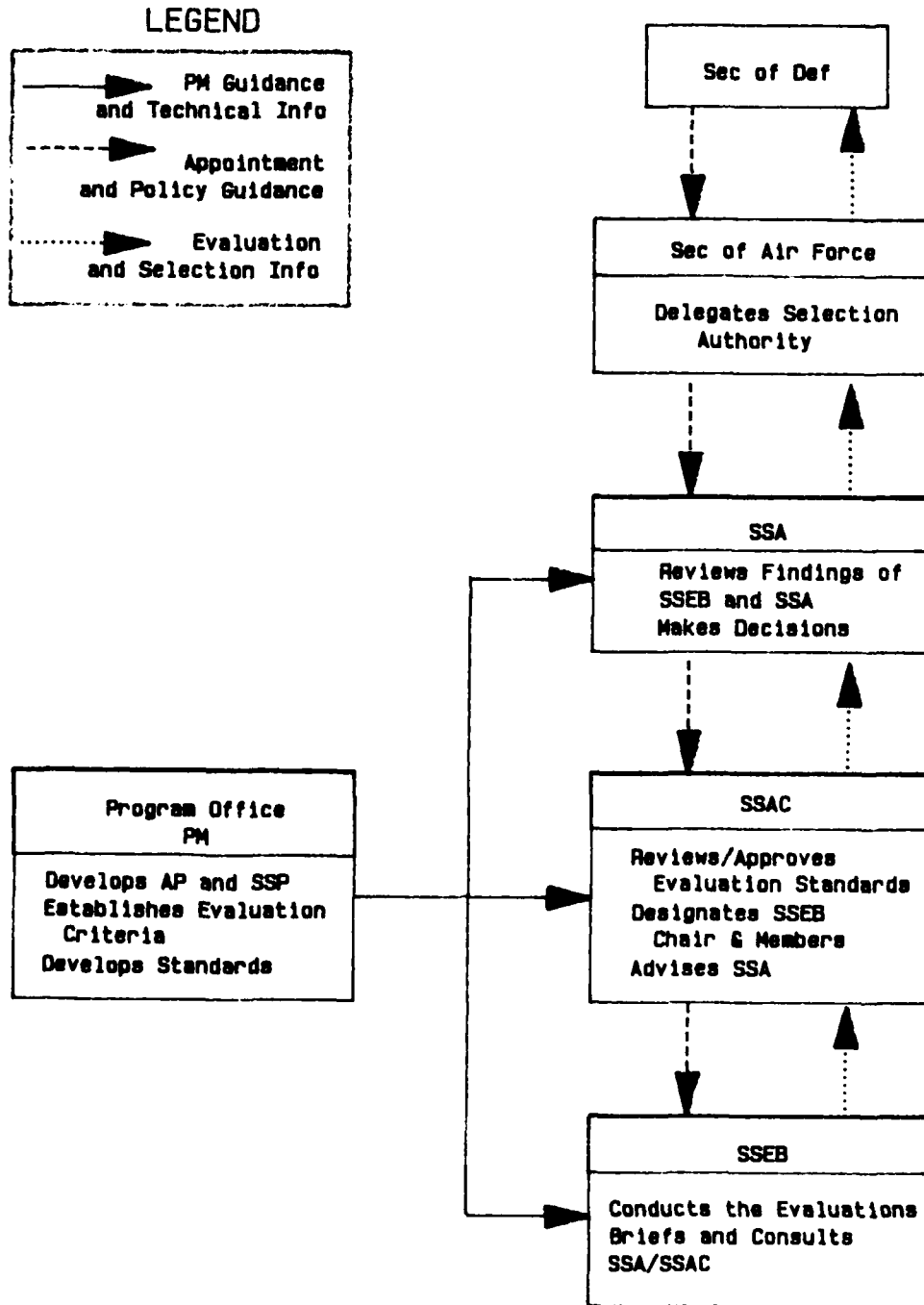


Figure V-2

D. Selecting Personnel.

The organizational structure for a formal source selection is largely dependent on program size and complexity. However, a formal source selection organization is costly and should be used only for programs that warrant the use of substantial resources.

Personnel nominated and selected for source selection duties should represent the disciplines that coincide with the areas that will be evaluated. It is also desirable to select people who have had previous experience in the formal source selection process. Both the SSAC and the SSEB should consist of personnel who represent both technical and business disciplines.

There are programs that sometimes require a particular expertise to assist in source evaluation, but such resources within the Government may be extremely limited or not available. In those cases, the use of advisors or consultants should be considered. For the purpose of this course, an advisor is defined as "an expert who is employed within the Government," while a consultant is defined as "an expert outside the Government." Advisors and consultants should be used when expert opinions are needed, but such expertise is not available within the Evaluation Board or Advisory Council (Figures V-3 and V-4). In addition, consultants can be assigned to serve as evaluators.

Representatives from major commands and other Government agencies should be considered for membership on the SSAC and SSEB. In a major systems source selection, representatives from the Using Command, the Buying Command, the Logistic Support Command, and the Training Command should be considered as candidates.

Formal source selection contemplates creation of a separate source selection organization and management chain of command (SSA, SSAC, and SSEB) for each acquisition. Figures V-3, V-4, and V-5 are representations of formal source selection structures that may be used. The source selection organization must be consistent with the SSP. Participation of HQ USAF and secretariat personnel on the SSAC will be specified at the time of the approval of the SSP or at the time of delegation of source selection authority.

E. Agency/Command Representation.

An organizational structure (Figure V-3) is normally composed of individuals from all agencies involved in the acquisition, use, and support of the system being processed. The Figure below shows the representation that may be found on major systems or high interest less-than-major systems source selection organization:

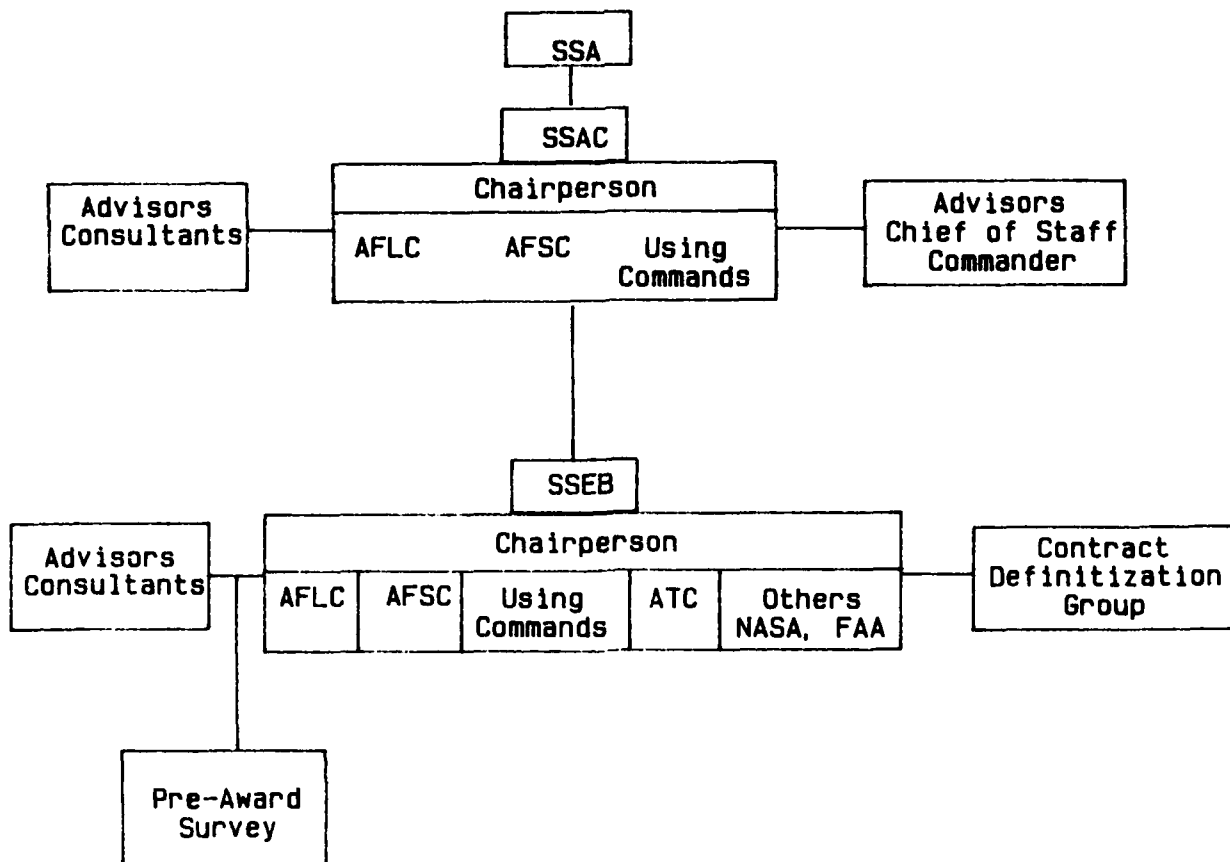


Figure V-3

The SSA in the organization depicted in Figure V-3 is usually the Commander of a Product Division in AFSC or the Commander of the Air Logistic Center in AFLC. The SSA appoints the SSAC chairperson and the SSAC members. The SSAC should have members from all agencies involved in the use and support of the system being procured. The chairperson of the SSAC appoints the chairperson of the SSEB and the board members. Board membership should be representative of all agencies involved in the use and support of the system, and have the necessary technical skills to evaluate contractor's proposals.

F. Evaluation Panels.

The Source, Selection Evaluation Board may consist of panels or committees representing major areas or disciplines that are to be evaluated (Figure V-4). Each panel is headed by a Panel Chief. Some commands may refer to a Panel Chief as the Area Chief. The panels may be further broken down into subpanels or item groups. The subpanel is headed by a Subpanel Chief or an Item Chief. The panels and subpanels may have representation

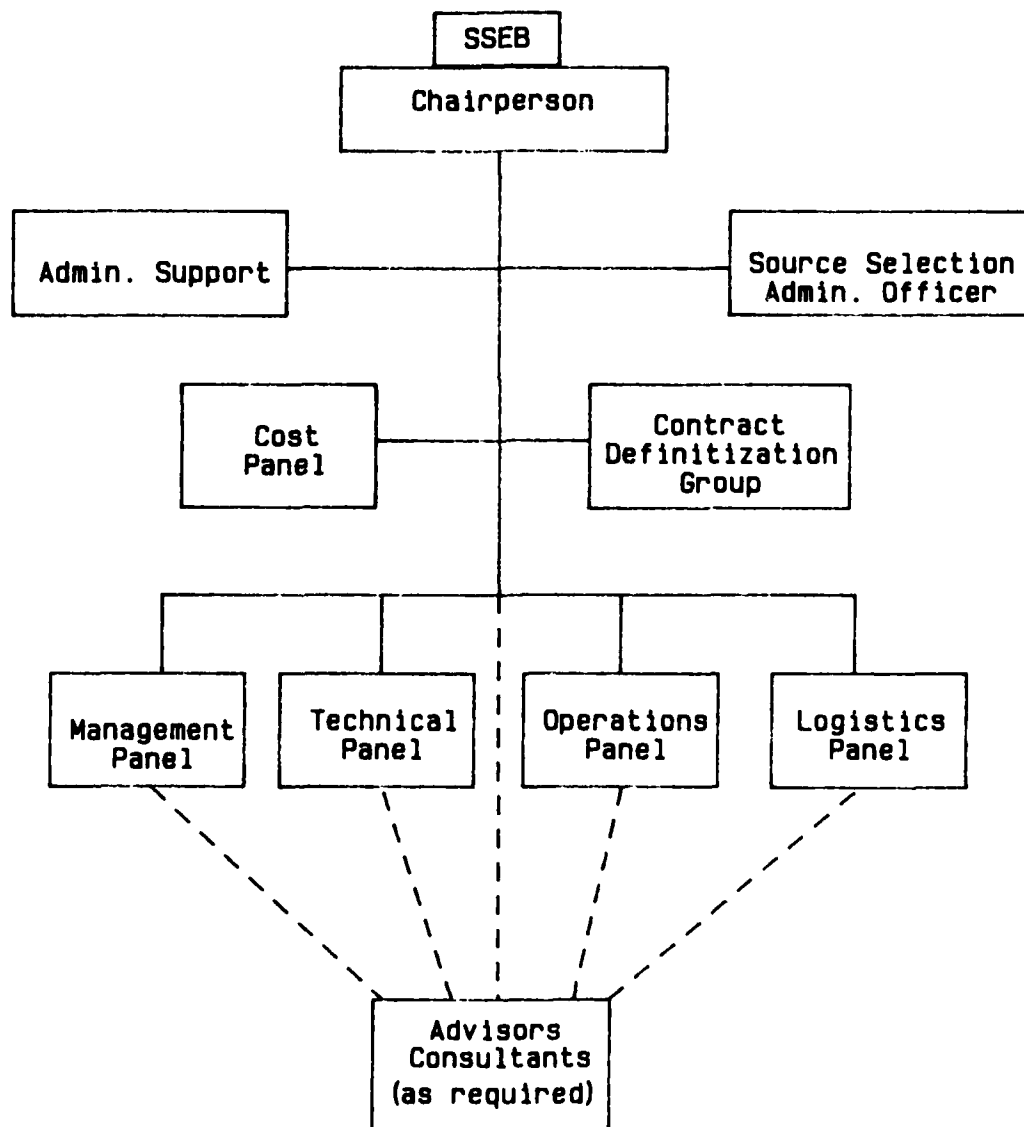


Figure V-4

from different Commands. For example, the Technical and Operations Panels could have personnel from the Using Command, and the Logistics Panel could have personnel from AFLC.

Figure V-4 is not all inclusive with regard to evaluation panels. Other panels could include test and evaluation, manufacturing, or other panels that are needed to complete the evaluation process.

G. Evaluation Subpanels.

Strive to keep the size of all panels to the absolute minimum needed for an efficient evaluation. Normally, the technical area is the largest and most important area in proposal evaluation. In order to limit the size of the technical panel, the board members on a "part time" basis might be useful. Part time members can participate in the initial evaluation and then return to their primary job assignment. They would be on call if needed for further participation. Figure V-5 is a typical source selection panel that uses subpanels, or as referred to previously, Item Groups. A subpanel has several advantages. It allows evaluation of a certain discipline by specialists from the discipline, and limits the time personnel resources are taken away from their primary duties. Note, as shown in Figure V-4, advisors or consultants may be used when expert opinion is required.

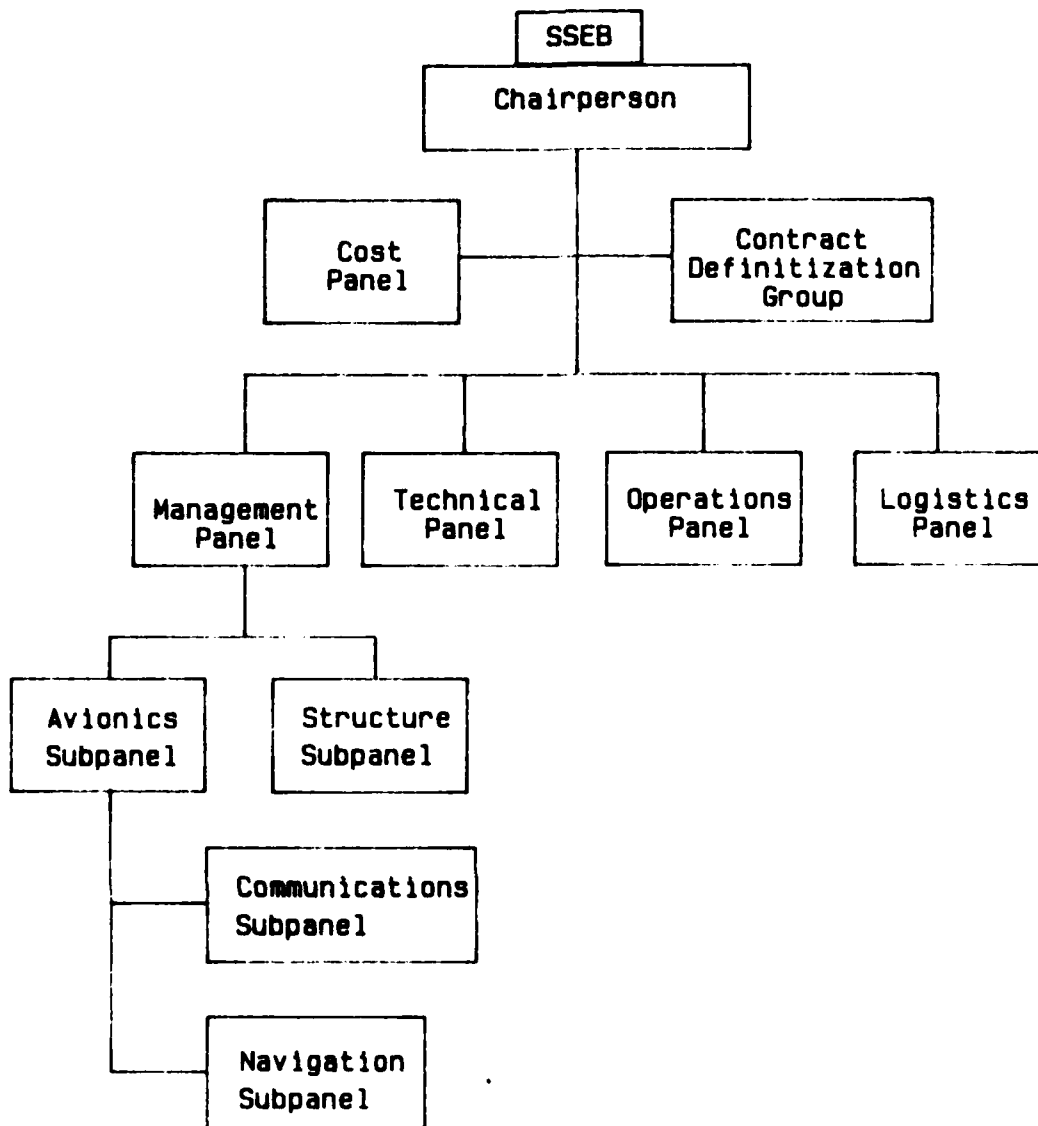


Figure V-5

H. Streamlined Source Selection Organization.

1. Policy and Procedures.

AFR 70-30, entitled, "Streamlined Source Selection Procedures," sets policy and assigns authority and responsibilities.

It prescribes source selection procedures for evaluating an offeror's proposal which falls below the applicability and scope of AFR 70-15.

The arrangement of a source selection organization for smaller acquisitions must ensure the involvement of appropriate staff management expertise. When applying source selection procedures to programs or projects below the thresholds of \$100 million for RDT&E and \$500 million for production, the SSA may consider combining the SSAC and the SSEB into a single evaluation body called the Source Selection Evaluation Team (SSET). However, care must be taken to assure that the objectivity afforded by the two bodies is not lost. A streamlined source selection organization must be consistent with the cost and complexity involved. The streamlined selection process stresses the time compression value of using fewer major factors, limiting the size of proposals, and reducing the complexity and size of the source selection organization.

2. SSA.

For programs below the level using AFR 70-15 procedures, the SSA will be the Head of the Contracting Activity. In a streamlined source selection the Commander may redelegate source selection authority to the Deputy Commander or to a level that can best serve as the Source Selection Authority. The SSA's responsibilities in the streamlined approach are the same as in a major source evaluation. The SSA will also authorize the release of the solicitation document and approve in writing the appointment of the chairperson and members of the SSET.

3. Source Selection Evaluation Team (SSET).

In a streamlined source selection the SSAC and SSEB functions and responsibilities are combined into one group or team (Figure V-6). This group is identified in AFR 70-10 as the SSET. Some organizations

may refer to the SSET as a Source Selection Evaluation Group (SSEG), or a Proposal Evaluation and Analysis Group (PEAG).

Although the SSET conserves personnel resources by combining the functions of the SSAC and SSEB, the objectivity of the SSAC and SSEB functions must not be impaired.

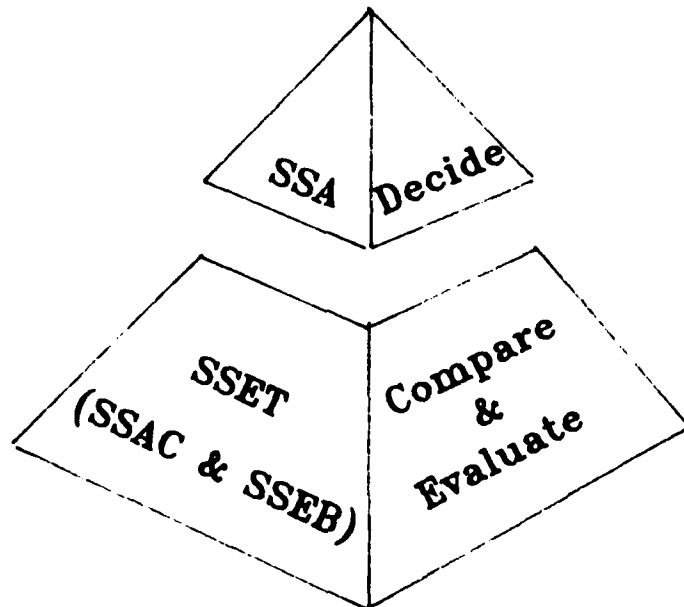


Figure V-6

4. SSET Organization.

Within the SSET there will be a contracting team (CT) and a technical team (TT) (see Figure V-7). The CT will include, as a minimum, the contracting officer, a buyer, and a price analyst. A legal representative and a contracts committee may also be included as part of the contract team.

The TT will include at least two or three representatives from the requirements office; e.g., systems program manager, engineer, or technician.

The technical evaluation team may consist of a few panels and subpanels. However, since the purpose of the SSET organization is to streamline the formal source selection process, it would be counter-productive to have evaluation areas that require additional panels or subpanels. In any event, the size of the TT, as well as the CT, will depend on the size or complexity of the acquisition.

The size or complexity of an acquisition may require that senior management representatives be available to advise or to consult. In complex acquisitions a representative from both the contracting discipline and the requirements/technical office will serve as advisors to the CT and TT, respectively.

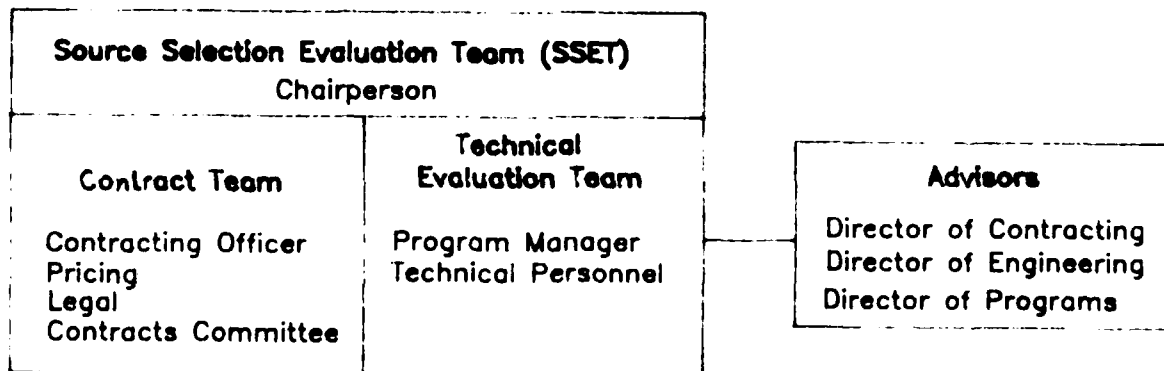


Figure V-7

5. Use of Resources.

The source selection process must be efficient and capable of balancing technical, cost and business considerations consistent with the requirements and legal constraints. The size and complexity of the source selection organization should be relative to the complexity of the program or project that is to be evaluated. The Streamlined source selection process stresses the use of fewer resources by using a limited number of discriminating evaluation items and factors, and limiting the size of proposals to be submitted by the offerors and reducing the complexity and size of the organization.

CHAPTER VI

FUNCTIONS OF THE SOURCE SELECTION ORGANIZATION

A. General.

The objective of source evaluation and selection is to select for award that source whose proposal offers the highest probability of meeting agreed upon technical and schedule requirements at the cost or price most advantageous to the Government. It is the responsibility of the source selection organization to ensure that the objective is met.

One of the most important actions in assuring a successful source selection is to identify those persons who should serve on the source selection organization and the specific assignment of duties to each person on the SSAC, SSEB, or SSET. The evaluation criteria (which are included in the source selection plan) are helpful in determining who should participate. By using the evaluation criteria, the disciplines required to perform the evaluation can be identified. The personnel with the specific skills in each identified discipline are then selected to form the basis for the source selection organization. Several organizational arrangements that are typically used in source selection were discussed in Chapter V. Although the size and type of organization may vary with each source selection, the objectives of the source selection process remain constant.

The formal source selection process and the streamlined source selection process both contemplate the creation of a separate source selection organization and management chain for each acquisition. It is essential that an effective check-and-balance system be maintained during the source selection process, and that duties and responsibilities are clearly

assigned and understood. Whether using a formal source selection process or a streamlined source selection process, there are organizational functions that must take place to achieve the source selection objectives.

B. Responsibilities and Duties under AFR 70-15.

Once the organization has been structured, the assignment of responsibilities and duties can be determined. Here too, the responsibilities and duties are essentially constant, but their allocation will depend on the organizational structure. DODD 4105.62 establishes a uniform policy for all DOD components and establishes basic responsibilities for the SSA, SSAC, and SSEB. AFR 70-15 implements DODD 4105.62 and assigns specific responsibilities and duties to the SSA, SSAC, and SSEB. The responsibilities referred to below are prescribed in AFR 70-15. It is useful to become familiar with the AFR 70-15 structure and assignment responsibilities. This will help to ensure compliance with AFR 70-15 and also serve as a guide for organizing those acquisitions not under AFR 70-15, but using formal or streamlined source selection procedures.

1. Source Selection Authority (SSA).

The head of the DOD component responsible for major system acquisition is the SSA, unless otherwise directed by the Secretary of Defense. As such, the SSA shall notify the Deputy Secretary of Defense of the intention to award a major system contract. The Secretary of the Air Force will in most cases delegate the SSA responsibilities to the Product Division Commander or the Air Logistic Center Commanders. The responsibilities are:

- a. Review and approve in writing the SSP, including any special instructions or guidance regarding solicitations, contract

provisions and objectives. The SSA must ensure that the source selection plan and evaluation criteria are consistent with the requirements of the solicitation and the policies of DOD, the Air Force, and the Command conducting the source selection.

b. Appoint the chairperson and members of the SSAC. The SSA must ensure that the personnel with the requisite skills and experience to execute the source selection plan are appointed to the SSAC and the SSEB or SSET. The SSA should use the advice and counsel of the program manager and the chairperson of both the SSAC and SSEB on matters concerning personnel appointed to the source selection organization.

c. Provide guidance and special instructions pertaining to the conduct of the evaluation and selection process. Each person assigned SSA duties will have different needs for information and will want the information presented in a particular format. Good and timely guidance and instructions will ensure efficient operation of the selection process.

d. Take necessary precautions to ensure against premature or unauthorized disclosure of source selection information. The SSA must also ensure that conflicts of interest, or the appearance thereof, are avoided.

e. Approve the Contracting Officer's determination that an offeror or offerors should be excluded from the competitive range at any point in the selection process. This ensures involvement by the SSA on all selection decisions.

f. Approve all cases where it is necessary for the contracting officer to reiterate a call for BAFOs.

- g. Make the final selection decision(s) and document the supporting rationale in the Source Selection Document.
- h. Provide the Secretary information of the source selection outcome before any public announcement is made. Unless otherwise directed by the Secretary of Defense, the SSA will notify the Deputy Secretary of Defense of the intention to award a major system contract. In all source selections with contractual actions over \$3 million, Military Departments will notify the Assistant Secretary of Defense (Public Affairs) by the close of business the day before a proposed contract award. This permits the Department to notify the members of Congress who represent the state in which the proposed contractor is located or where work will be performed.

2. Source Selection Advisory Council (SSAC).

DODD 4105.62 requires the SSA to appoint a SSAC to advise the SSA on matters concerning the source selection. When a SSAC is to be used, and the source selection authority is designated as the Secretary of the Air Force, the structure of the SSAC is formed in accordance with AFR 70-15. In many instances, the Secretary will delegate the SSA responsibilities to the Commander of an AFSC Product Division, or to an AFLC Logistics Center. The delegation is made on the basis of the Command assigned contracting responsibilities. The SSAC responsibilities and duties include the following:

- a. Make sure that resources devoted to the source selection are not excessive. Under most circumstances the SSAC will consist of a chairperson and a senior representative from each command involved in the acquisition action. In major systems

acquisitions this would involve representation from AFSC, AFLC, and the using command (or commands when there are multi-users). The using command(s) should be designated in the Program Management Directive. The senior representative from each of the commands on a major systems acquisition is normally a general officer or a civilian at a senior executive level. The senior ranking member from each command will normally designate some members from his or her command as technical advisors to assist in performing SSAC duties. Depending on the complexity of the acquisition, technical advisors may be included as members of the SSAC.

b. Review and approve evaluation standards developed by the Program Office. The SSAC, in carrying out this responsibility, helps ensure that the standards selected serve as positive indicators of the minimum performance or compliance acceptable to enable an offeror to meet the requirements of a factor.

c. Determine if it desirable to weight the evaluation criteria.

d. Designate the chairperson and approve the membership of the SSEB. The letters of appointment to the SSEB members should be signed by the SSAC chairperson. The Program Management Office should nominate or identify the personnel to the SSAC.

e. Review and approve the source list recommended by the Program Office. The list should contain sources that have been determined to have the requisite capability to perform the work and that are responsible and responsive to the successful performance of Government contracts.

- f. Verify that appropriate actions have been taken and are consistent with the FAR.
- g. Review, approve, and authorize the release of the solicitation. Recommendation for the release of a solicitation is usually made by a Solicitation Review Panel to the SSAC.
- h. Analyze the evaluation and findings of the SSEB and apply weights, if established, to the evaluation results.
- i. Provide briefings and consultations when requested by the SSA, and prepare the SSAC Analysis Report for submission to the SSA. A copy of the SSEB summary report should be attached to this report.
- j. If requested by the SSA, the SSAC will offer recommendations as to the source(s). Also, if requested by the SSA, the SSAC prepares the Source Selection Decision Document for the SSA's signature.

3. Source Selection Evaluation Board (SSEB).

The SSEB is the heart of the evaluation organization. While the listing of the SSEB responsibilities is short, it represents the highest concentration of effort in the source selection process. The responsibilities of the SSEB are to:

- a. Conduct an in-depth review and evaluate each proposal against the solicitation requirements, the approved evaluation criteria, and the standards.
- b. Prepare and submit the SSEB evaluation report to the SSAC for analysis and include a summary report of the findings. The planning for this report should begin before the evaluation effort commences; and the writing of the report can occur

throughout all phases of the source selection. The recommended content of the evaluation report is stated in AFR 70-15.

c. Provide briefings and consultations concerning the evaluation as required by the SSA and the SSAC. The SSAC should be kept informed of the progress of the SSEB. Particular attention should be placed on those areas that could impact on meeting the SSEB schedule or the acceptability of proposals.

d. Prepare a draft of the SSAC Analysis Report, except for the analysis and finding sections. This report will be prepared if requested by the SSAC.

e. Establish a Contract Definitization Group as an integral part of the SSEB. The team will negotiate definitive contracts with all offerors that are determined to be in the competitive range. The Contracting Officer or the Head of the Contracting Office will appoint the Head of the Contract Definitization Group.

4. Contract Definitization Group (CDG).

In most source selection organizations the Contracting Officer is the head of the CDG. A buyer or contract specialist will provide assistance to the Contracting Officer. Other personnel providing assistance may include pricing and technical personnel who are familiar with the program requirements. The overall responsibility of the CDG is to negotiate a definitive contract with each offeror in the competitive range. This task is accomplished by performing the following functions:

- a. Evaluate each proposal for contract accuracy. Particular attention should be given to Deficiency Reports and Clarification Requests.
- b. Determine the competitive range subject to the approval of the SSAC and SSA.
- c. Conduct all negotiations, as required, with each offeror in the competitive range.
- d. Analyze the Best and Final Offers (BAFOs) for deficiencies or irregularities.
- e. Help prepare the SSEB Report, briefings to the SSAC, and the Decision Document.

5. Program Office (PO).

The PO responsibilities and duties are not specified in DODD 4105.62, but are specified in AFR 70-15. These responsibilities include:

- a. Developing the business strategy and preparation of the AP and SSP.
- b. Establishing the evaluation criteria (and relative importance) for SSA approval as part of the SSP.
- c. Preparing the solicitation package (RFP), including model contracts for approval by the SSAC.
- d. Developing evaluation standards for approval by the SSAC.
- e. Making sure that the SSAC and SSEB are briefed on their responsibilities before commencing proposal review.

C. Responsibilities Within Streamlined Organizations.

The significant difference between a streamlined source selection organization and the formal source selection organization is that the

streamlined organization does not have a SSAC. Consequently, the responsibilities of the SSAC and the SSEB are combined into a single organization, such as the Source Selection Evaluation Team (SSET). In some instances, Air Force or procuring activity regulations will specify the assignment of responsibilities. If no such regulations apply, the responsibilities should be first, clearly identified and, second, assigned in a manner consistent with the organizational structure.

D. Activities.

Assume that, thus far, three major events have occurred relative to the source selection organization: first, the type of organization (i.e., AFR 70-15 or other) was determined; second, the organization was established; and third, responsibilities were identified and assigned.

Using Attachment 1 to AFR 70-15 as a guide, it can be seen that many major source selection events occur. That listing, however, does not recognize the many activities that make up the major events, although the activities might be included in an actual schedule of events. The activities that are particularly germane to this text and course occur primarily within the SSEB and are, therefore, listed below. In reviewing the activities, keep two things in mind: (1) the activities will or will not occur depending on whether they are included in the the SSP, and (2) in streamlined organizations, some of the activities that normally occur within an SSAC might be assigned to the SSEB (or SSET, PEAG, etc.).

The life of the SSEB begins with the approval of the SSP and the designation of the Board membership. Because of the importance of its function, the Board enjoys a special status and must be staffed with highly qualified people, competent to identify the strengths and weaknesses of the

various proposals. The Board must also be intimately familiar with the procurement. Typically, the Board will meet in sessions structured generally as those described below. Normally, it is not practical for SSEB members to meet in continuous sessions until evaluations actually begin. They have significant management and technical responsibilities within their own offices, and their time should not be preempted for SSEB duties unless actually needed.

1. **Introductory or Preliminary Sessions.**

During these sessions, the Source Selection Officer (SSO), a project manager, or technical officer should brief SSEB members regarding (1) the nature of equipment being developed or purchased, (2) its operations requirements, and (3) problems requiring solutions. Also, during these sessions, the SSEB milestone schedule may be established. Board members are cautioned on the restrictions on disclosure of information and on avoidance of conflicts of interest. For security reasons, evaluation criteria and scoring plans should not be disclosed to Board members until the receipt of proposals. Nondisclosure and financial interest statements should be signed and recorded by the Board Secretary.

2. **Pre-Solicitation Sessions.**

During pre-solicitation sessions, the SSEB may meet to review the RFP, definitize Board proceedings, etc. Pre-solicitation sessions are held to the extent necessary to ensure that the SSEB is totally prepared to function upon receipt of proposals.

3. **Preproposal Conference.**

When a procurement is considered of such complexity or significance as to require the use of a formal SSEB, it often follows that a

preproposal conference is also held to ensure that the requirements in the procurement are properly stated and understood by the prospective offerors. It may also be necessary for the inspection of facilities, equipment, etc. This conference should be held soon after solicitation issuance, but allowing a reasonable time for review of the RFP by the prospective offerors. Board members should attend the conference only if so provided in the plan or if authorized by the Contracting Officer. To prevent giving any prospective offeror an unfair competitive advantage over another prospective offeror, the Contracting Officer will very closely control the conference. Generally, questions must be submitted in writing prior to the conference so that "official" answers can be given during the conference. Conference proceedings are then furnished by mail to the prospective offerors.

4. Oral Presentation Sessions.

In some instances, particularly under AFR 70-15 procedures, the SSP will provide for oral presentations by the offerors. The presentations are made before the commencement of evaluations. To prevent bias and ensure objectivity, all participants in the evaluation must attend all of the presentations (see 3-2 of AFR 70-15).

5. Screening of Proposals.

Some source selection plans provide for the screening of proposals. Screening is a quick review of proposals, usually by a few source selection personnel, to determine whether any of the proposals are so deficient as to not warrant further consideration. This early decision could avoid the unnecessary, full-scale evaluation of proposals that have no chance of being included in the competitive range.

Screening is normally best suited for lower dollar level, less complex procurements that are likely to result in a large number of proposals.

6. **Initial Review Session.**

The initial review procedure, if used, is similar to screening except that it is used to quickly establish the competitive range without subjecting each proposal to full-scale evaluations. Under this procedure, an overall assessment is made of each offeror's ability to perform the proposed contract at an acceptable cost. Proposals that are acceptable overall are included in the competitive range. The acceptable proposals are then fully evaluated in order to prepare for the discussion sessions.

7. **Detailed Evaluation Sessions.**

These sessions require a full-scale evaluation and analysis of each proposal in the competitive range, if a range was established through initial review. If the initial review option was not used, then the first competitive range will be established as a result of detailed evaluations.

Using the scoring procedures, each proposal receives a score or rating. Items recommended for discussion are noted and deficiencies are identified (see Chapter IX).

8. **Discussion (Negotiation) Sessions.**

The Contracting Officer is in charge of all discussions or negotiations with the offerors. Evaluators may or may not be invited to participate in the discussions, depending on the Contracting Officer's need for technical support.

During the discussions with offerors in the competitive range, weaknesses, deficiencies, cost questions, and other concerns are made

known to the offerors. Upon completion of the discussions, each offeror is invited to submit a Best and Final Offer (BAFO). The BAFO is the offeror's opportunity to adjust its proposal to reflect technical and pricing concerns that were noted during the discussions.

Note that BAFOs are normally requested after completion of discussions; however, in some procurements, offerors in the competitive range are requested to submit proposals revised as necessary to reflect results of the discussions. The revised proposals are then evaluated and a new competitive range may be established. Because there might be questions relative to the proposals still in the competitive range, discussions can be held with those offeror's followed by a request for BAFOs.

This procedure, the establishing of more than one competitive range, is particularly useful when the work to be performed is of a complex technical nature. Remembering that the competitive range includes weak proposals that, through discussions, might be strengthened to where they might have a reasonable chance of being selected for award, the first round of discussions might be, for those offerors, more of a fact-finding nature to see whether or not the offeror should remain in the competitive range. Revised proposals, resulting from those discussions, would likely contain substantive new material for evaluation and further discussion.

9. Reevaluation Sessions.

These sessions would be for the purpose discussed in D.8 above, or could follow the receipt of BAFOs. After receipt of BAFOs, the Board must consider the new information and, using the same criteria

as was used for earlier evaluations, establish revised scores and prepare appropriate commentary.

10. Final Evaluation Sessions.

This session might be a part of the reevaluation session or it could be a separate session. The purpose of this session is for the Board to prepare its findings and conclusions for presentation to the SSAC or SSA. Frequently, this presentation includes oral briefings, summary findings, viewgraphs, etc. The SSEB Chairman, the SSAC, the Contracting Officer and, perhaps, some Board members (e.g., Committee Chairmen) will make the presentation.

11. Debriefings.

All of the unsuccessful offerors are entitled to a debriefing if they request it. The purpose of the debriefing is to point out why the proposal was unsuccessful. The Contracting Officer conducts each debriefing and usually limits the discussion to identifying those weaknesses or deficiencies that the Board found unacceptable. However, strengths may be recognized. Point-by-point comparisons with other offerors' proposals shall not be made. Scores or rankings shall not be disclosed. Board members might be invited by the Contracting Officer to participate in the debriefings in order to provide technical support.

CHAPTER VII

EVALUATION CRITERIA AND STANDARDS

A. General.

It is necessary in every competitive procurement to predetermine the criteria for selecting the source to which the award will be made. The word "predetermined" is underscored because it reflects a firm policy in Government contracting; i.e., evaluation criteria must be stated in the solicitation document. The rationale for that policy is twofold:

1. Evaluation criteria represent those performance or cost considerations that are of particular importance to the Government. Accordingly, the importance of those considerations should be communicated to the prospective contractors.
2. Stating the evaluation criteria in the solicitation document helps to ensure that the prospective contractors are placed on the same competitive footing. If, for example, the criteria were determined after the receipt of proposals, it is possible that they could be skewed to favor a particular competitor.

When contracting by the sealed bidding method, the invitation for bids makes it clear that award will be on the basis of price only, or price and the price-related factors included in the invitation. When contracting by the negotiation method, the request for proposals will state the factors, in addition to price, that will be used to make the award decision.

The FAR and the decisions of the Comptroller General make it absolutely clear that evaluation criteria must be stated in the solicitation document, and that if there is any difference in value or importance among the various criteria, the solicitation must indicate such difference.

In addition to the above considerations, there is the matter of choosing the criteria that will be most useful in making distinctions between proposals and eventual contract award to that offeror whose proposal, price and other factors considered, is most advantageous to the Government.

A review of some of the more pertinent regulatory guidance should prove helpful in understanding how to develop and apply evaluation criteria:

1. FAR Subpart 15.6.

a. the factors that will be considered in evaluating proposals should be tailored to each acquisition and include only those factors that will have an impact on the source selection decision

b. factors that apply and their relative importance are within the discretion of agency acquisition officials however, price or cost to the Government shall be included as an evaluation factor in every source selection

c. other factors that may apply are cost realism, technical excellence, management capability, personnel qualifications, experience, past performance, schedule, and any other relevant factors

2. DODD 4105.62.

a. the purpose of evaluation criteria is to inform offerors of the importance the Government attaches to various aspects of a proposal

b. evaluation criteria and their relative importance must flow from the statement of work

c. when numerical weights are applied by the SSA or SSAC, such weights will not be disclosed either to offerors or to evaluators other than the SSAC, to preclude intentional or unintentional bias in proposals or evaluations

d. excessive subdivision of criteria should be avoided to preclude an unnecessarily detailed assessment that obscures significant differences among proposals due to an averaging of pluses and minuses at the lowest levels

e. in evaluating proposals, the Government will consider both goals and thresholds goals are values that will enable proposed systems to satisfy fully a mission need thresholds are values that describe a minimum level of operational effectiveness and suitability, or a maximum expenditure of resources

f. criteria are used to make an integrated assessment of each offeror's ability to satisfy the requirements of the solicitation

..... the SSEB (or similar group) does not evaluate the relative merits of one proposal as compared to another it individually evaluates proposals against the requirements of the solicitation only the SSA and, if required, the SSAC will apply judgment regarding relative merits

g. there is no prescribed methodology for rating past practices include color coding, numerical, and plus or minus checks.

3. AFR 70-15.

Refer to AFR 70-15, paragraph 2-7, (See Appendix G.)

4. AFR 70-30.

a. award will be based on an integrated assessment of each offeror's ability to satisfy the requirements of the solicitation the integrated assessment will include evaluation of the proposals against evaluation criteria examples of general considerations include past performance, proposed contractual terms and conditions, and the results of preaward surveys

b. evaluation criteria will be set forth in the solicitation in descending order of importance evaluation criteria included in the SSP will be set forth verbatim in the solicitation include only those features which will have an impact on the selection decision

B. Determining the Criteria.

All of the above-cited regulatory guidance should be considered when establishing the evaluation criteria for a specific procurement; however, it might be helpful to emphasize certain aspects of that guidance so as to form a roadmap or checklist of what needs to be accomplished. Therefore, consider the following:

1. Evaluation criteria should be tailored to each acquisition.
2. Evaluation criteria must flow from the statement of work (and the acquisition plan or other related documents).
3. Use only those criteria that will have an impact on the source selection decision.

4. Evaluation criteria consist of specific and assessment criteria.

5. If some criteria are more important than other criteria, they may be weighted.

6. Weightings (in DOD) may not be disclosed in solicitations, but the relative order of importance of cost, technical, other criteria must be indicated.

Evaluation criteria are normally categorized as follows (see AFR 70-15):

1. Specific Criteria--relate to program characteristics. They are comprised of the areas of evaluation that are subdivided into items, factors, and, perhaps, subfactors. Typical areas include technical, manufacturing, test, management, etc. These criteria should be ranked in relative order of importance.

2. Assessment Criteria--relate to the offeror's proposal and abilities. They typically include such aspects as soundness of technical approach, understanding of the requirement, compliance with the requirement, etc. These criteria may be ranked in relative order of importance.

The ultimate objective of the criteria is to help the source selection organization make a distinction between the various offerors. Making that distinction facilitates the purpose of proposal evaluation which is "an assessment of both the proposal and the offeror's ability (as conveyed by the proposal) to successfully accomplish the prospective contract" (FAR 15.608).

Knowing the purpose and intent of the criteria, and the attendant policies and procedures is a must; however, actual selection of the criteria, in the final analysis, must be accomplished by those who best

know the Government's requirements and who are involved in or orchestrating the source selection.

C. Evaluation Standards.

After the evaluation criteria have been established, it is necessary to develop evaluation standards. "A standard establishes the minimum acceptable level of compliance with a requirement that must be offered for a proposal to be acceptable. A standard may be either quantitative or qualitative depending upon the factor or subfactor it addresses" (AFR 70-15, paragraph 2-8). Standards are not included in the SSP or the solicitation, but they should be developed before solicitations are released.

Persons serving as evaluators must evaluate proposals against the stated criteria. To do so, evaluators make a professional judgment as to how well each proposal meets the stated criteria. Standards are developed in order to help ensure some uniformity of judgment among the various evaluators and to establish a "benchmark" as to what constitutes compliance with the criteria.

To help illustrate the point, assume an RFP for a research effort. The area is technical, the item is testing and analysis of flight safety systems, and the factor is "qualifications of the technical director." In evaluating such a factor, the evaluators need some guidance as to what constitutes desired or acceptable qualifications. Normally, the qualifications would center around education and experience. Because the importance of education and experience might be perceived differently among the evaluators, the "scores" assigned by them might not fairly assess the

qualifications evaluated and will result in notable different scores. To forestall any such problems, standards, such as the following, could be utilized:

- o Education. An acceptable technical director should have an advanced degree in at least two of the following disciplines: Electronic or Electrical Engineering, and Hydraulics or Physics. Consideration may be given for similar degrees or credits toward any of the degrees if the studies are pertinent to the proposed contract.
- o Experience. An acceptable technical director should have at least five years recent experience in the development or testing and analysis of flight safety systems, and management of multi-departments (or similar organizational elements) involving overall efforts funded at \$10 million and above. Consideration may be given to generally equivalent experience at levels such as assistant director, program manager, etc.

In any of the above situations, it is desirable, in most instances, to avoid hard and fast requirements. First, a specific requirement could be viewed as a specification or minimum acceptable qualification requirement and, as such, must be so stated in the solicitation. Second, some flexibility is desirable as in the reasonable exchange of education and experience, or when a highly qualified person narrowly fails to meet a standard. (See Chapter IX, figures IX-2 and IX-3 for evaluation criteria/factors and standards used in an actual evaluation.)

CHAPTER VIII
SCORING AND WEIGHTING SYSTEMS

A. General.

In some instances, more than one contract might be awarded as the result of only one solicitation (IFB or RFP). For purposes of this chapter, however, the circumstances are this: two or more offerors will be competing for only one contract.

Obviously, then, a system must be devised so that the more desirable offers can be identified as potential winners and the less desirable offers identified for elimination from the competition. The system must be based upon utilization of evaluation criteria and standards as discussed in Chapter VII. It must also ensure the fair and equal treatment of all of the offerors.

A system based on scoring each of the offers (and, in some cases, weighting the scores) is generally recognized as the most effective for identifying potential winners and treating all fairly. Typically, the system will provide that each evaluator will:

- o read each proposal (or specific parts of the proposals),
- o compare it with the evaluation criteria stated in Section M of the RFP and the evaluation standards contained in the evaluation plan,
- o write a narrative evaluation, usually in the form of strong points and weak points, and
- o assign a score or rating as provided in the evaluation plan.

There is no universally accepted scoring system. While certain Air Force regulations specify scoring systems, it is helpful, for under-

standing, to review some approaches to scoring systems that are perceived by those who use them to achieve the stated objectives.

When developing a scoring system, keep in mind the thought that "simplicity is the key to a good scoring system." This is particularly true because those who do the scoring, primarily technical evaluators, might be experts in engineering, logistics, management, etc., but might not be familiar with source selection policies and procedures.

B. Scoring Systems.

The evaluation criteria are the foundation for any scoring system. The evaluation criteria divide the solicitation into units of workable size. The contractor's response is scored for a degree of excellence in relation to the evaluation criteria.

A scoring system has value when the criteria selected permit qualitative distinctions among proposals and the weights assigned to each criterion reflect its relative importance in the overall evaluation. It must be noted that a scoring system, once devised, must be impartially applied to each proposal in competition. Chapter IX will emphasize that narratives and "strengths and weaknesses" are used to support scores.

Predetermined "acceptable" or "passing" scores should not be established because the range of scores is not known until proposals are received and scored. Conceivably, the higher scores could be relatively low but still represent acceptability--at least for purposes of establishing the competitive range. If the scores were lower than the predetermined acceptable or passing scores, the procurement would have to be cancelled.

Nevertheless, a system for "weeding out" unacceptable responses is desirable. While the competitive range determination helps to do so, there

is the possibility that some proposals might be improperly scored and thus included in the competitive range.

Unless otherwise specified in agency regulations, there is no "required" scoring system. Typically, however, a scoring system will be based upon the use of numbers, adjectives, color codes, and symbols. Note that AFR 70-15 permits a combination of these systems. Some aspects of the systems are discussed below:

1. Numerical Systems.

Numerical systems are often preferred because they generate "raw" scores that can be divided, averaged, and weighted. There is no numerical system that should be considered the "right" system to use. The system selected should be the one that is easily understood and that best meets the objectives for determining the best competitive source.

A basic numerical scoring system might be as simple as:

Very Good	85-100
Good	50-84
Unacceptable	0-49

Figure VIII-1

In the above system, simplicity is the key. The advantage is the evaluators can easily understand this system and it is simple to apply. However, there is a wide range for points to fall in the same category. Also, there is a wide range of points for a proposal to be considered acceptable.

In the numerical system illustrated in Figure VIII-2, there are many categories with varying point ranges. Generally, more rating categories make it more difficult to determine if the proposal is acceptable. However, it is possible that in some evaluations it would

be desirable to have many categories of raw scores.

Outstanding	97-100
Excellent	92-96
Very Good	84-91
Good	75-83
Fair	60-74
Poor	45-59
Marginal	30-44
Unacceptable	0-29

Figure VIII-2

A more useful numerical system is shown below (Figure VIII-3). This system has the advantage of a limited amount of categories and a good point spread in each category above the unacceptable category.

Raw Scores

Excellent	95-100
Very Good	85-94
Acceptable	70-84
Marginal	60-69
Unacceptable	0-59

Figure VIII-3

Another type of numerical system is to assign, for example, 1,000 points as a perfect numerical rating. The 1,000 points are divided, for example, between technical and business management elements. To illustrate, in evaluating proposals for performance of a contemplated research and development contract, the points might be split on the ratio of 70 percent to technical, and 30 percent to management. That would amount to 700 points for technical considerations, and 300 points for management. Evaluators would then determine how many points the offeror has scored in each category; or, the percentage of

points earned could be determined; i.e., 80 percent of 700 equals 560 points. While this is an acceptable system, it has the effect of pre-weighting and is used less frequently than the systems depicted in Figures VIII-1 through VIII-3.

2. Adjectival Systems.

A scoring system based on the use of adjectives is preferred by some procuring activities. "Excellent," "Very Good," "Good," and other adjectives customarily used for grading and scoring are familiar terms. There are, however, at least two problems associated with the use of adjectives. One problem is that the meanings of the adjectives must be defined or described. For example, what supports the assignment of a score of "Very Good" rather than a "Good"? The other problem is that adjectives cannot be added, divided, averaged, and weighted as easily as numbers.

It is quite interesting to note, however, that numerical systems invariably use adjectives to describe the various numerical groups. For example, 95-100 is "Excellent." Likewise, adjectival systems often relate a given adjective to a numerical score.

a. Factor: Experience and Qualifications.

	Score	
	Max.	Actual
<u>High</u> : Recent (past 2 years) experience in all or substantially all technical areas in which successful performance of the contract requires expertise (including specifically _____, _____, and _____)	30	
<u>Medium</u> : Experience in no more than half the required areas of technical expertise.	15	
<u>Low</u> : No, or minimal, experience in the required areas.	5	

(Record strengths and weaknesses then assign the appropriate point score.)

Figure VIII-4

b. Factor: Understanding the Problem.

	Score		
	<u>Basic</u>	<u>Weight</u>	<u>Weighted</u>
<u>Check One:</u>			
Unacceptable		(0)	
Poor		(3)	
Fair		(5)	
Good		(7-8)	
Very Good		(9)	
Excellent		(10)	

(Document strengths and weaknesses then check the appropriate adjective and then record the score in the "Basic" column.)

Figure VIII-5

3. Color Coding.

The scoring system required by AFR 70-15 is based on the assignment of "colors." Paragraph 3-9 of the Appendix C hereto describes the color coding system, but some additional commentary should be helpful to an understanding of the system.

AFR 70-15 requires that the "specific" evaluation criteria relate to program characteristics which are comprised of "areas" to be evaluated. The areas are then subdivided into items and factors. If necessary for effective evaluation, the factors may be divided into subfactors. To illustrate:

Area	.....	technical
Item	.....	communication subsystem
Factor	.....	voice communications element
Subfactor	.....	automatic audio switch
Subfactor	.....	emergency manual system

There could be other items under "area," and there could be other factors under "item."

Each of the foregoing must be evaluated in terms of the standards for each item or factor and assigned a color that reflects the

assessment made of that item or factor. Colors to be assigned, and the basis therefor, are specified in paragraph 3-9 of AFR 70-15. Figure VIII-6 illustrates a color coding matrix. AFR 70-30 contains the same coverage as AFR 70-15 relative to the use of color coding at the area and item level.

AREA: TECHNICAL

Specific Criteria	ITEM 1	ITEM 2	ITEM 3
	Communications Subsystem		
Assess- ment Criteria	FACTOR Voice Comm. Element	FACTOR 2	
SOUNDNESS OF APPROACH	GREEN		
PAST PERFORMANCE	GREEN		
UNDERSTANDING OF REQUIREMENT	GREEN		
COMPLIANCE WITH REQUIREMENT	GREEN		
OTHER	GREEN		

Figure VIII-6

Under AFR 70-15, color codes are mandatory for the area and item levels. A color system, a numerical system, or a "symbol" system is permissible for the factor and subfactor level.

4. Symbol System.

The symbol scoring system cannot be used for the area and item level, but it is permissible for use at the factor and subfactor level. For example, a plus (+) sign may be used to indicate that the offeror has exceeded minimum requirement; a check (✓) to indicate that the offeror has met minimum requirements; and a minus (-) to indicate that minimum requirements have not been met for the factor evaluated. Some organizations have added the symbol "0" to indicate the contractor's proposed approach completely fails to meet minimum requirements; has a totally unacceptable approach; or is a high risk. In reality, the symbol "0" is merely a bad "-" but it does highlight the "major" deficiencies as indicated by the minuses.

C. Weighting.

1. Regulatory Guidance.

As noted in Chapter VII, if there is any difference in value among the various evaluation criteria, the solicitation (RFP) must indicate such difference. The DOD FAR Supplement does not mention weighting, but it is addressed in the FAR as follows:

o Uniform Contract Format, FAR 15.406:

"(c) Section M. Evaluation factors for award. Identify all factors, including price or cost, and any significant subfactors that will be considered in awarding the contract (see 15.605(e) and (f) and the multiple award provision at 52.215-34) and state the relative importance the Government places on those evaluation factors and subfactors."

o Evaluation Factors, FAR 15.605(e):

"The solicitation shall clearly state the evaluation factors, including price or cost and any significant subfactors, that will be considered in making the source selection and their relative importance (see 15.406-5(c)). Numerical weights, which may be employed in the evaluation of proposals, need not be disclosed in solicitations. The solicitation shall inform offerors of minimum requirements that apply to particular evaluation factors and significant subfactors."

DODD 4105.62 and AFR 70-15, which apply to the acquisition of major systems, provide that weighting, if any, shall not be disclosed in the solicitation. Many Defense agencies have also applied that rule to acquisitions outside of DODD 4105.62 even though not required to do so.

Whether or not actual weights are disclosed, the regulations and decisions of the Comptroller General make it clear that any differences in value of evaluation criteria must be communicated in the solicitation (including differences, if any, at lower levels such as factors or subfactors). While the language is not consistent,

guidance on how to convey differences in value are contained in Air Force Regulations as follows:

- o AFR 70-15: "The evaluation criteria contained in the solicitation must indicate the relative importance among each set of criteria, as provided in the SSP."

- o AFR 70-30: "Evaluation criteria will be set forth in the solicitation, in descending order of importance, and will communicate to potential offerors the important considerations which will be used in the evaluation of proposals."

Generally, weightings are not disclosed to technical evaluation personnel.

2. When To Use Weights.

Weighting should be used whenever the procuring organization determines that one area(s) is more important than another area(s). As it is for evaluation criteria, weights should be decided on a case-by-case basis. Weights are assigned by a percentage distribution with the highest percentage being assigned to the area of the highest importance. Technical and management are two priority areas to which weights are generally assigned. When contracting for research, the highest weight will generally be assigned to the technical area and a lower weight to the management area. Conversely, in a base service contracting requirement, the management area may be assigned a higher weight and the technical area a lower weight. Two examples of weighting are:

Example No. 1: The effort is to perform scientific research for a period of one year to find a substitute for human blood in treating battle-wounded personnel. The Government requires that offerors must have a knowledge of medicine, as well as adequate facilities in which to perform extensive laboratory experiments. In this illustration it could be concluded that the knowledge of key personnel and laboratory

facilities are the most important criteria. Therefore, the technical experience might be weighted as 40 percent, facility capability 35 percent, and management 25 percent.

Example No. 2: The effort is to provide janitorial services for a period of one year. Services include refuse removal, vacuuming, waxing, and dusting. In this illustration it could be concluded that management should be weighted more than technical experience. If so, management might be weighted 70 percent, and technical 30 percent.

D. Risk.

The identification and assessment of the risk associated with each proposal is essential. However, before receipt of proposals, the identification and assessment of the risks associated with cost, schedule, and performance of the program or project must be made. It is important that evaluators are aware of the program or project risk areas before they commence their assessment of risks associated with each proposal.

The acquisition activity or program office should prepare and furnish to the SSEB (70-25 procedures) or the SSET (70-30 procedures) an independent assessment of potential risks. Both the formal and streamlined evaluation procedures use the same definitions of risk. The following definitions should be used:

1. High (H): Likely to cause significant serious disruption of schedule, increase in cost, or degradation of performance even with special contractor emphasis and close government monitoring.
2. Moderate (M): Can potentially cause some disruption of schedule, increase in cost, or degradation of performance. However, special contractor emphasis and close government monitoring will probably be able to overcome difficulties.

3. Low (L): Has little potential to cause disruption of schedule, increase in cost, or degradation of performance. Normal contractor effort and normal government monitoring will probably be able to overcome difficulties.

Considerable discussions in the past have resulted in the differentiation of "Weaknesses" and "Risks" as used in source selection proceedings. The following should be helpful:

- o A factor, item, or area can be judged by an evaluator as having a weakness(es) when the source selection standards are not met. A WEAKNESS CAN BE ANYTHING INTERPRETED AS ANY PART OF THE OFFERORS' PROPOSALS THAT IS DEFICIENT TO THE STANDARD. THE JUDGMENT OF THE EVALUATOR IS THE KEY IN IDENTIFYING WEAKNESSES.
- o Risk may be considered as the probability that if the specific course of action the offeror has proposed is followed, the desired government requirement/objective/criteria will not be attained/met within the specified constraints of cost, schedule, and performance.

In general, weaknesses within a factor, item or area create a corresponding risk to achievement of program standards. There are, however, sources of risk other than weaknesses. For example, the development approach (including schedule time, test scope, etc.) proposed by the offeror may be unlikely to succeed in the opinion of the evaluator even though no specific standard was written on the subject. In such a case it is possible to have a risk without a corresponding specific weakness.

Weaknesses, on the other hand, may be considered minor up to significant. Significant weaknesses must be brought to the attention of

the SSAC/SSA or SSET/SSA in the associated briefings. However, what might be identified as a minor weakness in one factor may, when added or taken as a whole with other associated factors, become a significant weakness.

There may be instances where a factor or item will have no strengths, weaknesses, or risks. When this occurs, the following statement will suffice:

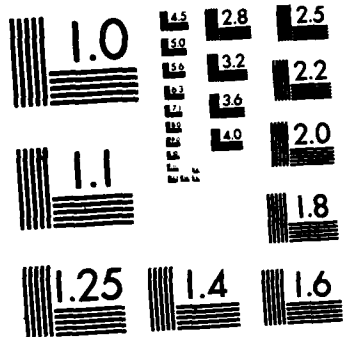
"The offeror met minimum requirements and no strengths, weaknesses, or risk areas are identified."

E. Cost.

Cost is a factor in every acquisition and should be evaluated for realism. It is difficult to weight cost many procurement experts believe that cost should never be weighted when awarding cost reimbursement type contracts. However, cost analysis must be performed upon receipt of proposals (original, revisions, or best-and-final). The analysis is made to validate the reasonableness, accuracy and currency of the proposed costs. The cost proposal is integrated with the technical proposal to assure that the offeror's cost reflects the proposed technical or management effort. Technical and management proposal evaluators are restricted from seeing the overall cost proposals.

Cost review techniques vary depending on the nature of the procurement. Techniques that are used include a review of each element and "will cost" or "should cost" analysis.

Even though weighting is not usually applied, there is a need to arrive at a judgment of the reasonableness of offerors' cost proposals. This judgment is usually made with a narrative description of the



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CHAPTER IX
CONDUCTING EVALUATIONS

A. General.

Most of the chapters in this text build one upon the other in order to adequately describe the source evaluation and selection process from advance planning to contract award. This chapter describes the most important part of that process; i.e., the professional evaluation of offers submitted by the competing, prospective contractors.

Because this chapter is critical to the training of personnel who will perform the technical evaluation of offers, and recognizing that such personnel might not have the need or the time to study the entire text, this chapter is written so as to be basically adequate for the training of technical evaluation personnel. In order to achieve that objective, this chapter contains some material that is redundant to material contained in other chapters. It also contains material that, under other circumstances, would be discussed elsewhere. The overall purpose of this chapter is to:

- o Albeit briefly, present an overview of the source evaluation and selection process.
- o Discuss the conditions under which evaluations must be conducted, and
- o "Walk-through" the technical evaluation process, including the use of forms or formats.

B. Planning Affects Evaluations.

The planning document most closely associated with the evaluation process is the Source Selection Plan (SSP). The SSP details some of the

broader decisions and policies included in documents that precede the SPP; e.g., the Acquisition Plan (AP) and the Acquisition Strategy.

Some of the more specific details in the SSP include:

- o The structure, staffing, and duties of personnel assigned to the Source Selection Organization.
- o The time-phased schedule of events, and
- o Evaluation criteria.

By the time evaluation personnel are brought into the source selection process, the structure of the organization will have already been determined. Regardless of the "design" of the organization, or the titles assigned, the organization will reflect three levels of responsibility:

- o A group that will read, analyze, and "score", or "rate", or "grade" proposals against predetermined criteria and standards.
- o A group (or person) that will make an assessment of the product of the first group.
- o A person who, using the products of the two groups, will make the decision as to which offeror will be awarded the contract. This person is known as the Source Selection Authority (SSA). Source Selection Organizations are discussed and depicted in Chapter V.

The entire source selection process must be performed in accordance with a time-phased schedule of events. Think of it as a schedule that is planned backwards as follows:

- o The Government wants an effort completed by a given date.
- o To permit a contractor time to perform the effort, a contract must be awarded by an earlier date.
- o To permit the Government adequate time to complete the contracting process and make the award, the contracting process must be initiated at an even earlier date.

Depending on the program or requirement involved, the time from initiation of a contract action to contract award can take from (generally) four to nine months. The time for source evaluation and selection is included in "bullet" three above. To better understand the "time-scope" of the contracting process, a brief version of a source selection schedule of events might look as shown in Figure IX-1:

Significant Milestone Events Source Selection for	<u>Program</u>
Source Selection Plan Approved by the SSA	1 October
SSEB (or SSAC, SSET, etc.) Review and Approve Solicitation	15 October
Contracting Officer Release Solicitation (after publicizing in CBD, etc.)	15 November
Proposals Due—Evaluation Starts	30 December
Evaluation Complete (Incl. Discussions, Revisions, BAFO, etc.)	28 February
Contracts Definitized	10 March
Brief SSA	13 March
SSA Decision	20 March
Contract Review	23 March
Execute/Award Contract	25 March
Complete Lessons Learned Report	25 April

Figure IX-1

Clearly, then, evaluations are not only critical to the source selection process, they must be completed within a given schedule, otherwise, an entire program can be delayed.

When the Government initiates the acquisition process for a high-cost or complex item or service, the acquisition plan will identify the important technical objectives and risks associated with performance of the effort. When a contractor prepares a proposal (offer) in the hopes of winning the contract, the proposal is written to convince the Government that the offeror not only understands the work to be done, but also how it will be successfully accomplished.

In order to convey to the offerors the important technical objectives and risks, the Government prepares a number of evaluation criteria (which might also be referred to as "evaluation factors") that are clearly stated in the solicitation. The offerors respond to those criteria in their written proposals. The evaluators must compare each offeror's response to the solicitation and evaluate, or "score", how well it responded to the criteria.

Evaluation criteria that may apply include technical excellence, management capability, personnel qualifications, etc. Each criterion may be divided into several factors that more precisely define the criterion.

Sometimes, the Government decides (in the AP) that some criteria may be more important than others and, therefore, assigns numerical "weights" to each one. Normally, the weights are not disclosed to the offerors or to the technical evaluators. Note that price or cost to the Government is always a factor for evaluation but it need not be weighted. In any event, even though the numerical weights may not be disclosed in the solicitation, they must be listed in their relative order of importance. See Chapter VII for examples of source selection criteria.

C. The Solicitation.

If the Government is using negotiation procedures, the document used for the purpose of soliciting offers or proposals from prospective contractors is a Request For Proposals (RFP). A similar document, an Invitation For Bids (IFB), is used when contracting by the use of sealed bidding procedures. This text deals with source selection when contracting by competitive negotiation procedures, thus the use of an RFP.

The RFP is prepared by, or with the assistance of, the contracting officer and is approved by the Source Selection Organization prior to its release. The RFP is the official communication of need from the Government to the prospective contractors. The portions of the RFP that are of relevance to this chapter are:

1. Statement of Work (SOW).

The SOW describes the requirements of the Government (equipment, system, or service needed) and includes or references any applicable specifications or drawings.

2. Evaluation Criteria.

The criteria are included as discussed above.

3. Items for Proposal Preparation (IFPP).

The IFPP identify those matters that the offeror must specifically address in their proposals. The IFPP not only serve to communicate areas of interest to the offerors, they also introduce some discipline or order into how a proposal is organized for presentation to the Government. The efforts of the technical evaluators are greatly enhanced by well organized, subject segregated proposals.

4. Provisions and Clauses.

Most of the provisions and clauses are "boilerplate"--meaning they are customarily included in all similar contract types. The provisions pertain to events leading up to contract award (such as proposal submission, handling of late submissions, etc.) and the clauses spell out the rights, duties, and responsibilities of the

parties under the contract. Sometimes a particular clause might be of interest to an evaluator; e.g., a warranty clause or a special tooling clause.

In summary, the RFP contains all of the information needed by the offerors to prepare their proposals plus the clauses that will apply to any resulting contract. The RFP will include the evaluation criteria as spelled out in the AP and SSP. Evaluators will utilize those same criteria when evaluating and scoring proposals.

D. Constraints On Source Selection Personnel.

1. General.

There are some constraints placed on personnel who are members of the Source Selection Organization. Some have their origin in ethics and conflict of interest standards, and some reflect the regulatory-procedural process.

Both the behavior and the decisions of source selection personnel will directly impact on which competitor wins the competitive contest and receives the contract. Any serious deviation from the constraints placed on them can result in serious consequences to both the individual and the Government, as well as to the offeror. Each competitor is to be given an absolutely equal opportunity to win the competition. Nothing shall be done to give any one offeror a competitive advantage over any other offeror.

2. Ethics and Standards of Conduct.

Source Selection Organization members generally must sign two documents. One is a financial disclosure statement used to determine whether the individual, or member of his or her immediate family, has

a financial interest that could in any way influence, or be judged to appear to influence, that person's decisions. Having a financial interest in any competing company is usually grounds for disqualifying the person from serving. A nondisclosure statement is also signed to assure that the individual will not disclose any information pertaining to the source selection to anyone who does not have an official need-to-know.

3. Regulatory-Procedural Controls.

While some of these may be traced to ethics and standards of conduct, they are also directly related to procedures set forth in the contracting regulations. Generally, evaluators must be particularly alert to the following:

a. Communications.

Do not talk or communicate in any way with any of the competitors about the competition. Don't tell any contractor that you are serving on the source selection--likewise, don't tell other Government personnel. Communicate only as specifically authorized by the contracting officer or the organization leaders.

b. Technical Transfusion.

If authorized to participate in discussions with offerors, avoid any transfer of knowledge gained from one offeror to another offeror.

c. Discussion Vs. Clarifications.

Discussions can be held only with offerors in the "competitive range"; i.e., those offerors who have a reasonable chance of winning. Discussions usually result in the revision

and improvement of a proposal. A clarification pertains to the correction of more-or-less clerical mistakes in a proposal and does not result in a modification or revision of a substantive nature. Evaluators must carefully follow the directions of the contracting officer or organizational leaders when dealing with these matters.

d. Security.

All source selection documents are sensitive in nature and, for all practical purposes, receive the same safeguards as if they were security classified.

E. Preparation for Evaluating Proposals.

Evaluators may be involved in some aspects of the source evaluation even before proposals are received. For example, evaluators might be invited to attend or participate in a preproposal conference if one is held. Also, some or all members of the evaluation team might assist in preparation or review of the RFP prior to its release. In any event, the evaluators must be fully cognizant of the Evaluation Factors; the Instructions for Proposed Preparation; the Statement of Works; and "Local" Procedure.

1. Evaluation Factors.

The evaluation factors (or criteria) are included in Section M of the RFP. To assist in understanding this important part of the source selection process, an edited "real life" Section M is included below for study, analysis, and discussion.

SAMPLE SECTION M--EVALUATION FACTORS

1.0 INTRODUCTION

This section outlines the general considerations and specific criteria the government will consider in evaluating the offeror's capabilities and proposals submitted for the xxxxx system. The general considerations are intended to confirm and validate the offeror's proposed plans, methods, processes, techniques, procedures, and capabilities. The specific criteria are intended to show the scope of the evaluation to be performed on proposals submitted in response to this Request for Proposals.

2.0 BASIS FOR CONTRACT AWARD

This is a competitive source selection which will be conducted in accordance with AFR 70-15. The contract will be awarded to that responsible offeror whose proposal conforms to the solicitation requirements; who is deemed responsible in accordance with the procedures of the Federal Acquisition Regulation (FAR); demonstrates that the offeror possesses the management, financial, technical, and appropriate facility capabilities necessary to design and deliver a logistically supportable system; and is judged, by an overall assessment of the general considerations, assessment and specific criteria to be most advantageous to the Government. One award, in the aggregate, will be made for the system contract.

3.0 GENERAL CONSIDERATIONS FOR AWARD

3.1 Current and Past Performance

Offeror's current and past performance on recent Government contracts will be evaluated to aid in determining the offeror's

demonstrated ability to comply with the Government's requirements. The Contracting Officer reserves the right to review U.S. Government and/or commercial contracts considered representative of past and ongoing relevant performance even though not volunteered by the offeror.

3.2 Expanded Pre-Award Survey/Manufacturing Management/Production Capability Review

An expanded Pre-Award Survey (PAS) and/or Manufacturing Management/Production Capability Review may be conducted to examine the offeror's technical capability, management structure, plant facilities, equipment, financial capability, purchasing and subcontracting controls, accounting system, quality capability, plant safety, security clearances, labor resources, performance record, and ability to meet required schedules.

3.3 On-Site Reviews

The Government will perform on-site reviews to determine each offeror's ability to successfully execute the program effort. The review team members may supplement or be separate and distinct from any other review team that may perform on-site visits; e.g., PAS Team.

4.0 ASSESSMENT CRITERIA

The following assessment criteria, both of equal importance, apply to the Technical area identified below in paragraph 5.1.

4.1. Soundness of Approach

A review and evaluation will be conducted to determine the offeror's ability to perform the required effort and the extent to which the offeror's proposal provides a sound approach toward meeting

program requirements set forth in the System Specification and Statement of Work, and adheres to sound engineering, design, and management practices.

4.2. Understanding of the Requirement

Offeror's proposal will be evaluated to determine how well the offeror understands its responsibilities in meeting the System Specification and Statement of Work requirements. The proposal must describe the offeror's understanding of the technical and management complexities of the effort to be performed.

5.0 SPECIFIC CRITERIA FOR AWARD

The specific criteria to be used in the evaluation of proposals are divided into two major areas cited in descending order of relative importance: Technical and Cost/Price. Although Cost/Price is listed second, cost realism and cost risk will be significant criteria for contract award, as part of an overall assessment with the technical area. Within the technical area, Design for Reliability and Availability, Design for Maintainability and Logistics, Design for Producibility and System Design Analysis and Technical Management are all considered equal.

Each offeror will be evaluated on the completeness of the detailed system and program analysis and the soundness of the detailed plans, methodologies and COTS (Commercial, off-the-shelf) selection criteria that provide the basis for the proposed system and program elements.

5.1 Area: Technical

5.1.1 Item: Design for Reliability and Availability

The proposal will be evaluated for the influence of reliability and availability requirements and disciplines on preliminary system design, including the proposed hardware selection. The proposal will be evaluated for confidence that the detailed planning will yield a system design that meets or exceeds the reliability, availability and restoral time requirements of the system specification. In addition, the proposal will be evaluated for the ability of the proposed off-the-shelf hardware combined with the off-the-shelf software to have met or exceeded the availability requirements. The proposed best reliability and availability values will be evaluated. The proposal will also be evaluated for the continuity of the use of reliability disciplines to affect and influence the design throughout the development process. Methodologies and techniques for determining the final COTS hardware selection will be evaluated. The offeror's plans, methods and techniques to meet the incremental availability specifications for the Limited Operational Capability (LOC), Initial Operational Capability (IOC), and Full Operational Capability (FOC) systems will be evaluated. Evaluation will also be made of the offeror's approach to meeting or exceeding the warranty provisions. The offeror's cost benefit analysis of the proposed warranty will also be evaluated. Documented field experience with the proposed preliminary COTS software/hardware will be evaluated.

5.1.2 Item: Design for Maintainability and Logistics

The proposal will be evaluated for the influence of maintainability requirements and disciplines on the proposed hardware selection and preliminary system design. The proposal will be evaluated for confidence that the detailed planning for maintainability will yield a system design that meets or exceeds the maintainability requirements of the system. The proposal will also be evaluated for the continuity of the use of maintainability disciplines to affect and influence the design throughout the development process. Methodologies and techniques for determining the final COTS hardware selection will be evaluated. Documented field experience with the proposed preliminary COTS equipment will also be evaluated. The offeror's proposal will be evaluated on its methodology and capability to provide technical manuals, pre-operational supply and maintenance support, continuing maintenance and supply support for the installed equipment at all sites, and software maintenance at the TDTC. The offeror will also be evaluated on its plans and capability to identify and select support equipment, provide provisioning data and spares, conduct Logistics Support Analysis (LSA) tasks, and manage the life cycle cost of the system.

5.1.3 Item: Design for Producibility

The proposal will be evaluated on how producibility considerations contributed to the initial hardware selection process. Furthermore, the method for continued use of producibility parameters in design decisions for the duration of the development effort will be evaluated.

5.1.4 Item: System Design Analysis and Technical Management

The proposal will be evaluated on the detailed planning that provides the basis for the proposed system design; the ability of the proposed system design to meet performance and functional requirements; and adequacy and efficiency of the system design approach; selection and selection criteria of the preliminary hardware; ease of transition from the fixed version hardware/software design to ground and airborne mobile versions; and detailed planning for the implementation/integration, test and evaluation activities. The offeror's approach to system integration and test contained in the draft System Test Plan will be evaluated. Evaluation will also be made of the selection of COTS hardware and the use of the software developed for the fixed version for efficient transfer to the mobile versions. The offeror will be evaluated on detailed planning, scheduling and capabilities to conduct system engineering management and quality control; detailed planning for the management of the system development and integration process; capability to conduct effective configuration and data management; and the completeness of providing access to data and information for Government use. Detailed planning and scheduling for interface management, risk management procedures and management of subcontractor(s)' various development and integration activities will also be evaluated.

5.1.5 Item: Software Design, Development and Management

The proposal will be evaluated for the offeror's software design approach for the three fixed configurations and their site specific requirements. Approaches to design modularity, growth,

maintainability, and the ability to incorporate combinations of options staged over time will be considered. The offeror's identification of software development risk areas, proposed approaches to minimize these risks, as well as its method and estimates of timing and sizing will be evaluated. The Higher Order Language (HOL) selected by the contractor will be evaluated considering compiler performance, code efficiency, operating environment, support software, portability and prior contract experience.

The offeror's resources, organization, development schedule, milestones and software development procedures will be examined to determine that the offeror maintains sufficient facilities, experienced personnel and a management that understands the software development process required for the systems. This evaluation will consider management procedures, configuration management, technical control, and organizational standards.

5.2. Area: Cost

The offeror's proposed prices for the basic contract and priced options will be evaluated. The offeror's prices will be evaluated for purposes of award by adding the total price for all options to the total price for the basic requirement, all within the baseline set forth in paragraph 7.4.1 of the Instructions for Proposal Preparation (IFPP). The Government intends to eventually select one of the six possible alternate approaches ((a) through (f), as described in Section B of the RFP) and will advise all offerors of the single approach prior to requesting best and final offers. The offeror's

target price for the basic requirement and options is the price of the basic requirement and options for evaluation purposes. Evaluation of options will not obligate the Government to exercise such options. The offeror will be evaluated for cost savings on the alternate proposal called "Data Challenge." This evaluation will include an assessment of the offeror's compliance with the RFP requirements and traceability of the cost/price data submitted. The evaluation of prices will also include verification of proposed rates. The Government may reject an offer as unacceptable if it is materially unbalanced as to prices for the basic requirement and options. An offer is unbalanced when it is based on prices significantly less than cost for some work and prices which are significantly overstated for other work.

5.2.1 Element: Cost Realism

The cost proposal will be evaluated for cost realism to include completeness, credibility, and compatibility with the technical proposal. Evaluation will be made of the realism of the offeror's proposed prices by development of a Government Estimate of Most Probably Cost (GEMPC) based on each offeror's system design and program approach.

5.2.2 Element: Cost Risk

Evaluation of cost risk inherent in each proposal will be made based on technical, management and logistics risk assessment for each.

*****END OF SAMPLE*****

2. Instructions for Proposal Preparation

The IFPP instructs the offerors as to the required format and content of proposals. Knowing the IFPP will assist evaluators in organizing their thoughts and procedures for scoring proposals. The "real life" IFPP below has been heavily edited to shorten its length. (NOTE: Some activities include the IFPP in Section M, and some in Section L.)

SAMPLE SECTION L--INSTRUCTIONS FOR PROPOSAL PREPARATION

1.1 Guidelines

1.1.1 This section of the RFP provides specific instructions on the format and content of the proposal. Proposals shall include all data and information required by this RFP. Software shall refer to both software and firmware. Nonconformance with the instructions may be cause for rejection of the proposal.

1.1.2 The proposal for the xxxxx program shall be clear, coherent, legible and prepared in sufficient detail for effective evaluation by the Government. Elaborate documentation, expensive binding, detailed art work, or other embellishments are unnecessary. The proposal shall be submitted in accordance with these instructions. The intent of the proposal shall be to provide sufficient data to support a decision to select a qualified contractor and to award the contract. The offeror shall assume that the evaluation team has no previous knowledge of its facilities and experience, and that it will base its evaluation on the information presented in the proposal. The proposal

shall be valid for no less than 180 calendar days from the proposal due date specified in the RFP.

1.1.3 Proposals shall address and track the numerical sequence of the specific information requested by these instructions, and shall be consistent with the requirements of the Statement of Work, System Specification, Contract Data Requirements List (CDRL), and Model Contract.

1.1.4 Any alternatives to the requirements, or to any part of this RFP, shall be identified. If you do elect to suggest alternatives to any of these requirements, identify the alternative item, state your intended changes, and provide justification for the changes in an attachment to your proposal. This attachment must be in the same format as the basic proposal but separately bound. This attachment will not count against the page limit requirements. Offerors should refer to Section L of the RFP for further instructions on the submission of alternate proposals. Cost data in the appropriate formats will be submitted with the cost proposal also separate and bound. Unjustified exceptions (any instance where the offeror does not address a requirement of the RFP) could be a cause of rejection as being nonresponsive.

1.2 Organization

1.2.1 The proposal shall consist of six (6) volumes numbered I-VI. The title, the contents, and the page limits of each volume and appendix shall be as defined in Table I of this

document. The page limits given in Table I must not be exceeded.

1.2.2 Each volume shall be written to the greatest extent possible on a stand-alone basis so that its contents may be evaluated with a minimum of cross-referencing to other volumes of the proposal.

TABLE I

<u>VOLUME NO.</u>		<u>PAGE LIMIT</u>	<u>COPIES</u>
I	Executive Summary	15	10
II	Design for Reliability and Availability, Maintainability and Logistics, and Producibility	40	30
	Appendix A--Documented Field Experience	15	30
III	System Design Analysis and Technical Management	30	10
IV	Past Performance	30	10
V	Contract Information	N/A	10
VI	Cost/Price	N/A	10

Note: The number of copies of each volume indicated above shall be delivered to the Procuring Activity. In addition, a copy of each volume shall be forwarded to DCAA, and one copy to the cognizant DCAS or the appropriate agency having contract administration cognizance. Mark proposals: "Source Selection Sensitive" and "For Official Use Only". Appropriate classification markings will also be included, if required.

1.2.3 If information required for proposal evaluation is not found in the section designated for its presentation, it may be assumed to have been omitted from the proposal.

1.3 Cost and Pricing. The costs proposed for accomplishing the program shall be confined entirely to Volume VI. The cost proposal shall consist of the offeror's cost to accomplish the basic program as defined in SOW paragraphs 1.1 and 1.2 for CLIN's 0001 to 0003, 0006 and 0007 under a Fixed Price Incentive Firm (FPIF) contract. The cost proposal shall also include the offeror's cost to accomplish each option as defined in SOW Appendices A through O, and CLIN's 0008 to 0031.

1.4 Proposal Presentation

1.4.1 Binding.

- a. Each volume of the proposal shall be submitted in three-ring binders. In the event that volumes are larger than a standard three-ring binder, they should be conveniently separated, clearly marked as to volume number, title, and offeror's identity.
- b. Any classified documents shall be handled in accordance with the Security Classification Guides identified in the attached DD Form 254 and the industrial security regulations for comparable levels of U.S. classified information.
- c. Classified pages shall be bound and submitted under separate cover for each volume, with a page inserted in the basic proposal to so indicate. All classified documents shall have a red cover and shall conform to applicable

industrial security regulations. The size of the classified binder shall fit in a military safe standing upright side-to-side.

d. All unclassified documents shall have a cover sheet in any color other than red.

1.4.2 Page and Typing. Page size shall be 8½ x 11 inches.

Pages shall be typed one and a half spaces with a maximum of twelve characters per inch. When both sides of a sheet contain typed material, it shall be counted as two pages. Photographic reduction of typed material shall not be used to increase the total word count in the proposal. Drawings, charts, graphs, tables, and figures shall be included in the page count. Tables of Contents shall not be included in page count. Fold-out pages may be included in the proposal, but their width shall not exceed four regular (8½ x 11 inches) pages. When included, fold-out pages shall be limited to charts, graphs, etc., and shall fold entirely within the page size of the book. A fold-out book shall be counted page by page.

1.4.3 Indexing. The proposal shall contain a master Table of Contents for the total proposal in Volume I. This shall identify major groupings of information as indicated by the Evaluation Criteria and the IFPP and their location. Each paragraph shall reference the applicable specification, IFPP paragraph, SOW paragraph, and CDRL item, as appropriate. Each volume and section shall contain a detailed Table of Contents to delineate the subparagraphs contained therein. In addition, each volume shall contain a table that identifies where the applicable items

and factors of the evaluation criteria (Section M) are discussed/satisfied.

1.4.4 Cross Referencing. Cross referencing is permitted within proposal volumes where its use would conserve space without impairing clarity.

1.4.5 A compliance statement shall be included in the proposal for each numbered paragraph in the System Specification, except for Sections 1 and 2.

2.0 Volume I--Executive Summary

2.1 Purpose. This volume shall serve to familiarize Government executives and evaluators with the key elements and the unique features of the proposal by briefly describing how the contractor is going to accomplish the contract tasks.

2.2 Detailed Format for Volume I.

2.2.1 In this volume the offeror shall provide the following information:

- a. A Table of Contents for the entire proposal, covering all volumes.
- b. A summary of your approaches to the program, including a summary of the most important aspects of all the volumes.
- c. A list of any items in the proposal and in the SOW, CDRL, and other portions of the RFP package which are identified as involving risk, are potential cost drivers, and could be eliminated without jeopardizing the objectives of the xxxxx program.

- d. A certified list of personnel authorized by the offeror's corporation to obligate the company contractually.
- e. The name and organization of all principal people who were responsible for preparation of a particular section of the proposal, the section for which they were responsible and what their exact role will be after contract award.
- f. The offeror's master milestone schedule of all major efforts to be undertaken in the Program. Dates which are dependent on GFI/GFE deliveries shall be identified.
- g. A matrix of hardware and software configuration items (HWCI/CSCI) indicating which items are new design, COTS, or modified COTS.
- h. A simple matrix containing all design and equipment alternatives that were examined, and the reasons why they were either chosen or rejected.

3.0 Volume II--Design for Reliability and Availability, Maintainability and Logistics, and Producibility.

In this volume, the offeror shall provide information organized into sections as follows:

3.1 Section 1--Design for Reliability and Availability.

- a. The offeror shall provide detailed plans for meeting the reliability requirements.
- b. The offeror shall discuss how reliability considerations influenced the selection of the proposed hardware, and how reliability engineering will influence the system design throughout the development effort.

c. The offeror shall provide a status of the proposed hardware, identifying what hardware is commercial off-the-shelf (COTS) and what hardware will be developed.

d. The offeror shall provide an analysis of the operation of the proposed hardware in the operating environment and application.

e. The offeror shall provide the Operational Availability (OA) and Restoral Time of the commercial off-the-shelf hardware combined with off-the-shelf software.

f. The offeror shall provide an analysis which supports how the proposed system will meet the incremental availability requirements of the system specification.

g. Proposed the best reliability and availability values for specification paragraphs 3.2.3 and 3.2.5 "TBD" which exceed the specified values and which can be met without significant cost increase compared to meeting the specified value.

3.2 Section 2--Design for Maintainability and Logistics.

a. The offeror shall provide detailed plans for assuring compliance with the maintainability requirements.

b. The offeror shall discuss how maintainability considerations affected the selection of the proposed hardware and how maintainability engineering will influence the system design throughout the development effort.

c. The offeror shall address the status of the support equipment, identifying which equipment is COTS, which of the COTS equipment requires integrating, and what equipment must be developed.

d. The offeror shall describe how required technical publications will be provided. Propose existing commercial data as set forth in AFAD 71-531-(19) where appropriate.

e. The offeror shall present its analysis of the functional requirements of the system that establish the need for support equipment, describe how recommended support equipment will be identified through the Support Equipment Recommendations Data (SERD) process, explain his approach to provide and deliver all support equipment on time and his approach to provide pre-operational maintenance of the support equipment, and describe his approach to provide and deliver all spares by the IOC date.

f. The offeror shall present his approach and capability to provide continuing maintenance and supply support of the installed operational equipment subsequent to the Government test period, describe methods to ensure meeting the required system Corrective Maintenance Time and personnel and organization to perform the required support, and present his approach and capability to perform software maintenance at the TDTC.

g. The offeror shall submit information delineating its approach to accomplishing life cycle cost (LCC) management for this effort. The information shall include:

- (1) an analytical methodology for evaluating LCC;
- (2) an associated Cost Element Structure (CES) and algorithms which will be employed in obtaining an LCC baseline estimate and updated to the baseline;

(3) identification of potential risk areas/cost drivers and a proposed means to control each of these areas/drivers;

(4) description of pre-proposal design decisions that were made to reduce LCC;

(5) planned trade studies that will consider LCC.

h. The proposal shall discuss the offeror's approach and capability to provide pre-operational maintenance/supply support.

i. The offeror shall describe his approach for implementing a logistics support analysis program as part of the system engineering effort.

3.3 Section 3--Design for Producibility

a. The offeror shall discuss how producibility considerations contributed to the proposed hardware selection.

b. The offeror shall present his plans for the continued use of producibility considerations in design decisions throughout the development effort.

3.4 Appendix A--Documented Field Experience

a. The offeror shall provide documented reliability field and test data of the proposed COTS hardware and the operational environment and applications of the fielded COTS equipment, and show how the data supports the selected equipment.

b. The offeror shall provide documented maintainability field and test data which will support how the proposed hardware will meet maintainability requirements.

c. The offeror shall provide documented field data, test data and analysis which support how the proposed system will meet the availability of requirements. The Government will weight data in the following order: field data, test data, predictions. Field data supported by the identified user, which may be contacted by the Air Force to validate the data, will be given greater weight than the data provided by the supplier of an item.

4.0 Volume III--System Design Analysis and Technical Management

In this volume, the offeror shall provide information organized into sections as follows:

4.1 Section 1--System Functional Design

4.1.1 Functional Allocation. The offeror shall provide a detailed analysis and breakdown of the system functional requirements, detailed planning of the allocation of functions to the lowest component level among hardware, software and personnel, and synthesis of each component into the total system. The offeror's plans for the allocation of system functions shall consider the instructions contained in the following paragraphs.

4.1.2 Configuration Description. The proposal shall include a description of the three configurations: sensor, fusion center and command center. Each configuration description shall include a breakdown of hardware and software allocation on each component.

4.2 Section 2--Software Design. The offeror shall identify all software requirements, including operational, development, simulation, test, training, evaluation, management, document support, and life cycle support software.

4.3 Section 3--Hardware Selection. The offeror shall describe the criteria and selection methodology used to select the preliminary hardware. The offeror shall describe the characteristics of all hardware selected.

4.4 Section 4--Implementation/Integration. The offeror shall provide its plans for the implementation and integration of the overall effort to satisfy Limited Operational Capability (LOC), incorporation of the optional capabilities, and installation of equipment at all sites.

4.5 Section 5--Systems Test. The offeror shall identify and describe planned activities for implementing a system test program to include the following classes of tests:

- a. Functional tests for each prime item of hardware and computer program (i.e., engineering test, preliminary qualification tests, formal qualification tests, human factors, reliability tests, and installation and checkout at all sites).
- b. Systems tests to include hardware/software subsystem integration tests, functional systems tests, and subsystem integration tests at all sites.
- c. Field and site activation tests to include installation and checkout at subsequent sites, systems level implementation test of subsequent sites and network tests.

d. Installation and turnover testing at all sites.

4.6 Section 6--System Engineering/Technical Management. The offeror shall present its approach and capability to control and integrate the system engineering function. The offeror shall describe the organization structure, listing all key personnel, their qualifications and experience. Supporting rationale shall be provided to show that the organization is adequate to support the overall effort and to justify the number and allocation of personnel involved in all aspects of the program. A master integrated schedule depicting all activities and milestones from contract award throughout the life of the contract shall be provided.

4.7 Section 7--Configuration Management. The offeror shall provide its approach and capability to conduct the configuration management and data management functions.

4.8 Section 8--Software Management. The offeror shall provide information concerning software resources and organization, development schedule and milestones, and software development procedures.

5.0 Volume IV--Current and Past Performance.

The offeror shall provide a synopsis of current past performance, as well as that of proposed major subcontractors, on comparably related U.S. Government contracts dealing with development and production of new or the modification of existing systems. A minimum of five (5) contracts awarded within the last three (3) years shall be presented. The contractor should discuss the relevancy of each contract to each of the major functional areas shown in the xxxxx

System Specification. The offeror shall provide the following with each contract listed:

- a. Contract number and contract type.
- b. A brief description of the contract line items delivered and services performed (to include any logistics effort, such as provisioning, technical manuals, etc.) by the prospective contractor.
- c. The date of contract award, the period of performance, and the place of performance.
- d. The dollar value awarded and the final or current dollar value. Include a breakdown of cost overruns, negotiated add-ons (modifications) generated by contractor to the basic design, and reason for their occurrence.
- e. Current names, addresses, and telephone numbers of the Program Manager, the Contracting Officer, and the Administrative Contracting Officer having cognizance of the contract being cited.
- f. The original contract schedule and the final or current schedule. Include a discussion as applicable of schedule slips due to excusable delays and contractor delays.
- g. Provide a realistic discussion of success/failure in achieving the technical, management, logistical and manufacturing requirements of the contract. Specifically, discuss significant changes, waivers, deviations, relaxations granted, and justification for them.

6.0 Volume V--Contract Information.

This volume shall contain contract information which includes those items defined below.

6.1 Special Authorization. The offeror's proposal shall include specific authorizations for release of information to the ABC Corporation. (Ed. Note: ABC Corp. is a consultant to the Government).

6.2 Representations, Certifications, Acknowledgement, and Statements.

You are required to complete all applicable representations, certifications, acknowledgements, and statements set forth in the Request for Proposal.

7.0 Volume VI--Instructions For Preparation of Cost and Pricing Data.

*****END OF SAMPLE*****

3. Statement of Work.

The Statement of Work (SOW) describes the work or services to be performed. The SOW is part of the RFP and is incorporated into the contract awarded to the successful offeror.

The SOW is the Government's statement of what it needs or what is to be achieved. For example, in a contract for supplies, the SOW might simply state that the contractor shall fabricate and deliver so many units of a given item. In a research contract, however, the SOW might require the contractor to furnish so many units of effort (manhours) toward achieving a stated scientific goal.

The SOW will reference any applicable specifications and drawings that may apply to the work and, eventually, may incorporate the winning offerors' proposal as to how the work is to be accomplished.

After the contract has been awarded, the contractor and the Government are legally bound to the agreed upon SOW. The rights and responsibilities of the two parties center around performance as described in the SOW.

4. "Local" Procedures.

It will appear to the novice that source evaluation and selection is a highly regulated process with little room for flexibility. Certain of the regulations, procedures, and formats are essentially firm. However, the SOW, IFPP, and evaluation criteria are all "tailored" to the specific acquisition, and there is room for flexibility in the management and operation of the process.

Because of flexibility, particularly in management and operation of the process, each procuring activity (Product Division, ALC, Command, etc.) has policies and procedures for application of the process at that activity. For example, document size (number of pages), the number of evaluation criteria, proposal size, time between milestone events, security, staff size, organizational preferences, control of facilities, and many other details are apt to be prescribed locally.

The local procedures will be briefed to the planners and the team members. Remember that those procedures might vary from location to location, as well as from acquisition to acquisition.

In summary, to fully understand the work at hand, evaluation team members should fully understand the SOW, the IFPP, and the evaluation criteria or factors. These three items are absolutely interrelated. (Later, a further breakdown of the criteria will be discussed.) In

addition, the policies and procedures must be clearly understood so that the process can be efficiently and effectively applied to the specific acquisition.

F. Evaluating the Proposals.

1. General.

When the day arrives to begin reading and evaluating proposals, each evaluator should be thoroughly aware of the process. Basically, there are firm and not too generous time constraints that require that the process proceed quickly and correctly.

Typically, an evaluator will proceed as follows:

- a. Read a proposal or a specific part of a proposal (e.g., management);
- b. Compare the proposal with the appropriate evaluation criteria and standards;
- c. Write a narrative statement as to how well, in the opinion of the evaluator, the proposal meets the criteria or standards; and
- d. Assign an appropriate score or rating from the scoring plan.

The evaluator will then proceed to do likewise for each proposal. At the same time, other evaluators will be following the same process until all the evaluators who are evaluating (e.g., management) have completed their evaluations. Concurrently, other members of the team will follow the same process to evaluate technical approach, quality, staffing, facilities, or whatever criteria are to be evaluated. In some activities, evaluators may be required to evaluate all of the criteria; i.e., evaluate the entire technical proposal.

Finally, after all of the evaluations, scoring, and discussion are completed, the Government, represented by the Source Selection Authority (SSA) will select the winning competitor.

2. **Formats for Evaluation.** (See Note on page IX-40.)

The procedure works more smoothly and is more "defensible" (see discussions on debriefings and protests) when a set format is utilized. The following series of formats, each referenced back to Section M (Evaluation Criteria) and Section L (IFPP), as well as to the SOW, Specifications, and other references, illustrates not only the value of using standard formats, but also serves as a walk-through of an evaluation.

a. **Figure IX-2.**

In the illustration, the Area is technical, the Item is "Design For Reliability and Availability". The Factor is "Planning, Methods, and techniques" used during the incremental development of the system. The Standard(s) were developed prior to commencement of evaluations. Standards are used to communicate to evaluators what they should look for in the proposal when scoring the factor. This helps to ensure not only that the more important considerations are identified, but also that each evaluator is working from the same "baseline"; i.e., looking for the same features, strengths, etc.

b. **Figure IX-3.**

The evaluator has read the proposal of Offeror "X" and evaluated it against the standards in Figure IX-2. In Figure IX-3, the evaluator has commented on each of the standards vis-a-vis the proposal.

The source selection plan for this acquisition has prescribed the symbols "+", "✓", "-", and "o" as indicators of the quality of the proposals. Note in Figure IX-3 how the narratives and the ratings seem to be in balance with each other. See Chapter VIII for explanation of symbols.

c. Figure IX-4.

The evaluator has found some areas of the proposal (Offeror "X") to be unclear. Therefore, it is necessary to ask the offeror to clarify identified areas of the proposal. The Figure IX-4 form, known as a Clarification Request (CR) is not sent directly from the evaluator to the offeror--that is specifically prohibited. The evaluator originates the CR and it is processed through the source selection organization. As it moves through the organization, it is combined with other CRs (unless it is clarified within the team) and forwarded to the offeror by, in most cases, the contracting officer. CRs are critical to the evaluation process as they identify portions of proposals that cannot be properly scored without the clarification. To conserve time, CRs and DRs (below) should be released concurrently.

d. Figure IX-5.

This figure is that of a Deficiency Report (DR). A DR is used to indicate that the referenced portion of the proposal is unsatisfactory; i.e., unless improved, it will not be acceptable. DRs are normally processed in the same manner as CRs.

e. Figure IX-6.

The offeror's response to the CR was evaluated and, in this instance, was acceptable.

f. Figure IX-7.

This figure depicts the evaluated response to the DR. As indicated, the deficiency was overcome by the additional information, however, there is a need for more information. Accordingly, it was decided to pursue the matter during discussions (negotiations) with the offeror.

g. Figure IX-8.

This is a Point for Negotiation (PFN) form. In this instance, it refers to the warranty issue which was not completely resolved by the offeror's response (Figure IX-7).

Individual evaluators are not permitted to hold discussions (negotiations) with the offerors. However, evaluators are expected to identify problems or issues that should be addressed in written or oral discussions that are conducted by the contracting officer and various leaders within the source selection organization.

There is a great deal of judgment involved in whether or not to use a CR, DR, or PFN as the vehicle for obtaining further input from offerors. Basically, a CR or DR invites a response that is judged on its (the response) own merits. Neither the CR nor the DR facilitates a two-way exchange. A PFN, however, is used (along with any other PFN(s)) by the contracting officer and others to establish an agenda of items and issues that will be discussed in detail with the offeror involved.

A fundamental, strictly enforced contracting regulation is that (a) discussions are held only with offerors in a competitive range, and (b) that if discussions are held with any one offeror

in the competitive range, discussions must be held with all the other offerors in the competitive range. The competitive range consists of all offerors that have a reasonable chance of being selected for award.

Clearly then, evaluators should leave procedural and regulatory matters to the contracting officer and to team leaders. On the other hand, evaluators should be thorough and painstaking in raising questions (CR, DR, PFN) that will, in the final analysis, result in identifying that offeror whose proposal will be most advantageous to the Government.

h. Figure IX-9.

This is the evaluator's assessment of the offeror's response to PFN-1. Note throughout the foregoing series of figures that items are carefully tracked by filling in appropriate data on the form headings.

i. Figure IX-10.

The foregoing series of figures (forms) have tracked one or two specific items. In a major program, evaluators might create dozens of CRs, DRs, and PFNs on each of the offerors. Eventually, however, the data will be evaluated, assessed, and summarized for each item evaluated.

In this instance, an initial summary has been made of the R and A Item of the proposal of Offeror "X". Note the separation of strong points and weak points, and the documented basis for the weak points. Offeror "X" represents a high risk for achieving the R and A Item in the Technical Area.

j. Figure IX-11.

This Area Summary (Initial) is the summary of the evaluations of the several Items within the Technical Area. Note that the listing of weaknesses under R and A, Figure IX-10, are repeated in Figure IX-11.

k. Figure IX-12.

After all the items are summarized for each of the areas, the Government should be ready to request Best and Final Offers (BAFOs) from each offeror still in the competitive range. Discussion will have already been held on the basis of the PFN submission. In the BAFO process, the Government expresses its remaining concerns applicable to each of the individual offerors (note that throughout the process, every effort is made to ensure the confidentiality of offers).

In a typical source selection, a higher level within the source selection organization will approve the list of concerns transmitted to each offeror; e.g., the SSAC will approve the concerns prepared by the SSEB.

l. Figure IX-13.

See Figure IX-14.

m. Figure IX-14.

These two figures represent a reevaluation of the item (Figure IX-13) and the area (Figure IX-14) based on the BAFO response of Offeror "X" to the expressed concerns of the Government (Figure IX-12). Note that Figures IX-13 and IX-14 are marked "Final" and that the rating is yellow (no improvement of the initial rating).

n. Figure IX-15.

After each of the (remaining) competing offerors have been finally rated, a comparison must be made to assess which of those is the best (or, as in this case, which of the two is better). This is the first time in the process that one offeror is compared with another offeror. Until this point, evaluators have been careful to compare proposals only against the criteria and standards, not against each other.

The comparative analysis is made at a level higher than the evaluation team, in this illustration, the SSAC. This figure includes the narrative assessment of Offerors "X" and "Y" (information on "Y" not included here as this text only traced Offeror "X").

o. Figure IX-16.

In addition to the narrative, the SSAC usually prepares flip charts, or viewgraphs, to use in conjunction with briefing the Source Selection Authority. The flip-chart serves as a quick, visual summary of the comparative analysis. Similar documents are prepared for all areas evaluated.

The two charts depicted in Figure IX-16 show that for R and A, offeror was initially rated "Y" (yellow), and the rating is substantiated by strengths, weaknesses, and risks. The second chart illustrates all areas evaluated and the ratings achieved by Offeror "X" in each area.

These summaries enable the SSA to get an overall understanding of how well each offeror is judged to meet the requirements stated in the RFP. While the SSA might ask for

additional information or delve into the supporting documentation, the decision at this point is fully in the hands of the SSA.

The evaluators, in most instances, will be released from the source selection organization at this time. There are, however, some follow-up actions that must be taken. Those items will be discussed in a following chapter.

Note: The series of events depicted is: (1) scoring at the factor level, (2) CRs and DRs issued, (3) responses evaluated, (4) PFNs issued and used for discussions which may be oral or written, (5) initial item and area summaries prepared, (6) remaining "concerns" conveyed as part of the request for BAFOs, and (7) final summaries prepared based on evaluations of BAFOs.

The most commonly used sequence of events is: (1) scoring at factor levels, (2) initial item and area summaries prepared, (3) CRs, DRs, and PFNs used for discussions, (4) BAFOs requested at conclusion of discussions, (5) final scoring based on evaluation of BAFOs.

When planning for or conducting evaluations, review agency or command regulations, local procedures, and the SSP to determine the specific procedures and formats to be used. However, regardless of variations in details of the sequence of events, the process will provide for (1) evaluating and scoring or rating proposals, (2) establishing a competitive range, (3) through discussions, obtaining additional information as needed from offerors in the competitive range, and (4) rescoring or rating, usually based on BAFOs that followed the discussions.

AREA I TECHNICAL

1.1.2 Factor: Planning, methods and techniques used during the design and incremental development of system.

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M	SOW REF	SPEC REF	OTHER REF	STANDARD
5.1.1	3.1.6	3.2.3	CDRL#	
		3.2.5	144	
			145	
			150	

DESCRIPTION

The proposal will be evaluated for confidence that the offeror uses planning for reliability design that meets or exceeds the reliability requirements of the system specification. The soundness of his approach and understanding of the R/A requirements will also be evaluated.

Standards: The standard is met when:

- (1) Adequate methods and techniques are described for satisfying the incremental reliability and availability requirements of the specification.
- (2) Adequate plans for designing and developing the additional FOC capabilities are provided while satisfying the system reliability and availability requirements.
- (3) The proposal describes how each item to be developed impacts the R/A of the proposed system.
- (4) The offeror's approach meets the warranty requirements of the RFP.

FIGURE IX-2

FACTOR WORKSHEET

Item: Design for Reliability
and Availability

Offeror
X

Technical
Factor

Comments:

Standard #	Rating		
	+	✓	- 0

Factor 1.1.2: Planning, methods and techniques used during design and incremental development of the system.

1	-	
---	---	--

The proposal is marginal in this area.

The proposal reflects FRACAS ending in-plant DT&E. However, software reliability is expected to grow significantly from contract award to LOC. Also, from LOC-IOC, software is expected to improve due to improvements made from field experience. Therefore, ending FRACAS and DT&E may not support the reliability growth requirement. There is no discussion of plans to minimize effects of single point failures. CR-X-1.1.2(1).

2	✓	
---	---	--

Offeror adequately addresses plans for designing and developing additional FOC capabilities.

3	✓	
---	---	--

The proposal adequately meets this standard.

The offeror states they will improve the reliability of the system by requiring a lesser number of and more reliable parts than the widget interfacing configurations.

4	0	
---	---	--

The offeror details the effects of the warranty provisions; however, the proposal is inadequate since warranty section fails to address MTBCF and Restoral Time and Cost/Benefit analysis is not provided. DR-X-1.1.2(4)-1.

FIGURE IX-3

Evaluator's Signature

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CLARIFICATION REQUEST

Government Reference A Spec 3.2.2.5, 3.2.3, 3.2.	Offeror X
Offeror Reference: Vol II, Section 1.6	Register Number CR-X-1.1.2(1)

Government Reference: A Spec 3.2.2.5, 3.2.3, 3.2.5

Offeror Reference: Vol II, Section 1.6

So that we can better understand your proposed system with respect to single point failures:

- (a) Please identify and enumerate all of the known hardware and software single failure points in the critical path (critical mission capability (CMC) A Spec 3.2.3 definition). By this we mean any hardware, software or firmware element whose independent failure (in the broadest sense of the word) would result in a critical outage exceeding 0.5 seconds (see A Spec 3.2.5). (We are not interested in independent, simultaneous, double-failures.) Included are any outages which would occur as result of repair actions done to restore a redundant configuration to full up status after it has suffered a partial failure (i.e., no longer redundant).
- (b) For this set of single failure points, give the expected frequency of occurrence, applicable restoral time, and quantitative impact upon Operational Availability.
- (c) Identify any actions you plan to take to reduce/eliminate these kinds of effects during your development program.

Limit response to three pages or less.

---SAMPLE---

FIGURE IX-4

Item Chief

Area Chief

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DEFICIENCY REPORT

Government Reference
IFPP 3.2.g

Offeror
X

Offeror Reference:
Vol 2, Tables 1-3, 1-4

Register Number
DR-X 1.1.2(4)-1

Deficiency

Government Reference: IFPP 3.1.g

Offeror Reference: Vol 2, Tables 1-3, 1-4

Proposal fails to meet the minimum IFPP requirements regarding warranty for MTBCF and Restoral Time.

Vol II, Table 1-3 (p. 13), wherein the warranty information does not address MTBCF and Restoral Time and gives no information regarding cost/benefit analysis.

Limit response to one page or less.

Summary of Effect of Deficiency

The Warranty is unenforceable.

FIGURE IX-5

Item Chief

Area Chief

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OFFEROR RESPONSE SUMMARY

Area	Item	Offeror
Technical	R/A	X
Deficiency Report #	Clarification	Point for Negotiations
DR-1.1.2(4)-1 Warranty	CR-X-1.1.2(1)	
Offeror Reference	Government Reference	
Vol II, Sec. 1.6	A Spec 3.2.2.5, 3.2.3, 3.2.5	
Evaluator's Assessment of Offeror's Response		

Description:

Offeror addressed all the points raised by the CR and stated his views vis-a-vis single failure points.

Evaluation:

Offeror's response is adequate.

Impact on Proposal Rating

Weakness (i) for Item 1.1 cleared.

FIGURE IX-6

Area Chief

SSEB Chairperson

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OFFEROR RESPONSE SUMMARY

Area	Technical	Item	R/A	Offeror
Deficiency Report #		Clarification		X
DR-X-1.1.(4)-1	Warranty			Point for Negotiations
Offeror Reference				Government Reference
Vol 2, Tables 1-3, 1-4				IFPP 3.1.8
Evaluator's Assessment of Offeror's Response				

Description:

The offeror provided the data requested regarding MTBCF and response time to be unwarranted..

Evaluation:

Response is generally satisfactory but is not clear whether his restoral time value is an average or the 98th percentile. He also says he will warrant the CMC and FMC Ao numbers which he has predicted in CR response. It is not clear that all of these numbers are consistent and compatible. (PFN-1)

Impact on Proposal Rating

Initial weakness (g) for Item 1.1 was cleared.

FIGURE IX-7

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POINT FOR NEGOTIATION

Government Reference	Offeror
Warranty IFPP 2.2.g	X
A Spec 3.2.3, 3.2.4, and 3.2.5	
Offeror Reference	Register Number
DR-1, Proposal Vol II	PFN-1

Deficiency Proposals

Government Reference: Warranty IFPP 3.1.g; A Spec 3.2.3, 3.2.4, and 3.2.5

Offeror Reference: Proposal VOL II, DR-X-1.1.2(4)-1

Your Response warrants MTBCF, Restoral Time and Ao. It is not clear whether your Restoral Time is an average value or the 98th percentile (as specified in 3.2.5.3 of A Spec) and it is also not clear whether all these warranted numbers are compatible and consistent. It would suffice to warrant Ao alone, as stated in your DR response and using the values which you give on Figure 1 of your CR-1 response. Of course, at the same time the A-Spec minimum MTBCF and 98th percentile Restoral Time must be met. Request you provide the specific values for all specification TBDs in Sections 3.2.3 through 3.2.5 of the A-Spec (i.e., MTBCF, MTBCMA, Ao and Restoral Times) and the Warranty Values which will be placed in the model contract.

FIGURE IX-8

Area Chief

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OFFEROR RESPONSE SUMMARY

Area	Item	Offeror
Technical	R/A	X
Deficiency Report #	Clarification	Point For Negotiations PFN-1
Offeror Reference	Government Reference	
SR-X-1.1.2(4)-1 Vol 2	Warranty IFPP 3.1g	A Sec 3.2.3--.2.5
Evaluator's Assessment of Offeror's Response		

Description of Responses:

Offeror has provided a table giving his R/M/A TBD and warranty numbers. He warrants CMC Ao, RT (avg and 98%) and MTBCF.

Evaluation:

Although he warrants Ao, it is only marginally better than the result calculated directly from RT and MTBCF - thus it represents no clear advantage. These numbers must track anyway. He did not warrant Ao alone. PFN-1 simply determined A Spec TBD numerical values, something which needs to be done during the proposal evaluation, it does not address any of the weaknesses which were identified. There is risk that he won't achieve the warranted numbers.

Impact on Proposal Rating

Factor ratings are unchanged. Offeror stated the TBDs and clarified warranty.

FIGURE IX-9

Area Chief

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ITEM SUMMARY (Initial)

Area	Item	Offeror	Color Rating
T-Technical	T-1 R&A	X	Yellow
Description of Proposal			
<p>This offeror proposes to achieve high R/A through the use of a COTS fault-tolerant main processor combined with a new design fault-tolerant front end communications (I/O) processor; reliable software is also stressed. The offeror proposes to conduct a comprehensive Reliability Engineering program during design and development so as to focus appropriate attention on these requirements. Schedules in the proposal show a significant formal R/A test effort.</p>			

Strong Points

None

FIGURE IX-10 (page 1 of 2)

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Weak Points

The proposal is incomplete since analytical detail to support numerical results was not provided. The overall treatment is cursory and shallow. Some of the more significant weaknesses are:

- (a) MTBCMA numerical results are incomplete, failing to account for some of the hardware. CR-X-1.1.1(1)(2)-1.
- (b) Availability numbers appear to ignore outages due to applications software unreliability (errors) as well as other sources of downtime. CR-X-1.1.1(1)(2)-1
- (c) Although the presentation of field reliability data was clear, it was incomplete (devices missing). CR-X-1.1.1(1)(2)-1
- (d) No analysis to show how the raw data (uptimes & downtimes) yielded Ao results. CR-X-1.1.1(1)(2)-1
- (e) Restoral time values given without definition or source. CR-X-1.1.1(1)(2)-1
- (f) Incremental Ao results are just given with o derivation. CR-X-1.1.1(1)(2)-1
- (g) Warranty discussion ignores MTBCF and Restoral Time. It fails to give the Cost/Benefit (numerics) analysis asked for in the IFPP. DR-X-1.1.2(4)-1
- (h) Claimed widget has fully redundant clock & backplane, which is opposite of our understanding. CR-X-1.1.1(1)(2)-1
- (i) The extent to which the proposed system is free from single-failure-points needs to be addressed more fully. CR-X-1.1.2(1)

Overall Risk Assessment and Evaluation Summary

HIGH: The offeror gives numerical Ao results which are optimistic and which exceed requirements by comfortable margins. However, since these results are simply stated without derivations, they are not believable. He seems not to understand how difficult the very high specified Ao will be to achieve. The weaknesses observed in his R/A proposal are legion. There is a significant probability that this offeror will not be able to meet Ao requirements.

FIGURE IX-10 (page 2 of 2)

 AREA SUMMARY (INITIAL)

Area	Offeror	X	Color Rating	Yellow
Description of Proposal				

This team would base its message processing on XYZ fault-tolerant computers, using the 200-series machine for sensor and forward user configurations, and the 600-series machine for the fusion center configuration. The prime contractor would develop its own plug-in I/O processor for the XYZ computers. This processor would be used for each host and communications medium interface. Secure voice hardware would be all COTS from ABC and X Corporation.

Software would be primarily written in FORTRAN with some assembly language modules; tradeoffs between FORTRAN and Ada would continue. All software design would employ Ada Programming development Language (PDL).

The offeror proposes to conduct a comprehensive Reliability Engineering program during design and development so as to focus appropriate attention on these requirements.

Offeror proposes to meet maintainability and logistics requirements through the maximum use of COTS. Maintenance and support shall be provided until the transition to organic support.

The proposed hardware is mostly mature COTS but also includes a new design front-end processor (I/O) module. This new design module does not appear to be based upon any new state-of-the-art hardware devices or involve any advanced or new manufacturing methods.

FIGURE IX-11 (page 1 of 5)

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INITIAL AREA SUMMARY

Strengths:Reliability and Availability:

The use of a fault-tolerant front end communications I/O processing approach, which employs separate duplexed processors for each interface, is an attractive feature from a Reliability/Availability viewpoint. This approach distributes the processing load, allows smaller, less complex main processors to be used, and increases the likelihood of graceful degradation in the face of failures, all without sacrificing availability potential.

Maintainability and Logistics:

None

Producibility:

None

System Design and Technical Management:

There is one strength in this item. In the management area, the decision to have the prime contractor develop all software should minimize coordination problems and risk.

Software:

None

*Page 1 indicates this is a Technical area summary, but this statement refers to management. This overlapping should be avoided or adequate cross-references should be used.

FIGURE IX-11 (page 2 of 5)

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INITIAL AREA SUMMARY

Weaknesses:Reliability and Availability:

The treatment of Reliability and Availability is very weak, including problems in the following areas:

- (a) MTBCMA numerical results are incomplete, failing to account for some of the hardware. CR-X-1.1.1(1)(2)-1.
- (b) Availability numbers appear to ignore outages due to applications software unreliability (errors) as well as other sources of downtime. CR-X-1.1.1(1)(2)-1
- (c) Although the presentation of field reliability data was clear, it was incomplete (devices missing). CR-X-1.1.1(1)(2)-1
- (d) No analysis to show how the raw data (uptimes & downtimes) yielded Ao results. CR-X-1.1.1(1)(2)-1
- (e) Restoral time values given without definition or source. CR-X-1.1.1(1)(2)-1
- (f) Incremental Ao results are just given with no derivation. CR-X-1.1.1(1)(2)-1
- (g) Warranty discussion ignores MTBCF and Restoral Time. It fails to give the Cost/Benefit (numerics) analysis asked for in the IFPP. DR-X-1.1.2(4)-1
- (h) Claimed widget has fully redundant clock & backplane, which is opposite of understanding. CR-X-1.1.1(1)(2)-1
- (i) The extent to which the proposed system is free from single-failure-points needs to be addressed more fully. CR-X-1.1.2(1)

Maintainability and Logistics:

Two specific weaknesses for Maintainability and Logistics were discovered:

- (a) Conflicting and contradictory statements regarding support equipment requirements for organizational level maintenance. CR-X-1.2.2(1), (3)-3
- (b) Approach to Interim Contractor Support is fragmented and unclear. CR-X-1.2.2(1), (3)-3

Producibility:

None

FIGURE IX-11 (page 3 of 5)

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INITIAL AREA SUMMARY

System Design and Technical Management:

The System Design Analysis and Technical Management item is marginal, including the following specific problems:

- (a) Proposed functional allocations given in proposal do not cover all functions. No message flow descriptions provided. Inadequate information provided on how specific requirements would be met for message and voice processing. Some functions do not appear to be properly allocated. DR-X-1.4.1(5)-3, CR-X-1.4.1(1)-5
- (b) In sizing hardware, consideration is given to growth requirement; however consideration is not given to the requirement to process multiple copies of messages. Offeror also states that system architecture is dependent on Government provided traffic without discussing sensitivity of design to traffic and the provision of a 50% growth margin which should have made dependence on traffic minimal. CR-X-1.4.1(2)-6
- (c) The proposed queueing strategy will discard messages when buffers are full. This is contrary to requirements and is unacceptable. DR-X-1.4.1(2)-2
- (d) Offeror proposes to install, test and integrate 15 sites all within a 2-month period. This appears overly ambitious and is not supportable by the Government. CR-X-1.4.2(2), 1.4.1(2)-7
- (e) A figure in Vol. III indicates that some dual ports for CSSR may be served by a single "smart sync" node. Clarification is required to determine if there is a mistake in the diagram or if this is the intended design. If it is the intended design, a single point failure exists. CR-X-1.1.2(1), 1.4.1(2)-2
- (f) There are discrepancies between master schedule and xxxxx test and integration activities. Master schedule also appears to incorporate FOC activities during IOC. CR-X-1.4.4(2)-8
- (g) The definition contained in the text for LOC is incorrect. CR-X-1.4.4(2)-8
- (h) Offeror does not address the various functions required for crypto management in his proposal. Government is, thus not in a position to know if offeror completely understands the requirements for crypto control and has taken these requirements into account in his design. Failure to understand these requirements could impact his selection of hardware, software size estimates and design. DR-X-1.4.1(2)-4

FIGURE IX-11 (page 4 of 5)

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INITIAL AREA SUMMARY

Software:

The Software item is marginal, including the following weaknesses:

- (a) Low software sizing estimates indicate a lack of understanding of the functional requirements. The sizing and timing estimates are smaller than Government estimates by a factor of 2-3. CR-X-1.5.1(1)-9, CR-X-1.5.4(2)-11
- (b) The schedules in the proposal are inconsistent. CR-X-1.5.2(2)-10
- (c) Methods for calculating the timing requirements are not explained and the status of overhead timing is unknown. CR-X-1.5.4(2)-11
- (d) System Processor (SP) and sizing are inconsistent in several charts. CR-X-1.5.4(1)-12
- (e) Test schedules are contradictory. CR-X-1.5.2(1)-13
- (f) Low timing and sizing estimates will impact equipment selection, system design, and schedule. CR-X-1.5.4(1)-12

FIGURE IX-11 (page 5 of 5)

Overall Risk Assessment and Evaluation Summary

HIGH: There are three high risks associated with this proposal. Lack of appreciation for the difficulty of the availability specification is sufficiently severe that it is unlikely that availability performance would be met. The functional allocation omits numerous important items, possibly contributing to this team's very low software lines of code estimates. When the necessary functions are finally allocated, hardware and software architectures would likely be affected, impacting cost and schedule. Finally, the prime contractor's developmental I/O processor appears to have negligible growth margin, a concern since loading due to duplicate messages appear to have been overlooked during the timing and sizing analyses.

*Government Concerns

The following is a list of concerns with your proposal which should be considered in your best and final offer:

- a. The Government views the Ao requirement as being important and very challenging. In accordance with the A-Spec, CMC Ao must include all reasonable sources of outage and downtime. For the reasons listed below, the Government is concerned about: (1) the realism of the predicted CMC Ao results (numbers), and (b) the risk associated with meeting them:
 - (1) An estimate of one critical hardware outage every 4 years (34,850 hours) is unrealistic.
 - (2) Your FOC applications software MTBF of 10,000 hours seems overly optimistic; none of the applications software MTBFs are supported analytically.
 - (3) Human error sources (operation and maintenance) of critical outage and downtime have not been addressed in your proposal.
 - (4) Your system MTBCFs are higher than the software MTBCFs and are computed from Ao values.
- b. The Government is concerned that the Message Data Functional Flow Diagram submitted did not include the Duplicate Message Elimination function. The effects of duplicate messages have considerable impact on sizing and time requirements, particularly when media/subscriber growth requirements are factored in. Your proposal indicates that the proposed architecture and sizing are very sensitive to deviations from the specified traffic loading and data rates. Also, when growth requirements are considered, your estimates indicate that the fusion center processor is very close to capacity. The concern of the Government is that, if duplicate message handling and its impact on traffic loading were not included in the sizing/timing analysis, the proposed architecture for the fusion center will not meet the FOC plus growth requirements.
- c. We are concerned about the very low lines of code estimate provided in the proposal (e.g., initialization and control, interfaces, simulation and data reduction). This leads to concern about your understanding of the functional requirements. CR-9 was issued on some functions missing from the original proposal, but the sizing and timing analysis did not change significantly. Also, throughout, estimates of how long it would take a message to be processed by them were not provided. If the sizing estimates are significantly low, there is a high impact on performance, cost and schedule.

FIGURE IX-12

*NOTE: SSAC must approve this letter before it is sent.

AREA SUMMARY (FINAL)

Area	Item	Offeror	Color Rating
T-Technical	T-1 R&A	X	Yellow
Description of Proposal			

Offeror proposes to achieve high R/M/A through the use of a COTS fault-tolerant main processor combined with a new design fault-tolerant front-end communications (I/O) processor; reliable software is also stressed. The offeror proposes to conduct a comprehensive Reliability Engineering program during design and development so as to focus appropriate attention on these requirements.

Strong Points

Reliability and Availability:

The use of a fault-tolerant front end communications I/O processing approach, which employs separate duplexed processors for each interface, is an attractive feature from a Reliability/Availability viewpoint. This approach distributes the processing load, allows smaller, less complex main processors to be used, and increases the likelihood of graceful degradation in the face of failures, all without sacrificing availability potential.

FIGURE IX-13 (page 1 of 2)

Item Chief Signature

Area Chief Signature

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FINAL ITEM SUMMARY

Weak Points

The offeror's Ao supporting analysis is still weak and results are judged to be optimistic. This is largely due to the offeror's unrealistic software and human factors reliability expectations. His software reliability analysis was particularly weak and not well thought out.

Remaining weaknesses were affected by the offeror's response to our letter of concern as follows:

Weakness (b) remains. The Ao results are still overstated, largely because the Software Reliability expectations are still unrealistic. Human error has been recognized now as a source of down time, although its impact is still assumed to be minimal. The offeror's software reliability analysis was weak and yielded optimistic results because: available test time computations were optimistic, some assumptions were not supported, impact of new FOC code was not considered, and improvements were not allocated across test phases in a balanced way.

Weakness (c) remains. The offeror failed to provide adequate data which would remove this weakness.

Weakness (d) is resolved. The offeror has recognized weaknesses and errors in his model, and explained how his derating factors have compensated for them.

Overall Risk Assessment and Evaluation Summary**Moderate**

The offeror's approach remains marginal with a moderate risk that he will have significant difficulty meeting the R/A requirements. Again, this can probably be overcome if he responds to Government monitoring and guidance.

FIGURE IX-13 (page 2 of 2)

 AREA SUMMARY (FINAL)

Area	Offeror	Color Rating
T-Technical	X	Yellow

 Description of Proposal

The formal, dedicated R/A qualification testing has been eliminated through a Government initiative (PFN-4). Formal testing was deemed unnecessary since the hardware is predominately COTS and sufficient time exists during development to verify requirements achievement by the collection of failure data.

In addition, the offeror provided additional information in the areas of link protocols, voice signaling and voice system performance, crypto operation, message data function flow, functional allocation and CPU sizing. The offeror also increased the capacity of the widget computer.

The offeror has changed the proposed sensor and forward user processors from the X200 to the X400. The rationale is that X200 will not be upgraded as anticipated. The X400 has been upgraded with 256K byte memory and a cabinet size change will reduce the footprint. Due to an improved quantity discount offered by widget, there is no increase in cost.

Final Strengths:
Reliability and Availability:

No change

Maintainability and Logistics:

None

Producibility:

None

System Design Analysis and TEchnical Management:

Same strengths as initial (all software developed in-house by Prime)

Software:

None

FIGURE IX-14 (page 1 of 2)

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FINAL AREA SUMMARY

Strong and Weak Points Item by Item**Weaknesses:****Reliability and Availability:**

After the CR/DR and PFN interaction with the offeror, only three weaknesses remained. These remaining weaknesses were affected by the offeror's response to our letter of concern as follows:

Weakness (b) remains. The Ao results are still overstated, largely because the Software Reliability expectations are still unrealistic. Human error has been recognized now as a source of down time although its impact is still assumed to be minimal. The offeror's software reliability analysis was weak and yielded optimistic results because: available test time computations were optimistic, some assumptions were not supported, impact of new FOC code was not considered, and improvements were not allocated across text phases in a balanced way.

Weakness (c) remains. The offeror failed to provide adequate data which would remove this weakness.

Maintainability and Logistics:

None

Producibility:

None

System Design Analysis and Technical Management

A personnel function was not allocated for crypto central.

FIGURE IX-14 (page 2 of 2)

Overall Risk Assessment and Evaluation Summary

Offeror's overall technical risk is high due to risks in three of the five technical items (R/A, SYS DES, SW DES). Offeror's software reliability expectations are unrealistic, making it unlikely that they can meet the Ao requirements. Their analysis of the processing required to meet the growth requirements shows that the fusion center configuration must operate at 97% capacity. A second processor may be added, but it will require some changes in the software architecture and software design which in turn will affect schedule. Offeror's code estimates are significantly lower than the Government's (by 50%) which can force reevaluation of hardware when the software requirements are fully understood.

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(SSAC REPORT)

Comparative Analysis of Proposals

3.0 INTRODUCTION

This section presents a comparative analysis of the two offerors at both the technical item and technical area levels. First, Section 3.1 lists the five technical items against which the proposals were evaluated. Second, Section 3.2 identified the major strengths and weaknesses at the technical area level for each offeror, as well as the overall technical area risk. Section 3.3 follows which provides the comparative analysis of the offerors at the technical item level. The summary at the end of this section identifies the comparative ranking of the offerors with color code. Finally, the comparative analysis is presented at the technical area level. The ranking at the end of this section represents the offerors' relative position after the SSAC Analysis.

3.1 TECHNICAL AREA ITEMS

The technical area consisted of five items of equal importance:

- Design for Reliability and Availability (R&A)
- Design for Maintainability and Logistics (M&L)
- Design for Producibility (P)
- System Design Analysis and Technical Management (SYS DES)
- Software Design, Development and Management (SW DES)

3.2 TECHNICAL AREA STRENGTHS, WEAKNESSES, RISKS

The major area strengths, weaknesses and risks identified for the five offerors' proposals are summarized below. Parenthetical abbreviations identify the item for which the strength/weakness was identified.

3.2.1 OFFEROR Y

Strengths:

(Censored)

Weaknesses:

(Censored)

FIGURE IX-15 (page 1 of 2)

THIS IS A SAMPLE. ACTUAL DOCUMENT MARKED:
FOR OFFICIAL USE ONLY
SOURCE SELECTION SENSITIVE

Risk

Moderate

3.2.2 OFFEROR X

Strengths:

- o All software developed in-house by prime. (No strengths for R/A)

Weaknesses:

- o Software reliability expectations are unrealistic, specifically, R/A analysis is incomplete, operational SW ignored, SW model parameters unrealistic. (R/A)
- o Operational Availability (Ao) requirements not well understood; Ao results overstated. (R/A)
- o Data presented shows that when the growth requirements are considered, the proposed fusion center configuration is virtually at capacity. A second processor may be added, but changes will be required in system architecture/design. Duplicate message elimination not included (SYS DES).
- o Offeror's software lines of code estimates are approximately 50% lower than Government estimates. This indicates insufficient understanding or development of functional requirements. (SW DES)

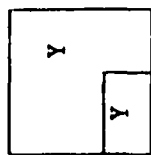
Risks:

Moderate

FIGURE IX-15 (page 2 of 2)

THIS IS A SAMPLE. ACTUAL DOCUMENT MARKED:
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SOURCE SELECTION SENSITIVE

DESIGN
FOR
RELIABILITY AND AVAILABILITY
OFFEROR X



RATING

RISK MODERATE

STRENGTHS

o NONE

WEAKNESSES

o SOFTWARE RELIABILITY EXPECTATIONS UNREALISTIC

o INSUFFICIENT RELIABILITY DATA

RISKS

o OFFEROR UNLIKELY TO MEET AO REQUIREMENTS POTENTIALLY CAUSING SCHEDULE/COST IMPACTS

FIGURE IX-16 (page 1 of 2)

THIS IS A SAMPLE. ACTUAL DOCUMENT MARKED:
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SOURCE SELECTION SENSITIVE

CHAPTER X
OTHER SOURCE SELECTION PROCEDURES

A. General.

The source selection procedures described in the preceding chapters are those normally used by the Air Force when contracting by what is commonly referred to as "conventional negotiation procedures".

Conventional procedures are illustrated in paragraph E, of Chapter II.

There are other procedures that can be used for source selection if:

1. The procuring activity permits the use of the procedures; and
2. The procedures are appropriate for use in the particular circumstances.

A brief description of the more frequently used procedures follows.

B. Two-Step Sealed Bidding.

Two-Step Sealed Bidding (FAR 14.5) is a combination of the two, basic competitive contracting procedures; i.e., sealed bidding and negotiation. It is primarily designed to achieve the benefits of sealed bidding in those circumstances where specifications (purchase descriptions) are not adequate to justify the use of sealed bidding.

1. Step One.

Technical proposals are solicited in the normal manner, including publication of a synopsis in the Commerce Business Daily (CBD). The "RFP" and the CBD make it clear that the solicitation is step-one of the two-step procedure. The "RFP" is usually in letter form as permitted by the DOD FAR Supplement. Pricing information is not obtained in step-one.

Technical proposals submitted by the offerors are evaluated in somewhat the same manner as in conventional negotiations. The basic difference is that instead of a rating or scoring system that makes a distinction between offerors (e.g., Offeror A scores 95, Offeror B scores 87, etc.), offerors are categorized as being acceptable; unacceptable; or reasonably susceptible of being made acceptable. Discussions may be held with the latter group, or the contracting officer may proceed directly with step two if an adequate number of proposals are acceptable.

2. Step Two.

Sealed bidding procedures are used in step two, except that invitations to bid are issued only to those offerors that finally submitted acceptable technical proposals in step one. After receipt of bids, the contract is awarded to the low bidder. The contract requires the contractor to comply with the specifications (as described in the step one solicitation) and with that particular contractor's technical proposal as submitted and accepted in step one.

C. Four-Step Source Selection Procedures.

Four-step procedures are noted only briefly at FAR 15.613, "Alternative Source Selection Procedures". As implemented in the DOD FAR Supplement, the process is described as one that involves the:

1. Submission and evaluation of the offerors' technical proposals;
2. Submission and evaluation of the offerors' cost proposals;
3. Establishment of the competitive range and the selection of the apparent successful offeror; and
4. Negotiation of a definitive contract.

A distinguishing element of the four-step process is that protracted discussions are not held with offerors in the competitive range; e.g., deficiencies are not revealed to the individual offerors. Rather, after establishment of the competitive range, a single offeror is selected for negotiation of a contract. In conventional negotiation procedures, definitive contracts are normally negotiated with all of the finalists, then the SSA makes the selection decision.

D. Lowest Evaluated Price Technique.

The Lowest Evaluated Price (LEP) Technique is a source selection procedure that might be unique within certain Air Force contracting activities. Note, however, that LEP is not so much a procedure as it is a scoring or rating technique.

LEP is not mentioned in either the FAR or the DOD FAR Supplement. The technique is described in AFLC FAR Supplement 15.602-90, a copy of which is included herein for information purposes as Appendix I.

LEP might be appropriate for use when:

1. It is determined that exceeding minimum, Government-specified technical requirements is of benefit to the Government; and
2. There is a need to examine the trade-off between price and factors other than price.

As is the case in all source evaluation and selection procedures, an objective evaluation formula must be developed and documented prior to issuance of the solicitation, and evaluation criteria must be included in the RFP.

LEP is a formula approach to source selection because it contemplates contract award to the offeror that receives the highest weighted score and the lowest evaluated price.

CHAPTER XI
PROTECTION OF DATA AND
STANDARDS OF CONDUCT

A. Introduction.

When a person is assigned to a source selection organization, he or she becomes part of a professional group. The principal objective of that professional group is to evaluate competing offers, and select that source whose proposal has the highest degree of credibility and whose performance can be expected to best meet the Government's requirements. In doing so, Government personnel must conform to standards of conduct that protect the interests of the Government and the competing offerors. Appendix J hereto includes two paragraphs from FAR subpart 3.101. A reading of those two paragraphs should serve to understand the broad scope of ethical standards.

The effectiveness of the source selection process requires that all data and information be handled with the utmost discretion so as to avoid any compromise:

- o that would be detrimental to the best interests of any of the parties, or
- o that would affect the integrity of the proposal evaluation and source selection process.

Protecting source selection data and ensuring that source selection personnel are aware of the standards expected of them should prevent any ethical problems.

B. Conflicts of Interest.

AFR 70-15 directs that the SSAC chairperson will instruct all persons

receiving information or data on source selection activities to comply with AFR 30-30, Standards of Conduct. In the streamlined source selection process, the chairperson of the SSET should perform this responsibility. If consultants from private industry are used, they also must conform to the same ethics and standards that are applied to the Government personnel.

All persons involved in the source selection process (including advisors and consultants) should inform the chairperson of the SSAC or, as appropriate, SSET, if their participation might result in a real, apparent, or possible conflict of interest. When so informed, the chairperson will disqualify any person who has or appears to have a conflict of interest.

C. Protecting Source Selection Records Or Data.

Persons involved in the source selection process must remember that there is no universal value system under which standards of conduct are accepted and practiced uniformly. Both industry and Government emphasize high standards of conduct; however, it would be naive to assume that everyone operates within the same value system. It is important, therefore, that personnel involved in the source selection process ensure the effectiveness and integrity of the process by taking measures to protect source selection records and data. Administrative procedures must be established to ensure that there is no unauthorized release of information. A good Rule Number One is to ensure that all data received or developed must be marked "SOURCE SELECTION SENSITIVE."

Access to sensitive information must be strictly controlled at all organizational levels. Only individuals who have a strict need-to-know and who have signed the proper certification indicating no conflict of interest may have access to source selection information.

D. Source Selection Facilities.

The availability of facilities and limited access to those facilities is an important element in protecting source selection sensitive information. Only those individuals assigned to specific source selection teams should be permitted in the facility.

Source selection meetings and briefings should be conducted in areas where there is security and control of the sensitive selection material.

If more than one source selection activity is scheduled to occupy the same facility, it is essential that business not be discussed in the common areas.

Essential office equipment, such as desks, conference tables, copier, and overhead projectors, should be made available for only the use of the source selection activity.

Each evaluation team should assure that sufficient office supplies are available to support their effort. The need for administrative support people should be evaluated and be provided by each evaluation team.

E. General Rules.

It is difficult to establish fail-safe rules to protect source selection data or information; however, the following general rules, if used and understood, will contribute greatly to protecting both data and the integrity of the process:

- o Direct all communications from contractors to the chairperson of the source selection organization or to the contracting officer.
- o Do not discuss proposals, evaluations, or other source selection matters outside of the designated physical areas for evaluation (secure office space).

- o Do not talk about source selection activities with other employees, supervisors, or even commanders if they are not involved in the selection process.
- o Do not discuss the source selection with anyone, even after the successful contractor is announced. This rule applies regardless of rank or position of the inquirer. Disclosure of source selection data is the exclusive responsibility of the SSA or the contracting officer.

Figure XI-1 is an illustration of a pro-forma "Certificate of Non-Disclosure" that should be signed by persons assigned to a source selection organization.

F. Release Of Source Selection Data.

Source selection data typically includes business, management, technical, and financial data. This data should be handled with the utmost discretion to avoid any compromise during the source selection process. The release of source selection data while the source selection is in process is the responsibility of the SSA. Subsequent to contract award, disclosure authority to permit access to and release of source selection records is vested in the HCA. After the award of the contract, avoid any public disclosure of information that has been provided in confidence or that has been identified by the offeror as proprietary information or data. A legal opinion should be obtained if any such information is requested under the Freedom of Information Act.

Even though source selection data may fall within categories of material that may be withheld from public disclosure, each document must have an independent basis for exemption. Do not assume that data is not

exempt from disclosure because of a reference to previous nonexemption in other source selections. The criteria that apply to the protection and release of source selection data are found in DODD 5500.7. Any questions regarding public disclosure should be referred to the JAG office.

G. Financial Disclosure.

A person involved in the source selection process cannot have a financial interest in any firm that may benefit from an award. To avoid a conflict of interest, personnel involved in the evaluation, including advisors and consultants, are required to file a Disclosure of Financial Interest statement. The statement is used to disclose all investments owned by the individual and his or her spouse or immediately family. Even if there is only an appearance of a financial conflict, that fact must be noted on the disclosure statement. Information so disclosed must be treated in the strictest confidence. Any questions should be referred to the JAG office or to the legal counsel of the source selection organization. All conflicts of interest must be resolved before an individual is appointed to his or her position in the source selection organization. Figure XI-2 is an illustration of a pro-forma "Statement of Financial Interest."

ILLUSTRATION

NAME: _____

Date of Appointment: _____

Appointed by: _____

CERTIFICATE OF NON-DISCLOSURE

I have read and understand the requirements of (e.g., AFR 30-30)

I understand my obligation not to divulge information received in confidence from offerors in connection with bids and proposals, trade secrets, inventions, discoveries, and reports of a financial, technical, and scientific nature, except on a need to know basis during the conduct of official business.

I will not divulge any information concerning either the contents of the proposals or the evaluation of the proposals for the (name of program) which may come to my attention, or to other personnel, except on a need to know basis during the conduct of official business.

I further understand my responsibility not to disclose the contents of the Proposal Technical Evaluation Plan, the methods or procedures being used to evaluate proposals, or any other source selection related information to which I have access, to personnel outside the convened (name of Board) except as specifically approved by the Contracting Officer or Source Selection Authority.

I will not reveal the standards, ratings, or scores used during the evaluation process unless authorized to do so by the Contracting Officer or Source Selection Authority.

Finally, I will not identify the names of any evaluation personnel to persons not directly engaged in the evaluation, except where necessary in official Government communications.

Date: _____ (Signature) _____

Date of Termination: _____

Debriefed by: _____

Figure XI-1

ILLUSTRATION

CHAPTER XII

COMPLETION OF A SOURCE SELECTION

A. General.

Throughout the source selection process the SSEB, SSET, and SSAC chairpersons may be required to prepare and conduct briefings. The number of briefings will vary, depending on the size and complexity of the program or project. The chairpersons should anticipate that written reports on the source selection activities will be required. The organization and structure of the reports and the briefings are usually at the discretion of the command responsible for conducting the source selection.

This chapter reviews the reports, briefings, and tasks that should be accomplished at the completion of source evaluation.

B. SSEB Evaluation Report.

The evaluation report documents the results of the comparison of each proposal against the technical requirements and the evaluation criteria and standards stated in the RFP. The report shall include narrative assessments for the areas and items evaluated, and may include information on factors and subfactors. Each assessment must be precise and should highlight the strengths, weaknesses, and risks associated with each evaluated aspect of the proposal. Contractual considerations, cost evaluations, and risk analyses should also be included. The similarities and differences between the formal and streamlined source selection reports and briefings are discussed later in this chapter.

Although the organization and structure of an evaluation report might vary from command to command, it should generally include information on the following topics:

- o Introduction: The introduction may include the background of the proposed acquisition, the composition of the Board, and any other information that may be of particular interest or that should be documented. Identify the offerors that were included in the competitive range.
- o Description of Proposals: Include brief summary description of each proposal evaluated by the Board. Do not compare the quality of the proposals with other proposals.
- o Analysis of Proposals: Include past performance information on each of the offerors, and an analysis of strengths and weaknesses by areas and items (do not compare the offerors' proposals--this is the duty of the SSAC as discussed below).
- o Cost Evaluation: This will include a summary of the analyses made pertaining to completeness of data, cost realism, and reasonableness of cost. It should include the results of the best and final offers. Proposed costs are normally not scored.
- o Contractual Considerations: This will include a discussion of significant contract arrangements with each offeror in the competitive range; e.g., special terms and conditions; options; EEO clearances; preaward surveys; and alternate proposals.
- o Overall Risk Analysis: There is normally some risk associated with each offeror's proposed cost, schedule, and technical performance. Risk should be identified as high, moderate, or low. Risk may occur by virtue of program objectives, past experience, or a particular technical approach.
- o Color Coding Summary: Evaluators should take full advantage of the full range of ratings, if warranted. The evaluation process

should not attempt to simply classify proposals as acceptable or unacceptable.

- o Findings: The findings summarize and outline significant aspects of the report, and may include conclusions based on the factual data. Unless specifically requested, recommendations should not be made.

One of the agenda items that the chairperson should discuss with members of the Evaluation Board, before they begin their evaluations, is the necessity to document information to allow tracking and coverage of all facets of the evaluation. Information that is generated must be carefully managed and safeguarded. Handwritten narrative assessments are encouraged. If the SSA needs clarification or additional information on an item or area, the narratives are the best source of data.

It should be noted that item and area summaries are not given to the SSA unless they are specifically requested. They are included as part of the permanent source selection record.

C. SSAC Analysis Report.

Normally, the SSEB Chairpersons will be responsible for preparing a draft of this report, except for the sections that cover the comparative analysis of proposals and the SSAC findings. AFR 70-15, Attachment 5, contains the format for this report.

The SSA uses this report to arrive at the final selection decision. It must portray in narrative form the results of the proposal evaluation, best and final offers, and other considerations which would influence the final decision.

The comparative analysis is an analysis of the proposals within the competitive range. This analysis will identify strengths, weaknesses (by areas and items), risks, and other significant factors other than costs. The contracting officer is responsible for advising both the SSAC and SSA of any offeror about which there may be a question of responsibility, and any such information should be included in the report.

D. SSAC Briefings.

The briefing formats discussed in this chapter are similar for all source selections. However, the recipients and scope of briefings depend on the organizational level at which the SSA has been established.

When the SSA is the Secretary or an Assistant Secretary of the Air Force, briefings to a large number of recipients should be expected. After completion of the SSAC Analysis Report, the SSAC Chairperson should brief the commanders of the affected commands and the Chief of Staff. Air Staff personnel should be invited to attend the briefing of the Chief of Staff.

The Secretarial briefing will include the appropriate Assistant Secretaries, General Counsel, Director of Legislative Liaison, and the Director of Public Affairs. Members of the SSAC and the Chairperson of the SSEB should also be invited to attend the Secretarial briefing.

All briefings conducted for the Secretary, Assistant Secretary, and the Air Staff should be coordinated through the Air Force Director of Contracting and Manufacturing Policy.

When the briefings are conducted for an SSA from within the command, the Chairperson of the SSAC and the SSEB will follow command instructions.

Some commands find it useful to conduct a mid-term briefing which is usually held at the completion of the initial evaluation of the proposals, followed by the final briefing which is held after the receipt of BAFOs.

If more than one briefing is held, the final scoring blocks should show the direction in which the final rating changed subsequent to the original rating. The number and direction of the change will be indicated by arrows. Any change from the original scoring of a proposal should be identified and discussed in the strengths, weaknesses, and risk portion of the briefing. An in-depth discussion of these points is generally not appropriate as the main purpose of the briefing is to apprise the SSA of the results of the evaluation. Generally, a statement that the area and item met the minimum requirements is sufficient.

There may be areas or items that require additional explanation. If so, the use of briefing aids, charts, viewgraphs, drawings, and photographs is encouraged.

The basic purpose of the cost portion of the source selection briefing is to inform the SSA of the originally proposed cost/price and the final cost/price. Unlike other areas, there is no evaluation in terms of strengths or weaknesses. Even though ratings are not assigned to cost/price, comparisons are made between offerors' cost proposals. If it is difficult to make comparisons because of accounting or other differences, clarifying information should be included in the the briefing.

The contractual portion of the briefing should identify any significant contracting arrangements and any significant differences between offerors. Briefing items may include such items as options, peculiar support equipment, spares, and subcontracting plans.

The briefing should include a review of each offeror's record of past performance. Performance history that is specifically relevant to the proposal should be highlighted.

In summarizing a briefing, use consistent language to describe evaluation results. Use the same adjectives to describe similar findings of offerors, and be as brief as possible.

Dry runs of all briefings are essential. Personnel from various disciplines should be invited to hear and critique a dry run. It is essential that the briefings be clear and unbiased. The length of the briefings will be determined by the SSA.

E. SSET Briefings And Reports.

The briefings conducted in a streamlined source selection are similar to those used in a formal source selection. The major difference is that the functions of the SSEB and SSAC are combined within the SSET. The recipients and the scope of the briefings depend on the organizational level at which the SSA has been established.

A Proposal Analysis Report (PAR) shall be prepared by the SSET. The PAR is essentially the same as an SSEB evaluation report. The sequence of events for preparation of the PAR is as follows:

1. After receipt of BAFOs, both the Technical Team (TT) and the Cost Team (CT) prepare final reports. The reports will identify all changes to proposals resulting from discussions and BAFOs.
2. Under the direction and guidance of the chairpersons, the SSET will prepare the PAR, summarizing strengths, weaknesses, and risks associated with each proposal, together with the resultant ratings.

3. The summary (PAR), together with the technical and cost reports, are forwarded to the SSA for the source selection decision.

F. Source Selection Decision Document.

This document contains the source selection decision, the supporting rationale, and direction to the contracting officer to make the contract award. Because this document becomes part of the official contract file, it cannot be marked "Source Selection Sensitive" (see AFR 70-15, Attachment 6, for the format of the Decision Document).

The Decision Document should not refer to source selection data or records that were used in the pre-decision process. The SSEB/SSET reports, the SSAC Analysis Report, and other selection decision records are protected from release under FOIA. However, all information placed in the Decision Document (assuming it is unclassified) can be released under FOIA.

G. Debriefings.

Offerors are entitled to a debriefing if they ask for one. Debriefings provide each offeror the opportunity to learn the weaknesses and strengths of its own proposal, but the strengths and weaknesses of other proposals are not discussed. Debriefings shall be conducted with only one offeror at a time.

In most formal source selections, the debriefings will be conducted by the SSEB/SSET chairperson. When less-formal source selection procedures are used and the contracting officer is the SSA, the contracting officer, or the program manager, or both, should conduct the briefings.

H. Lessons Learned.

One of the items a chairperson for the SSEB/SSET should consider in the very beginning of a source selection is to keep a running account of the "lessons learned" during the course of the selection process.

The objective of a source selection is to achieve a systematic and comprehensive evaluation of offerors' proposals. The evaluation procedures can be enhanced by learning and applying procedures that have been successful, and avoiding procedures that have not contributed effectively to the source selection process.

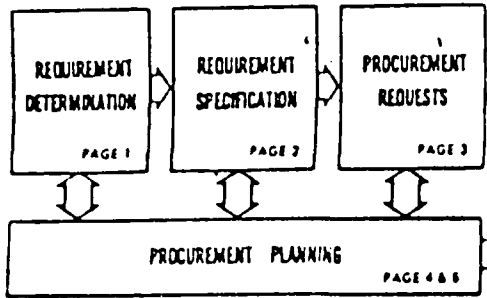
Timeliness of reporting "lessons learned" through command channels is important, particularly if the information can be used to enhance future or concurrent source selections.

The "lessons learned" account should give a clear and concise statement of problems encountered, solutions used, and recommendations for improvement of the process. Experience is often the best teacher, and the "lessons learned" technique is an excellent vehicle for communicating source selection experience.

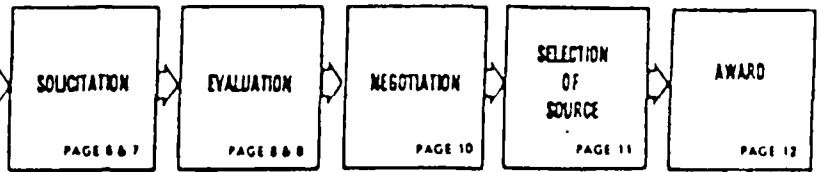
APPENDIX A

APPENDIX A

ACQUISITION PLANNING

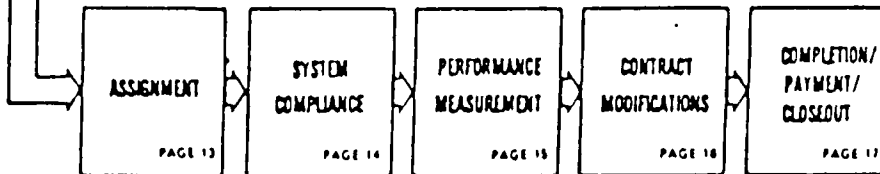


SOURCE SELECTION



FEDERAL
PROCUREMENT
PROCESS

CONTRACT ADMINISTRATION



APPENDIX B

APPENDIX B

TYPES OF CONTRACTS AND APPROPRIATE USE

<u>Type of Effort</u>	<u>Type of Contract*</u>
Basic Research	Cost, CPFF
Applied Research	Cost, CPFF
Exploratory Research	Cost, CPFF
Advanced Development	CPFF, CPAF
Engineering Development	CPFF, CPAF, CPIF
Operational System Development	CPIF, CPAF, FPI
First Production	FPI
Follow-On Production	FPI, FFP, FPR
Supply	FFP

Service Contracts: Custodial, refuse collection, mess attendants, maintenance, mail distribution, laboratory testing, equipment repair, etc.

The rationale for selection of contract type for service contracts parallels that shown above; i.e., if the work effort cannot be estimated or predicted with reasonable confidence, a cost type contract is appropriate. If the service can be clearly stated and effort reasonably predicted, a fixed price type of contract is appropriate.

- *Cost - Cost Reimbursement
- CPFF - Cost Plus Fixed Fee
- CPAF - Cost Plus Award Fee
- CPIF - Cost Plus Incentive Fee
- FPI - Fixed Price Incentive
- FPR - Fixed Price Redeterminable
- FFP - Firm Fixed Price

APPENDIX C

APPENDIX C

UNIFORM CONTRACT FORMAT

FAR 15.406-1

Section

Title

Part I--The Schedule

- A Solicitation/contract form
- B Supplies or services and prices/costs
- C Description/specifications/work statement
- D Packaging and marking
- E Inspection and acceptance
- F Deliveries or performance
- G Contract administration data
- H Special contract requirements

Part II--Contract Clauses

- I Contract clauses

Part III--List of Documents, Exhibits, and Other Attachments

- J List of attachments

Part IV--Representations and Instructions

- K Representations, certifications, and other statements of offerors or quoters
- L Instructions, conditions, and notices to offerors or quoters
- M Evaluation factors for award

APPENDIX D

APPENDIX D

UNIFORM CONTRACT FORMAT SECTION L

AIR FORCE DAR SUPPLEMENT

(b) Section L, Instructions, conditions and notices to offerors or quoters. When applicable, include the following in this section:

(1) Cost or pricing data information when required by FAR 15.804 and 52.215-2.

(2) When industrial security verification is required, a statement that the offeror must possess the highest degree of security clearance stated in the DD Form 254, Contract Security Classification Specification.

(3) For major systems, specify the number of copies of proposals and major segments thereof that offerors must submit. The number of copies requested shall be limited to the minimum necessary for source selection. The contracting officer shall consider selective use of page limitations for management and technical proposals. Page limitations shall not be imposed for cost proposals.

(4) The time-phasing requirements in AFR 70-15 for systems that meet the criteria of that regulation. For all other systems, the contracting officer should consider establishing a schedule that calls for the cost proposal to be submitted 5 to 10 days after the submittal of the technical/management proposal(s). Time-phasing the cost proposal depends upon the complexity of the program/project and the source selection evaluation schedule. Such time-phasing should assist in achieving better cost realism and more accurate cost proposals.

(5) Source selection information, including the schedule of major source selection events included in the source selection plan as required by AFR 70-15. (Change 11, 4/15/86)

APPENDIX E

APPENDIX E
COMPETITIVE RANGE

FAR

15.609 Competitive Range.

(a) The contracting officer shall determine which proposals are in the competitive range for the purpose of conducting written or oral discussion (see 15.610(b)). The competitive range shall be determined on the basis of cost or price and other factors that were stated in the solicitation and shall include all proposals that have a reasonable chance of being selected for award. When there is doubt as to whether a proposal is in the competitive range, the proposal should be included.

(b) If the contracting officer, after complying with 15.610(b), determines that a proposal no longer has a reasonable chance of being selected for contract award, it may no longer be considered for selection.

(c) The contracting officer shall notify in writing an unsuccessful offeror at the earliest practicable time that its proposal is no longer eligible for award (see 15.1001(b)).

(d) If the contracting officer initially solicits unpriced technical proposals, they shall be evaluated to determine which are acceptable to the Government or could, after discussion, be made acceptable. After necessary discussion of these technical proposals is completed, the contracting officer shall (1) solicit price proposals for all the acceptable technical proposals which offer the greatest value to the Government in terms of performance and other factors, and (2) make award to the low responsible offeror, either without or following discussion, as appropriate. Except in acquisition of architect-engineer services (see Subpart 26.00), a competitive range determination must include cost or price proposals.

AF SUPP. TO THE DAR

15.609 Competitive Range.

(a) The objective of evaluating offerors' proposals is not to eliminate proposals from the competitive range, but to facilitate competition by conducting written and oral discussions with all offerors who have a reasonable chance of being selected.

APPENDIX F



APPENDIX F
Department of Defense
DIRECTIVE

September 9, 1985
NUMBER 4105.62

ASD(A&L)

SUBJECT: Selection of Contractual Sources for Major Defense Systems

- References:**
- (a) DoD Directive 4105.62, "Selection of Contractual Sources for Major Defense Systems," January 6, 1976 (hereby canceled)
 - (b) DoD Directive 5000.1, "Major System Acquisitions," March 29, 1982
 - (c) DoD Directive 4245.9, "Competitive Acquisitions," August 17, 1984
 - (d) through (l), see enclosure 1

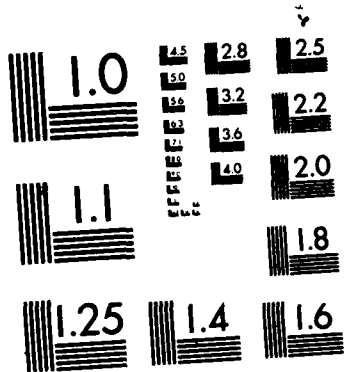
REISSUANCE AND PURPOSE

This Directive:

1. Reissues reference (a) to update policy and procedures and to assign responsibilities on the selection of contractual sources for development and production of major defense systems.
2. Emphasizes long range planning, cost realism, contractor's past performance, contractors' cost management, operational readiness and support of defense systems, and the transition from development to production.
3. Establishes uniform policy for the competitive solicitation, evaluation, and selection of contractual sources for defense systems designated as major systems under reference (b). The solicitation for and selection of alternative system design concepts will be addressed in a separate Directive.

APPLICABILITY

1. This Directive applies to the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies (hereafter referred to collectively as "DoD Components").
2. The principles established in this Directive also are applicable to acquisitions other than those for major systems, but the organization of the source selection process may be tailored to suit individual needs. For example, in acquisitions when the contracting officer is the sole decision-making authority, he or she shall determine the extent of functional support required to arrive at a source selection decision. Formal evaluation boards and advisory councils are not required for all acquisitions.



MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

C. POLICY

1. General

a. The principal objective of the source selection process is to select contractors that can best meet the Government's needs as described in the solicitation.

b. The source selection process is designed to ensure the impartial, equitable, and comprehensive evaluation of each offeror's proposal.

c. The procedures employed for source selections shall be flexible and tailored to the requirements of the specific acquisition so as to minimize the cost of the process to Government and industry.

2. Acquisition Strategy

a. The acquisition strategy is the basis of the overall plan that a program manager follows in program execution. The strategy encompasses the entire acquisition process from concept exploration to post production support.

b. Elements of the acquisition strategy must address the mission need, lead time to attain initial and full operational capability, the achievement of operational readiness and support requirements, affordability and other constraints, the extent of design and price competition achievable in each phase of the acquisition process (see DoD Directive 4245.9, reference (c)), preplanned product improvement, appropriate performance assurances, data requirements, spare parts acquisition plans, anticipated production volume (rate and quantity, including emergency surge demand) and the industrial capacity to accomplish it, and fielded equipment and doctrine by which the new system must operate.

c. The acquisition strategy evolves through an iterative process; becoming increasingly definitive in describing the interrelationship of the mission, management, technical, resource, business, support, testing, equipment standardization, and other program aspects. Before the initial solicitation is issued in an acquisition program, the strategy should be developed in sufficient detail to establish the managerial approach that will be used to direct and control all elements of the acquisition to achieve program objectives.

D. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Acquisition and Logistics) as Defense Acquisition Executive (DoD Directive 5128.1, reference (d)), shall be responsible for establishing uniform policy and procedures for the selection of contractual sources for major defense systems.

2. The Head of the DoD Component responsible for the major system acquisition is the Source Selection Authority (SSA), unless otherwise directed by the Secretary of Defense, and as such shall notify the Deputy Secretary of Defense of the intention to award a major system contract, and may be requested to provide a briefing before announcement of the award.

3. The Source Selection Authority shall be responsible for the proper conduct of the source selection process and shall ensure that:

a. The source selection plan and the evaluation criteria are consistent with the requirements of the solicitation and the policies of this Directive.

b. Personnel with the requisite skills and experience to execute the source selection plan are appointed to the Source Selection Advisory Council (SSAC) and the Source Selection Evaluation Board (SSEB).

c. Conflicts of interest, or the appearance thereof, are avoided.

d. Premature or unauthorized disclosure of source selection information is avoided.

e. The Deputy Secretary of Defense is informed of the outcome of the source selection after selection but before public announcement.

f. The SSA makes the final source selection decision and causes the supporting rationale to be documented before a contract award is announced.

4. A Source Selection Advisory Council may be appointed by the SSA to advise the SSA and may be requested to prepare a comparative analysis of the evaluation results.

5. A Source Selection Evaluation Board shall be responsible for evaluating proposals and reporting the findings to the SSAC or the SSA, as appropriate.

6. The Program Manager (PM) shall be responsible for developing and implementing the acquisition strategy, preparing the source selection plan, and for obtaining the SSA approval of the plan before issuance of the solicitation.

7. The Procuring Contracting Officer (PCO) shall be responsible for preparation of solicitations and contracts, any communications with potential offerors, consistency of the source selection plan with requirements of the Federal Acquisition Regulation (FAR), including the Department of Defense Supplement (references (e) and (f)), award of the contract, and any other functions and requirements specified in the FAR, except for the source selection responsibilities of the SSA.

8. All participants in the source selection process shall avoid the appearance of or actual conflicts of interest (see DoD Directive 5500.7, reference (g)).

9. Persons participating in the evaluation should avoid any discussions with offerors regarding proposals or any related matters, once the source selection process begins, to preclude even the appearance of favoritism or any other improper action.

10. Independent evaluators who are not part of the SSAC or SSEB may require access to proposal information to fulfill their responsibilities (see DoD Directive 5000.3 (reference (h)) and DoD Directive 5000.4 (reference (i))). Independent evaluators who assess specific areas, such as cost or test and evaluation proposals, and who have access to proposal information, are bound by the same rules regarding conflict of interest and information disclosure as members of the source selection organization, whether or not they are designated members of the SSAC or SSEB.

E. PROCEDURES

1. Organization

a. In the majority of competitive procurements, the contracting officer determines the successful offeror. In major defense system acquisitions, broader management participation in the source selection decision is essential.

b. The SSA function may be delegated by the DoD Component heads. The Component head normally will reserve the right to be briefed on the source selection results before announcement of the contract award.

c. The SSAC, when utilized, is a group of senior Government personnel with the requisite expertise to advise the SSA on an acquisition.

d. The SSEB is composed of personnel representing the various functional and technical disciplines relevant to the acquisition, to ensure a comprehensive evaluation of each offeror's proposal.

2. Release of Information. The effectiveness and integrity of the source selection process requires that all data and information received or developed during the source selection process be handled with the utmost discretion to avoid any compromise. Source selection data typically includes commercial and financial data received in confidence. Any public disclosure must be considered carefully in advance in accordance with DoD Directive 5400.7 (reference (j)) and DoD 5400.7-R (reference (k)).

3. Source Selection Plan and Solicitation

a. A source selection plan shall be prepared by the PM, reviewed by the PCO, and approved by the SSA before the issuance of the solicitation. Typically, a source selection plan consists of at least two parts. Part one describes the organization, membership, and responsibilities of the source selection team. While it is prudent not to disclose source selection team membership until after contract award, this part of the plan normally does not contain source selection sensitive information. The second part of the plan identifies evaluation criteria and detailed procedures for proposal evaluation. Source selection sensitive information in the plan must be protected from unauthorized disclosure to ensure the fairness and integrity of the source selection process.

b. The purpose of evaluation criteria is to inform offerors of the importance the Government attaches to various aspects of a proposal. Evaluation criteria are a list of those aspects of a proposal that will be evaluated quantitatively and qualitatively to arrive at an integrated assessment as to which proposal can best meet the Government's need as described in the solicitation.

c. To ensure fairness in the source selection process, evaluation criteria and their relative importance must flow from the statement of work and must be furnished to all potential offerors in the solicitation. The relative importance of evaluation criteria will be indicated in the solicitation. However, when numerical weights are applied by the SSA or SSAC, such weights will not be disclosed either to offerors or to evaluators other than the SSAC, to preclude intentional or unintentional bias in proposals or evaluations. Evaluation criteria in the SSEB evaluation plan may be broken down to sub-levels below that specified in the solicitation. Technical and cost evaluation criteria, when practicable, may follow a work breakdown structure (see MIL-STD 881A (reference (1)) to a level where technical criteria can be scored. Unless the solicitation is amended, the relative importance of the criteria shall not be changed and no new criteria shall be introduced. Excessive subdivision of criteria should be avoided to preclude an unnecessarily detailed assessment that obscures significant differences among proposals due to an averaging of pluses and minuses at the lowest levels.

d. Although cost is always a criterion in source selection, lowest proposed contract cost often is not the determining criterion in selecting sources for development. When cost is weighted in development source selections, the specified relative order of importance is intended to provide general guidance to offerors on the relative importance that the Government attaches to cost considerations, including unit production cost and life cycle cost objectives. Such guidance is intended to be used by offerors to include affordability considerations when making tradeoffs to achieve a balanced proposal that is responsive to mission requirements while also reflecting program constraints. Typically, cost increases in importance as a discriminator in the source selection decision when differences among proposals relative to other factors are small and when cost proposals have a high degree of realism and credibility.

e. In evaluating proposals, the Government will consider both goals and thresholds. Goals are values that will enable proposed systems to satisfy fully a mission need. To the extent a proposed system exceeds goals, its additional operational effectiveness must be demonstrated to be advantageous to the Government. Thresholds are values that describe a minimum level of operational effectiveness and suitability or a maximum expenditure of resources. If thresholds have interdependencies such that the aggregate of a system meeting minimum requirements on a significant number of parameters causes unacceptable performance or supportability, appropriate individual thresholds should be adjusted to avoid this condition. The range between thresholds and goals is appropriate for tradeoffs among parameters in the offeror's development of the most cost-effective solution to the Government's mission need.

When the acquisition strategy includes the solicitation of alternate proposals, offerers are encouraged to pursue innovative concepts and propose goals and thresholds different from those prescribed in the solicitation, if a more cost-effective solution to the Government's mission need can be demonstrated.

f. Tailoring

(1) Evaluation criteria must be tailored to the appropriate phase of a system acquisition. Solicitations typically may include: (a) an assessment of the extent to which the proposed system concept is expected to provide the capability to satisfy the mission need identified in the solicitation within the stated operational concept; (b) an assessment of technical and financial risk to design, produce, and operate the proposed system within schedule, cost, and other resource constraints; (c) an assessment of the degree to which the proposed system can be used satisfactorily in operations-considering such items as availability, reliability, maintainability, wartime usage rates, interoperability, transportability, safety, human factors, logistic supportability, and manpower and training requirements; (d) an assessment of the offeror's management, financial, technical, manufacturing, and other resources available or planned to develop and produce successfully the proposed system within schedule and resource constraints; (e) data rights for future competitive procurement, including high value spares; and (f) the realism of the offeror's contract and life cycle cost estimate, considering the scope of work to be performed and the degree of technical risk involved in the proposed system concept. The offeror's recent and relevant past performance (measured by such indicators as quality, timeliness, cost, schedule, operational effectiveness, and suitability) may be considered in assessing the probability of successful accomplishment of the proposed effort in a timely and cost-effective manner.

(2) Those specifications and standards identified for guidance during the demonstration and validation phase should be tailored in contract requirements for full scale development and, when priced production options are solicited, for initial production. For the production phase, the emphasis of the evaluation criteria typically will shift from an assessment of the technical soundness of the proposed system concept to more objective criteria regarding the achievement of performance, reliability, producibility, maintainability, supportability, schedule, and life cycle cost objectives.

g. In addition to the evaluation criteria, solicitations should provide guidance to offerors regarding proposal page limitations, number of copies required, and the structure of proposals into separate volumes on technical, fabrication, cost, management, and other criteria to facilitate the evaluation.

h. The use of draft Requests for Proposal (RFPs) is encouraged to obtain feedback from prospective offerors. Draft RFPs should be as complete as possible, including a statement of work, specifications, data requirements, evaluation criteria, and general and specific provisions. Sufficient time should be allowed to permit prospective offerors to respond meaningfully.

Feedback for consideration in preparing the final RFP should include identification of cost drivers, noncost-effective contract requirements, and any other changes that would enhance the acquisition program by improving system performance or by reducing life cycle costs.

4. Proposal Evaluation

a. Evaluation criteria are used to make an integrated assessment of each offeror's ability to satisfy the requirements of the solicitation. Proposals are evaluated within these criteria. The SSEB does not evaluate the relative merits of one proposal as compared to another. The SSEB individually evaluates proposals against the requirements of the solicitation. Only the SSA and, if requested, the SSAC will apply judgment regarding relative merits.

b. Objective data, such as actual cost or demonstrated technical performance and field reliability and maintainability achievement on another similar or related system, is used in proposal evaluations to the extent that it is available and pertinent. However, objective data can only provide the basis for a judgment. The proposal evaluation process ensures that judgments are based soundly and that the integrated assessment takes into consideration all relevant criteria.

c. There is no prescribed methodology for rating. Past practices include color coding, numerical, and plus or minus checks. The important thing is not the rating methodology but the consistency with which it is applied to elements of proposals and among proposals, to ensure a thorough and fair evaluation. Evaluators must be well grounded in their field of technical expertise and be able to apply mature professional judgment. Evaluators normally use not only data furnished with the proposal but also other relevant information obtained from preaward surveys, field technical reports, and advisors or consultants. Cost evaluators also use field pricing reports and audit reports in their analysis. Each evaluator must support the rating assigned with a concise narrative that addresses strengths, weaknesses, and risks in the proposal. Criteria such as production capability and management approach are considered but, may or may not be evaluated separately, as directed by the SSA. These criteria typically have a pervasive impact and therefore cannot be evaluated in the same way as other, more narrowly defined, criteria.

d. Although proposals and evaluation criteria are subdivided into manageable entities, a proposal evaluation is an integrated assessment and not merely a summation of scores. For example, the soundness of the technical approach in a proposal is evaluated on the basis of both the feasibility of the technical approach described in the proposal and the level of resources to be applied in terms of the quantity and skill mix of the proposed labor. The reasonableness of the level of resources applied also becomes a factor in the evaluation of the cost proposal when the quantity, quality, and pay rates of the direct labor input as well as materials, subcontracts, and indirect input are assessed for reasonableness and realism.

e. Proposal evaluations shall be documented for the purposes of (1) creating a record as to how the overall score of the proposal was arrived at; and (2) creating a record that demonstrates that the evaluation was fair, comprehensive, and performed in accordance with the evaluation plan.

f. In preparing for proposal evaluations, it is important to note that the evaluation plan is based on the statement of work. The evaluation plan, and consequently the proposal evaluation, can only assess an offeror's response to stated requirements. To provide offerors the opportunity to make tradeoffs and propose innovative solutions, the work statement should include a description of the mission need and should be written in terms of performance requirements rather than design requirements to the maximum extent practicable. Specifications and standards should be identified for guidance only in the demonstration and validation phase. To preclude incorporating by reference unnecessary specifications and standards, they shall be tailored into contract requirements for full scale development and production. In addition to operational effectiveness requirements, the solicitation and the evaluation plan should include other requirements regarding operational suitability, producibility engineering and planning, production planning, design-to-cost objectives, standardization, interoperability, productivity improvement plans, quality assurance plans, foreign source participation, the level and extent of testing, warranties, the identification of cost drivers in future spare parts acquisitions and plans for the utilization of commercially available, non-proprietary or military standardized parts, and other criteria, as appropriate, for the specific acquisition.

g. Proposal evaluators must consider the technical, schedule, operational readiness and support, and financial risks inherent in a proposal. One means of assessing that risk is to review an offeror's recent actual performance in relevant areas. Past performance, as an element of risk analysis, may be used as one predictor of the probability of satisfactory performance on the proposed program being evaluated. Evidence of past performance may be obtained from numerous sources, such as the offerors, preaward surveys, onsite Government personnel at a contractor's facility, field data collection systems, and other procuring activities that are or were customers of the offeror whose proposal is being evaluated.

h. Independent cost estimates are necessary as a benchmark against which to compare proposal cost estimates. Such estimates may be either Government estimates of a notional system that would satisfy the need or independent cost estimates of the specific systems approach proposed by the offeror. The latter has the advantage of using the same baseline as that proposed by the offeror. The realism of the offeror's proposal should be indicated by a ranking relative to the Government's estimate. Partial estimates, particularly of high risk areas, may be used when time or cost constraints do not permit development of a complete independent estimate for each proposal. Life cycle cost estimates shall take into consideration all costs to the Government, including costs incurred or avoided as a result of changes in such areas as maintenance procedures, use of facilities, shipping, training, and staffing.

i. Cost proposals are evaluated not only from the standpoint of total cost to the Government but also considering the reasonableness and realism of the cost estimate. Reasonableness is determined by an assessment of the level of the proposed effort. The Government's objective is to pay a fair and reasonable price for work performed under contracts. The test for reasonableness ensures that the Government does not pay more than what is fair, considering system effectiveness and suitability as well as efficiency in the conduct of the design and manufacturing phases. The test for realism ensures that risk is taken into consideration to preclude a buy-in that promises low cost but cannot be substantiated as credible by either the level of the proposed effort or the efficiency with which the work is to be carried out.

j. Elements of cost are evaluated to aid in the assessment of the total cost to the Government. Even when the principal cost driver is the direct input (labor and material), the management of indirect costs and rate structures must be evaluated both from the standpoint of their absolute level as well as trends.

k. Solicitations shall notify offerors that proposals that are unrealistic in terms of technical or schedule commitments, or unrealistically low in cost or price, will be considered indicative of a lack of understanding of the complexity and risk in the contract requirements.

Deficiencies
5. Clarifications and Negotiations

a. The PCO is solely responsible for communications with all offerors regarding their proposals. Clarifications are initiated either by the PCO or the offeror for the purpose of eliminating minor irregularities or apparent clerical mistakes in a proposal. Deficiencies appropriate for negotiations include instances when information that is essential for determining the acceptability of a proposal is lacking and in instances when a proposal appears overall to be capable of satisfying the Government's requirements, but where portions of it contain weaknesses that detract from the value of the proposed approach toward satisfying the Government's requirements. Deficiencies that clearly are understood by the evaluators and cannot be corrected without a major revision or a fundamental change in the technical approach proposed by the offeror shall be evaluated as proposed. The Government may not engage in either technical leveling or technical transfusion, as defined in the FAR (reference (e)). Terms and conditions (including general and special provisions, cost, profit, and type of contract) may be included in negotiations.


b. Discussions must be completed before a request for best and final offers. Negotiations are completed when best and final offers are received. Therefore, all that should be necessary to effect a binding contract is the Government's acceptance and notification of award. Best and final offers may not be used as an auctioning technique to exact unrealistic promises on performance or cost.

c. To facilitate the evaluation of best and final offers, offerors should be requested to identify clearly any changes from the earlier proposal included in a best and final offer. Proposal evaluators will update their initial evaluation with the changes in the best and final offer and the SSEB will report its findings to the SSAC or SSA.

d. After the SSA has made the source selection decision and informed the appropriate management level, the PCO will award the contract and ensure that appropriate notifications are made.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents to the Assistant Secretary of Defense for Acquisition and Logistics (Procurement/Major Systems Acquisition) within 120 days.


William H. Taft, IV
Deputy Secretary of Defense

Enclosure - 1
References

REFERENCES, continued

- (d) DoD Directive 5128.1, "Assistant Secretary of Defense (Acquisition and Logistics)," July 5, 1985
- (e) Federal Acquisition Regulation (FAR), April 1, 1984
- (f) DoD FAR Supplement, April 1984 Edition
- (g) DoD Directive 5500.7, "Standards of Conduct," January 15, 1977
- (h) DoD Directive 5000.3, "Test and Evaluation," December 26, 1979
- (i) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
- (j) DoD Directive 5400.7, "DoD Freedom of Information Act Program," March 24, 1980
- (k) DoD 5400.7-R, "DoD Freedom of Information Act Program," December 1980, authorized by reference (j), above
- (l) MIL-STD 881A, "Work Breakdown Structures for Defense Materiel Items," April 25, 1975

APPENDIX G

Contracting and Acquisition
SOURCE SELECTION POLICY AND PROCEDURES

This regulation sets policy, assigns authority and responsibilities, and prescribes implementing procedures for soliciting and evaluating offerors' proposals. It also provides information for the selection of sources for development and production of major defense systems, subsystems, and components as well as other major programs or projects competitively procured by the Department of the Air Force. This regulation implements DOD Directive 4105.62, 6 January 1976, and is consistent with current systems acquisition and program management policies in AFR 800-2. It applies to all Air Force personnel involved in the source selection process.

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Chapter 1

GENERAL INFORMATION

1-1. Applicability and Scope:

a. The source selection policies and procedures set forth in this regulation apply to the following competitive negotiated procurements:

(1) Each new development program estimated to require \$100 million or more Research, Development, Test and Evaluation (RDT&E) funds or projected to require \$500 million or more production funds (including support). These policies and procedures will be used to select the source or sources for both the Validation and Full-Scale Development contracts.

(2) Each new production program estimated to require \$500 million or more production funds (including support), except where the proposed contract is to be awarded primarily on the basis of price competition.

(3) Any modification, maintenance, services or other program or project estimated to require \$500 million or more, except where the proposed contract is to be awarded primarily on the basis of price competition. For programs or projects contemplated by this subparagraph, it may not be practicable to follow all the policies and procedures in this regulation. If deviations are required they shall be specifically identified in the Source Selection Plan (SSP) or in the request for Secretarial delegation of Source Selection Authority (SSA).

(4) Other programs or projects designated by the Secretary of Defense, the Secretary of the Air Force, or HQ USAF.

b. Policies and procedures described in this regulation are sufficiently flexible to accommodate a wide range of requirements. They, therefore, may be used as a guide to formally evaluate competitive proposals and to select sources for other programs or projects below the prescribed dollar thresholds. In such cases, these procedures should be tailored to individual program or project requirements and selectively applied.

1-2. **Objectives of the Source Selection Process.** The principal objective of the source selection process is to select the source whose proposal has the highest degree of credibility and whose performance can be expected to best meet the government's requirements at an affordable cost. The process must provide an impartial, equitable, and comprehensive evaluation of the competitors' proposals and related capabilities. The process should be accomplished with minimum complexity and maximum efficiency and effectiveness. It should be structured to properly balance technical, financial, and economic or business considerations consistent with the phase of the acquisition, program requirements, and business and legal constraints. It must be sufficiently flexible to accommodate the objectives of the acquisition and a decision must be compatible with program requirements, risks, and conditions.

1-3. Terms Explained:

a. **Acquisition Plan (AP).** A comprehensive plan for the development and production of an individual item or weapon

system to obtain a quality product on time and at a reasonable cost. See DAR 1-2100 for guidelines and sample formats.

b. **Advisors.** Government personnel, designated by the Source Selection Authority (SSA) or the chairperson of the Source Selection Advisory Council (SSAC), who participate as advisors to the SSA, SSAC, or Source Selection Evaluation Board (SSEB).

c. **Best and Final Offer (BAFO).** A final proposal submission by all offerors in the competitive range submitted at a common cut-off date at the request of the Contracting Officer after conclusion of negotiations.

d. **Business Strategy Panel (BSP).** A group of experts to advise the Program Office on its recommended acquisition strategies.

e. **Design to Cost (DTC).** An acquisition management technique to achieve defense system designs that meet stated cost requirements. Cost is addressed on a continuing basis as part of a system's development and production process. The technique embodies early establishment of realistic but rigorous cost objectives, goals, and thresholds, and a determined effort to achieve them.

f. **Evaluation Criteria.** The basis for measuring each offerors' ability as expressed in its proposal, to meet the government's needs as stated in the solicitation.

g. **Evaluation Standards.** A statement of the minimum level of compliance with a requirement which must be offered for a proposal to be considered acceptable.

h. **Independent Cost Analysis (ICA).** An independent test of the reasonableness of an official program office cost estimate of a major weapon system. ICAs are prepared by the Comptroller to support the Defense Systems Acquisition Review Council (DSARC) process and at other selected points in the acquisition process (see AFR 173-11).

i. **Life Cycle Cost.** The total cost to the government for a system over its full life including the cost of development, procurement, operation, support and disposal.

j. **Most Probable Cost (MPC).** The government estimate of the total cost most likely to be incurred by each offeror if a contract is awarded.

k. **Non-Government Advisors.** Non-government personnel under contract to the government who may be called on by the SSA, SSAC, or SSEB to furnish expert advice.

l. **Program Management Directive (PMD).** The official HQ USAF management directive used to provide direction to the implementing and participating commands and to satisfy documentation requirements.

m. **Program or Project Manager.** The person responsible for managing a program or project (see AFR 800-2).

n. **Program Office.** The office under the direction of the Program Manager that will carry out the program or project.

o. **Solicitation Review Panel.** A group of highly qualified government officials that review the Request for Proposal (RFP) and other documentation for selected acquisitions to

make sure that excessive or nonessential technical, management or acquisition related requirements are eliminated; that the solicitation documentation outlines clearly what the government plans to buy and that business management considerations are assessed.

p. Source Selection Advisory Council (SSAC). A group of senior government personnel appointed by the SSA to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board (SSEB).

q. Source Selection Authority (SSA). The official designated to direct the source selection process and make the source selection decision.

r. Source Selection Evaluation Board (SSEB). A group of government personnel representing the various functional and technical disciplines relevant to the acquisition to evaluate proposals and report its findings to the SSAC.

s. Source Selection Officer. A staff officer who prepares and advises the organization commander on source selection policies and procedures. The Source Selection Officer also advises the Program Manager, SSA, SSAC, and SSEB on how to properly conduct a source selection.

t. Source Selection Plan (SSP). A plan, prepared for the approval of the SSA, for organizing and conducting the evaluation and analysis of proposals and selection of the source or sources.

1-4. Policies The following policies apply: -

a. The SSA must be presented with sufficient in-depth information on each of the competing offerors and their proposals to make an objective selection decision.

b. The SSAC will be staffed with senior government personnel possessing broad experience, in such fields as systems development, systems engineering, manufacturing management and control, operational requirements, finance, logistics, training, law and contracting. For programs or projects contemplated by paragraph 1-1a the chairperson and the senior SSAC member from each Air Force organization represented usually is a General or a member of the Senior Executive Service.

c. The SSEB should be formed of fully qualified government personnel possessing the professional skills and knowledge required for an evaluation and assessment of offerors' proposals. The Program Manager is usually designated the SSEB chairperson.

d. The use of draft solicitations to obtain industry comments is encouraged. Draft solicitations shall provide for industry feedback on contract type, performance, schedule, and other requirements which if changed, could reduce costs or otherwise improve the acquisition. A cut-off date will be established for receipt of comments to permit government evaluation and incorporation of accepted changes into the formal solicitation. Industry recommendations may be submitted to the Procuring Contracting Officer (PCO) either directly or if desired on a nonattributable basis through an industry association. The Pro-

gram Office shall evaluate recommendations and make appropriate changes.

e. The solicitation shall require submission of data necessary for contractual purposes or essential to the evaluation and the source selection decision. The solicitation document must use the Defense Acquisition Regulation (DAR) uniform contract format and specify requirements in a way which facilitates competition.

f. The rating system to be used in evaluating and analyzing proposals shall be described in the SSP for approval by the SSA. The rating system shall be structured to identify the significant strengths, weaknesses, and risks associated with each proposal, and thereby make it easier to distinguish significant differences between proposals. The rating system may be narrative or a narrative with a descriptive color code at the area and item levels. The objective of the rating system is to display an assessment of all important aspects of the offerors' proposals.

g. Written or oral discussions will be conducted with all offerors in the competitive range. This shall culminate in signed contractual documents representing the firm commitment of each such offeror.

NOTE: The four-step procedures noted in paragraph 3-13 are an exception to this paragraph.

h. Auction techniques (indicating to an offeror a price which must be met to obtain further consideration, or informing an offeror that the price is not low in relation to that of another offeror) are strictly prohibited. This does not prohibit discussing price or cost elements that are not clear or appear to be unreasonable or unjustified. Discussions may also encourage offerors to put forward their most favorable price proposals. However, the price elements of any other offeror must not be discussed, disclosed, or compared.

i. The requirement for a BAFO in negotiations must not be used as either an auctioning technique or a squeeze for lower prices. All reductions in price at BAFO must be fully substantiated by offerors. The common cut-off date for conclusion of discussions and requests for a BAFO must be designed to make sure that all competitors have an equal opportunity for discussion.

j. AFSC Contract Management Division (AFCMD) or cognizant Contract Administration Office (CAO) personnel, should take part as appropriate, during the source selection process in preparing the solicitation and negotiating the contract. Their assistance should be especially useful for evaluating management or production aspects, subcontracting, proposed overhead cost, quality assurance, cost management systems, and past performance.

1-5. Source Selection Authority (SSA):

a. Unless otherwise directed by the Secretary of Defense, the Secretary of the Air Force is the SSA for those programs or projects meeting the criteria in paragraph 1-1a.

b. The Secretary of the Air Force may delegate authority for selecting a source to the Under Secretary or any of the Assistant Secretaries of the Air Force or to the Chief of Staff with or

without authority to redelegate. The authority shall not be re-delegated below the level of Commander of an AFSC Division, Ballistic Missile Office (BMO), Range or Center, or AFLC Air Logistics Center. It shall not be re-delegated below an official in an equivalent position to that of Commander in other major commands (MAJCOM) or separate operating agencies (SOA). When the authority has been delegated, the Secretary will be informed of the progress of source selection according to instructions in the delegation. The Secretary will be briefed before the announcement of award unless there are written instructions to the contrary.

c. For those programs or projects not contemplated by paragraph 1-1a where formal source selection is to be used, the SSA will be designated according to procedures established by the Head of the Contracting Activity (HCA).

d. When applying source selection procedures to programs or projects below the criteria in paragraph 1-1a, the SSA may consider the option of combining the SSAC and the SSEB into a single evaluation body; however, care must be taken to make sure that the objectivity afforded by the two bodies is not lost.

(1) A combined SSAC and SSEB may not be used when the source selection is being made according to paragraph 1-1a or when a representative of the Air Force Secretariat is a member of the SSAC.

(2) If a decision is made to combine the SSAC and SSEB, the SSA shall make sure that the combination accomplishes the functions and meets the objectives as if the SSAC and SSEB were separate and distinct.

(3) The SSA shall assign the specific duties and responsibilities as specified in paragraph 1-7 to be performed within the modified organization and document the rationale for the decision.

1-6. Organization. Formal source selection contemplates creation of a separate source selection organization and management chain of command (SSA, SSAC, and SSEB) for each acquisition. The organization must be structured to ensure continuity, and to provide for active ongoing involvement of appropriate contracting, technical, logistics, legal, cost, and other functional staff management expertise. The source selection organization must be consistent with the SSP. Participation of HQ USAF and Secretariat personnel in the SSAC will be specified at the time of the approval of the SSP or at the time of delegation.

1-7. Responsibilities and Duties. It is essential that an effective check-and-balance system be maintained during the source selection process. Therefore, the duties and responsibilities described should be clearly separated but not isolated during the process.

a. The SSA is responsible for the proper and efficient conduct of the entire source selection process encompassing proposal solicitation, evaluation, selection and contract award. The SSA has, subject to law and applicable regulations, full responsibility and authority to select the source(s) for award and approve the execution of the contract(s). The SSA will:

(1) Review and approve in writing the SSP including any special instructions or guidance regarding solicitation, contract provisions and objectives.

(2) Appoint the chairperson and members of the SSAC.

(3) Provide the SSAC and SSEB with guidance and special instructions to conduct the evaluation and selection process.

(4) Take necessary precaution to ensure against premature or unauthorized disclosure of source selection information.

(5) Approve the Contracting Officer's determination to exclude offerors from the competitive range at any point in the selection process.

(6) Make the final selection decision(s) and document the supporting rationale in the Source Selection Decision Document.

(7) Approve all cases where it is necessary for the Contracting Officer to reiterate a call for BAFO.

(8) Provide to the Secretary, information of the outcome of the source selection before any other announcement, when the authority has been delegated.

b. SSAC responsibilities and duties include the following:

(1) Making sure that personnel resources and time devoted to source selection are not excessive in relation to the complexity of the program.

(2) Reviewing and approving the evaluation standards developed by the Program Office.

(3) Determining if it is desirable to weight the evaluation criteria.

(4) Designating the chairperson and approving membership of the SSEB.

(5) Reviewing and approving the source list recommended by the Program Office.

(6) Making sure that appropriate actions are taken consistent with the DAR to obtain competition in the selection process.

(7) Reviewing and approving the recommendations of the Solicitation Review Panel and authorizing the release of the solicitation.

(8) Reviewing and providing comments to the SSA on the Contracting Officer's competitive range determination.

(9) Analyzing the evaluation and findings of the SSEB and applying weights, if established, to the evaluation results.

(10) Preparing the SSAC Analysis Report for submission to the SSA. A copy of the SSEB summary report will be attached.

(11) Providing briefings and consultations as requested by the SSA.

(12) Offering a recommendation as to source(s) if requested by the SSA.

(13) Preparing the Source Selection Decision Document for the SSA's signature, if requested by the SSA.

c. SSEB responsibilities and duties include the following:

(1) Conducting an in-depth review and evaluation of each proposal against the solicitation requirements, the approved evaluation criteria, and the standards.

(2) Preparing and submitting the SSEB evaluation report to the SSAC for analysis along with a summary report of the findings.

(3) Providing briefings and consultations concerning the evaluation as required by the SSA or SSAC.

(4) Preparing a draft of the SSAC Analysis Report, except for analysis and findings sections, if requested by the SSAC.

(5) Establishing a Contract Definitization Team as an integral part of the SSEB. The Contract Definitization Team will negotiate definitive contracts with all offerors determined to be within the competitive range. The Contracting Officer or head of the contracting office will be appointed the head of the Contract Definitization Team.

d. Program Office responsibilities and duties include the following:

(1) Developing the business strategy and preparing the AP and SSP.

(2) Establishing the evaluation criteria for SSA approval as part of the SSP.

(3) Establishing the relative importance of the evaluation criteria in the SSP in a form for use in the solicitation document.

(4) Developing screening criteria for establishing a source list and including it in the SSP.

(5) Processing the proposed SSP for approval by the SSA after it is coordinated with appropriate organizations.

(6) Preparing the solicitation package including model contracts for review and approval by the SSAC.

(7) Making sure that the SSAC and SSEB are briefed and indoctrinated on their responsibilities before commencing a review of the proposals.

(8) Developing evaluation standards for approval by the SSAC.

(9) Making sure that all administrative clearances are valid before the SSA briefing and announcement of selection decision.

e. The HCA or the chief, acquisition official of the buying activity will convene a business strategy panel and a solicitation review panel.

1-8. Conflicts of Interest. The SSAC chairperson will require and instruct all persons receiving information or data on source selection activities to comply with AFR 30-30, Standards of Conduct. All persons involved in the source selection process (including people other than Air Force personnel) will be instructed to inform the SSAC chairperson if their participation in source selection activities might result in a real, apparent, or possible conflict of interest. When so advised, the SSAC chairperson will disqualify any person whose participation in the source selection process could raise questions regarding real, potential, or perceived conflicts of interest.

1-9. Source Selection Schedule. Actions required during evaluation, selection, and the conduct of written or oral discussions beginning with receipt of the formal proposals and

ending with the source selection decision shall be conducted as quickly and efficiently as possible, while ensuring an equitable evaluation and selection process. The solicitation document may provide for the cost proposal submission separate from and following the technical and management proposals by a period of 5 to 10 workdays depending on the complexity of the program or project and the SSEB schedule.

1-10. Solicitation and Contract Documents. The Program Office will provide upon request and in a timely manner, copies of the solicitation or other contract documents to HQ USAF/RDC.

1-11. Plant Visits. Plant visits by the SSAC and SSEB may be beneficial during the source selection process. All personnel must remember that only the Contracting Officer can commit the US Government, and they must avoid any situation or contact with a competing offeror that is not essential, or would raise questions of impropriety. Plant visits by source selection personnel must be for a specific, clearly understood purpose, and be approved by the SSAC chairperson. The SSAC chairperson should make sure that all visits are made on an impartial basis (see DAR XX Part 8 and AFR 11-12, Correspondence With and Visits to Contractor Facilities). Some examples of potentially beneficial plant visits are:

a. Presolicitation visits, as a preliminary step to the selection of prospective sources.

b. Key SSEB members' visits during the validation phase to develop knowledge for judging the correction potential of deficiencies.

c. SSAC visits immediately before assembling all facts pertaining to the selection of the prospective contractor(s).

d. Manufacturing Methods/Production Capability Reviews and Production Readiness Reviews required to accurately define the contractor's proposed method of manufacture and capability to manufacture.

1-12. Interface With Contractors. The objectivity of the source selection process may be impaired by contacts between prospective contractors and senior Department personnel during the period between the outset of competitive negotiations and final source selection. Contacts with prospective contractors must be avoided except for personnel directly responsible for participating in the contract negotiations.

1-13. Waivers to This Regulation. Waivers to this regulation on a proposed program or project which meets the requirements of paragraph 1-1a may be granted only by the Secretary of the Air Force.

a. When a deviation is recommended, and the SSP is to be approved by the Secretary, a separate written request for waiver is not required; however, the SSP must specifically identify the deviations and rationale.

b. Requests for waivers or deviations which were not contained in the SSP approved by the Secretary must be submitted through command channels to HQ USAF/RDC for approval by the Secretary.

Chapter 2

PRE-EVALUATION ACTIVITIES

2-1. Introduction. This chapter examines the major steps in the source selection process that are to be taken before evaluating proposals.

a. The acquisition process typically begins with the submission of a Justification for Major System New Start. This document leads to appropriate actions that are directed and guided by HQ USAF, with one or more PMDs. The source selection process is initiated after the release of the PMD. The PMD provides specific program guidance and directs any additional study or development work deemed necessary. The System Concept Paper or the Decision Coordinating Paper/Integrated Program Summary contains the principal program features, objectives, thresholds, and defines the authority delegated by the Secretary of Defense to the Air Force for managing the program during this phase. These documents may contain information that is important to the source selection process.

2-2. Business Strategy:

a. For those programs or projects meeting the criteria of paragraph 1-1a, a Business Strategy Panel (BSP) will be convened at the earliest practicable date and chaired by the MAJCOM responsible for the acquisition. Secretariat and Air Staff representatives will be invited to participate by letter or message to HQ USAF/RDC from the MAJCOM.

b. Delegation of the source selection authority will be an agenda item. If the BSP recommends delegation, an SSA delegation request will be sent from the Program Office to HQ USAF/RDC together with the minutes of the meeting. This request will include a factual information paper containing a brief description of: the program, the proposed acquisition approach, the funding profile, the major issues pertinent to SSA delegation, and the recommendation(s) of the BSP. The request will be processed through proper channels to the Secretary of the Air Force for decision.

c. If the BSP does not recommend delegation, a detailed and fully coordinated SSP must be sent to HQ USAF/RDC (five copies) for coordination with the appropriate Air Staff and Secretariat offices before approval by the Secretary.

2-3. Selection of Prospective Sources:

a. It is Air Force policy to encourage and obtain competition to the maximum extent practicable. Screening criteria should be developed and applied in establishing a source list. Competition is not intended to encourage prospective offerors to prepare proposals when they are obviously incapable of satisfying the requirements.

b. DAR 1-1003 requires a synopsis of the acquisition in the Commerce Business Daily far enough in advance of the issuance of solicitations to permit interested firms to respond.

(1) Consideration of sources includes screening by the Small Business Administration with an opportunity for them to add sources to the list.

(2) The list may include sources derived from manufacturers and commodities source lists, advertisements in the Commerce Business Daily and recommendations from the Program Office and other qualified personnel.

c. If, after the solicitation document is distributed to the prospective offerors, an unsolicited source requests a solicitation, the SSAC chairperson or the designee may advise the offeror of the reasons why they were not previously selected to receive the solicitation. If the source insists on receiving the solicitation document, (and when required, has the necessary security clearance), a copy will be furnished. If they submit a proposal, the proposal will be evaluated without prejudice.

2-4. Source Selection Plan (SSP):

a. The SSP is a key document for initiating and conducting the source selection; consequently, it should reflect applicable PMD guidance or direction and contain the elements described below to ensure timely staff review and SSA approval. The SSP is usually prepared by the Program Office.

(1) The SSP must be submitted sufficiently in advance of the planned acquisition action to facilitate review and approval by the SSA and early establishment of the SSAC and SSEB.

(2) When changes in acquisition strategy require a revision to the SSP, the Program Office will revise the plan and send it through source selection channels to the SSA.

b. The plan will include the following sections:

(1) **INTRODUCTION.** Describe briefly the system or subsystem to be acquired and how it is intended to satisfy the approved requirement.

(2) **SOURCE SELECTION ORGANIZATION.** Describe the proposed SSA, SSAC, and SSEB organizations; list recommended key members by name, if known, or by position title or functional area. The plan must specify other government organizations that will be represented on the SSAC and SSEB, and include an estimate of the total number of personnel who will form the membership of the SSAC and SSEB including any advisors.

(3) **SCREENING CRITERIA.** Indicate the method to be used to select prospective sources to make sure that adequate competition is obtained.

(a) The recommended source list screening criteria will be used to determine the sources to whom the government will issue solicitations.

(b) The screening criteria will include a requirement that the sources solicited will have (inherently or by subcontracting or teaming arrangement) the management, financial, technical, manufacturing facility capabilities, and security clearances necessary to design and produce an operationally effective and logistically supportable system, subsystem, or component.

(4) **EVALUATION PROCEDURES.** Specify evaluation and rating methodology. The process to be followed in for-

ulating the government's best estimate of the total cost will be outlined. Items that are considered to have sufficient cost impact to warrant special consideration will be separately identified. Items which represent nonquantifiable cost risks should be identified. Plans for developing Independent Cost Analysis (ICA), Design-to-Cost (DTC), Most Probable Cost (MPC) and Life Cycle Cost (LCC) estimates will be presented. The cost area will *not* be rated but must be ranked in order of importance. The methodology to be followed for evaluating offeror's cost proposals must be described in the SSP.

(5) **EVALUATION CRITERIA.** (Specific and Assessment). Describe the specific evaluation criteria including, areas, items and when appropriate factors and subfactors. Describe the assessment criteria and how they apply to the evaluation. The relative importance of all evaluation criteria will be stated. The general format in attachment 2 may be used for displaying the evaluation criteria.

(6) **ACQUISITION STRATEGY.** The SSP will include a summary of the acquisition strategy, including type of contract(s) proposed, the incentives contemplated, milestone demonstrations intended, special contract clauses to be used, etc. The SSP acquisition strategy must be compatible with the AP.

(7) **SCHEDULE OF EVENTS.** Identify and schedule significant source selection activities. This should be provided in sufficient detail to allow the reviewing authorities to assess the practicality of the schedule. The schedule of events outlined in attachment 1, may be used as a guide.

c. The SSP shall be formally approved by the SSA before issuing the solicitation.

2-5. Solicitations:

a. Solicitations are to be prepared by the Program Office or Contract Team according to appropriate DAR procedures. The solicitation must accurately convey to offerors the technical, schedule, cost and contractual requirements of the acquisition. In addition:

(1) The evaluation criteria as approved by the SSA must be provided in the solicitation as they appear in the SSP. The relative order of importance of cost, technical and other criteria must be indicated.

(2) Limitations on pages and on the number of copies of offerors' proposals may be directed by the SSAC on a case-by-case basis.

(3) The solicitation should contain a matrix which correlates the evaluation criteria with the information to be submitted in the proposal. The offerors should be required to prepare and submit their proposal in several sections aligned with, and cross indexed to the evaluation criteria, to facilitate government review and evaluation. Offerors will be required to identify technical, cost, schedule, manufacturing or performance risks associated with their proposals, together with their approaches for resolving or avoiding the identified risks.

(4) The solicitation shall include a notice stating that unrealistically low estimates, initially or subsequently, may be grounds for eliminating a proposal from competition either on the basis that the offeror does not understand the requirement

or the offeror has made an improvident proposal. The burden of proof of cost credibility rests with the offerors. If it is determined that an offeror's estimates are unexplainably low, that offer may be eliminated from the competition (subject to the requirements of DAR 3-805).

(5) An executive summary should accompany the solicitation to briefly describe and highlight the salient aspects of the solicitation.

c. A Solicitation Review Panel shall be established to thoroughly review the solicitation, including the model contract, for consistency with law, policy, regulations, the requirements of the Decision Coordinating Paper, Secretary of Defense program memoranda, the SSP and the AP. Business strategy, model contract provisions, quantities, schedules and completeness of the solicitation should also be considered. The panel shall make sure that specification requirements are thoroughly examined and justified for the purpose of eliminating nonessential or unduly restrictive requirements and that the solicitation requirements have been correlated with the operational needs. The panel shall make sure that both management and technical data requirements are similarly evaluated to eliminate nonessential or unduly restrictive requirements. If SSEB members have been identified, they should participate in the preparation and review of the solicitation document.

2-6. **Notice of Source Selection Action.** Upon release of the solicitation document, the chairperson of the SSAC shall inform all appropriate Air Force commands, HQ USAF/RDC, the Air Force Secretariat, and the potential offerors, that a source selection action is in progress. The notification will identify the system, subsystem, or project involved; the anticipated period of the source selection; and will include a statement informing them that contacts regarding, or briefings concerning the program by participating offerors are not allowed. The Contracting Officer is the only person authorized to contact offerors; the SSA is the only person with authority to release information regarding an on-going source selection.

2-7. Basis of Award and Evaluation Criteria:

a. The requirements of each system or program to be acquired by the Air Force can be met in a variety of ways. Award will be based on an integrated assessment of each offerors' ability to satisfy the requirements of the solicitation. The integrated assessment will include evaluation of general considerations as well as the results of the evaluation of the proposals against specific criteria. Examples of general considerations include past performance, proposed contractual terms and conditions and the results of preaward surveys.

b. The evaluation criteria forms the basis by which each offeror's proposal is to be evaluated. Evaluation criteria are defined at the time the SSP is prepared. They become a part of the plan and must be included in the solicitation.

c. Evaluation criteria consist of specific and assessment criteria. These provide a matrix that identifies and interrelates what is to be evaluated.

(1) The specific criteria relate to program characteristics. They are comprised of the areas of evaluation that are subdivided into items, factors, and in some instances, subfactors. The lowest level of subdivision depends on the complexity of the area being evaluated. Typical areas evaluated include technical, logistics, manufacturing, operational utility, test, and management. One of the items that should be rated, where appropriate, is data management (including the Contract Data Requirements List).

(2) The assessment criteria relates to the offeror's proposal and abilities. They typically include but are not limited to such aspects as soundness of technical approach, understanding of the requirement, compliance with the requirement, past performance and the impact on the schedule. NOTE: If so identified in the solicitation, past performance may be both an assessment criteria and a general consideration. Assessment criteria may also be ranked in relative order of importance unless they are regarded to be of equal importance. Assessment criteria may be summarized at either item or area level (see attachment 2 for an example of the general format of the Source Selection Evaluation Matrix).

d. Evaluation criteria are set forth in the solicitation and provide the framework for the review of proposals.

(1) Evaluation criteria should be tailored to the characteristics of a particular program and should include only those significant aspects expected to have an impact on the ultimate selection decision.

(2) Specific criteria should be related to characteristics which are important to program success such as system effectiveness, producibility, supportability, and maintainability.

These criteria should be appropriately ranked in relative order of importance.

e. The evaluation criteria contained in the solicitation must indicate the relative importance among each set of criteria, as provided in the SSP. If requirements or conditions significantly change so as to negate or modify the evaluation criteria originally established in the solicitation, the SSA shall make sure that each potential offeror is informed by a solicitation amendment of the adjusted criteria and basis for award. The offerors shall be given enough time to modify their initial proposals.

2-8. Developing Evaluation Standards:

a. The SSEB conducts its evaluation by measuring each proposal against objective standards established at the lowest level of subdivision. The SSEB will *not* compare proposals against each other.

b. A standard establishes the minimum acceptable level of compliance with a requirement that must be offered for a proposal to be considered acceptable. A standard may be either quantitative or qualitative depending upon the factor or subfactor it addresses (see attachment 3 for examples). Standards are used for measuring how well each offeror's approach meets the requirements. They are used to determine when an offeror fails to meet requirements, meets requirements, or exceeds the requirements.

c. Standards shall not be included in the SSP or the solicitation. They shall not be released to any potential offeror nor to anyone who is not directly involved in the source selection evaluation effort.

Chapter 3

PROPOSAL EVALUATION AND SOURCE SELECTION DECISION

3-1. Scope. This chapter provides guidance on the evaluation of offeror's proposals from the receipt of initial proposals up to the source selection decision. The proposal evaluation is to be conducted in a fair, comprehensive and impartial manner. Guidance is also provided on discussions with offerors either in the conventional or four-step source selection procedure.

3-2. Offerors' Oral Presentations. The SSAC should determine whether it desires oral presentations by the offerors.

a. The oral presentations should be conducted before commencement of evaluation of proposals to provide the SSAC and SSEB with an overview of the entire proposal before the evaluation of its specific parts.

b. If oral presentations are required, they will be made by each competitor in order that no offeror will have a competitive advantage. To eliminate bias and to ensure objectivity during the evaluation process, all participants in the evaluation must make themselves available for all oral presentations or alternatively to none of the presentations.

c. The SSEB shall document the file regarding any oral presentations made.

3-3. Technical Evaluation. The SSEB accomplishes the initial technical evaluation through an analysis of each proposal with respect to the standards established before the receipt of proposals. Technical evaluations are to be conducted independent of cost proposals. It is the responsibility of the SSEB chairperson to make sure that the evaluation is a coordinated effort and that the evaluation report on each offeror is consistent and rational.

a. Evaluators are required to rate each proposal and to indicate its worth in relation to the standards. Evaluators are expected to understand the requirement, the solicitation, the evaluation criteria and the evaluation standards. They must also be well versed in their fields. When it is necessary to verify certain aspects of proposals outside their technical skill, evaluators are encouraged to engage in discussions with advisors, or other SSEB members.

b. Preparing the results of the evaluation in narrative form is an important aspect of the evaluation process. In preparing the narrative which communicates the evaluator's findings, the evaluator should be aware that the narrative will be the principal means available to the SSAC to perform a comparative analysis. The evaluator must indicate in the narrative, as a minimum: what is offered; whether it meets or fails to meet the standard; any strengths or weaknesses or risks; what, in the evaluator's opinion, may be done to remedy a deficiency; and what impact (including technical, schedule and cost risk) the correction of the deficiency will have on the offerors' overall ability to perform. Clarity and brevity are the keys to successfully prepared narratives.

c. Four distinct products are required from the evaluators to include in the Evaluation Report: Ratings, Narrative Assessments, Deficiency Reports and Clarification Requests.

3-4. Assessment of Risk:

a. Identification and assessment of the risks associated with each proposal is essential. The following definitions of risk should be used:

(1) HIGH (H)—Likely to cause significant serious disruption of schedule, increase in cost, or degradation of performance even with special contractor emphasis and close government monitoring.

(2) MODERATE (M)—Can potentially cause some disruption of schedule, increase in cost, or degradation of performance. However, special contractor emphasis and close government monitoring will probably be able to overcome difficulties.

(3) LOW (L)—Has little potential to cause disruption of schedule, increase in cost, or degradation of performance. Normal contractor effort and normal government monitoring will probably be able to overcome difficulties.

b. The acquisition activity or program office should prepare and furnish to the SSEB an independent assessment of potential risks before receipt of proposals.

c. As a part of their proposal, offerors are required to submit a risk analysis which identifies risk areas and the recommended approaches to minimize the impact of those risks on the overall success of the program.

d. The risks which must be assessed are those associated with cost, schedule, and performance or technical aspects of the program. Risks may be inherent in a program by virtue of the program objectives relative to the state of the art. Risks may also occur as a result of a particular technical approach, manufacturing plan, the selection of certain materials, processes, equipment, etc., or as a result of the cost, schedule and economic impacts associated with these approaches.

e. In evaluating risk, the evaluators must consider the program office assessment, the offeror's assessment and make an independent judgment of the probability of success, the impact of failure, and the alternatives available to meet the requirements.

f. It is the responsibility of the technical evaluation teams to make sure that the cost team is informed of the identified risk areas and the potential for cost impact.

3-5. Cost or Price Evaluation:

a. The purpose of cost or price evaluation is to determine whether each offeror's proposed costs are realistic in relation to the solicitation and the technical proposal, and to provide an assessment of the reasonableness of the proposed price.

b. Offerors cost proposals will *not* be made available to technical evaluators. Cost evaluators, however, should discuss

the details of technical proposals with the technical evaluators to aid in their evaluation of costs associated with labor categories and hours, materials, manufacturing processes and other elements of cost. Cost evaluators should also use the DCAA Audit Report and the Contract Administration Office Field Price Analysis Report.

c. In addition to cost or price analysis, further measurement of cost or price reasonableness and realism will be made. This will be accomplished by comparing the Most Probable Cost (MPC), the Program Office estimate and the ICA, (if one has been performed), with the proposed cost or price after considering the risk associated with the technical approach and disposition of deficiencies.

d. Evaluation of the cost or price realism of each proposal will be made without regard to the fact that the proposed contract may provide a ceiling on the government's obligation.

e. Consideration must be given to variations in amount of government-furnished property (GFP) requested or the use of government-owned facilities and tooling, and all other disparities before the offerors' proposals can be equitably evaluated.

f. The cost team will initiate and maintain a cost track to facilitate an understanding of the changes leading to the final cost or price.

g. Following completion of the cost or price evaluation, the SSAC will be provided the cost team's findings as to the reasonableness and realism of each offeror's proposal. If a proposal is determined to be unrealistic or unreasonable, the reasons for this conclusion must be stated.

3-6. Deficiency Reporting:

a. During the initial evaluation of proposals, the SSEB must record separately and in addition to the narrative analysis, the deficiencies found in each offeror's proposal. It is important that deficiency reports be prepared at the time the deficiency is discovered. Late preparation often results in poorly substantiated reports. It is important that the evaluator document the effect the uncorrected deficiency would have on the program (see attachment 4). A copy of the deficiency reports will be provided to the Contract Definitization Team who will in turn provide the offerors with the opportunity to amend their proposals to correct the deficiency. Deficiency reports will not be sent nor discussions begin with the offeror before the initial competitive range determination.

b. For the purposes of source selection actions, a "deficiency" is defined as any part of an offeror's proposal which when compared to the pertinent standard fails to meet the government's minimum requirements established in the solicitation. Examples include:

- (1) Proposed approach which poses an unacceptable risk.
- (2) Omission of data which makes it impossible to assess compliance with the standard for that requirement.
- (3) An approach taken by an offeror in the design of its system which yields a performance which is not desired.

c. It is stressed that identified deficiencies shall be derived only from the evaluation of each offeror's proposal against the

evaluation standard, that is, the government's minimum requirements for the solicitation. Deficiencies must not be derived from a comparative evaluation of the relative strengths and weaknesses of competing offerors' proposals.

d. The response of the offeror as a result of the deficiency report is as important as the original proposal. The Contract Definitization Team must transmit each offeror's response to the evaluation team for a technical analysis.

e. The deficiency report which is a part of the overall SSEB evaluation report provided to the SSAC must address all changes which have an impact on the original proposal.

f. The deficiency report may serve as a guide for debriefing unsuccessful offerors after contract award when requested

3-7. Clarification Requests (CR). Evaluators must identify those aspects of the proposal which require clarification. If data provided in the proposal is inadequate for evaluation or contradictory statements are found, a clarification request should be issued. Clarification requests will specifically identify the aspect of the offeror's proposal for which clarification is required. Copies of clarification requests are sent to the Contract Definitization Team and submitted to the offerors in the same way as deficiencies.

3-8. Coordination of Findings Within the Source Selection Evaluation Board (SSEB). After an evaluator has completed evaluating the proposal, that individual must coordinate the findings with other team members to ensure compatibility within the team. After accomplishing the intrateam coordination, team leaders must coordinate their findings with other team leaders. The coordination of findings between the various area teams and the cost team is important.

3-9. Use of Rating Techniques:

a. After assessing the offerors' data, the evaluator in addition to writing a supporting narrative will apply the rating system prescribed by the SSP and rate each proposal in relation to the standards.

b. Colors, symbols, or numbers may be used to indicate proposal ratings at the factor and subfactor level. At the area and item level, color codes shall be used to depict the rating and must be accompanied by a consistent narrative assessment of the basis for the rating.

c. If at any level of indentation an offeror's proposal is evaluated as not meeting a minimum requirement (that is, below the level of acceptability or if the color code is red), this fact must be included in the rating and narrative assessment at that element level and each higher element level of indentation. Therefore, a red or unacceptable rating at any level must be carried to the area level.

d. The following elements are not rated:

- (1) Financial capability, Production Readiness Reviews, and preaward surveys, although these may be considered by the SSAC.

(2) Cost, although it may be weighted by the SSAC.

e. Although color codes must be used at the area and item levels, there are alternative methods that may be used at the factor and subfactor level to accomplish the rating.

(1) The numerical method of rating involves the application of a preestablished numerical scale to the factor or subfactor being evaluated. The assignment of a discrete number from the scale designates the proposal's value relative to the standard for the factor or subfactor. Numerical ratings will *not* be used above the factor level.

(2) As an alternative, a symbol or color code may be used to illustrate how well the offeror's proposal met the standard for each factor and subfactor. For example, a plus (+) sign may be used to indicate that the offeror has exceeded minimum requirements; a check (✓) to indicate that the offeror has met minimum requirements; and a minus (-) to indicate that minimum requirements have not been met for the factor evaluated.

(3) To provide for a standard color code scheme, the following spectrum shall be used:

COLOR	DEFINITIONS	
Blue	Exceptional	Exceeds specified performance or capability in a beneficial way to the Air Force; high probability of success; no significant weakness.
Green	Acceptable	Meets standards; good probability of success; weaknesses can be readily corrected.
Yellow	Marginal	Fails to meet standards; low probability of success; significant deficiencies but correctable.
Red	Unacceptable	Fails to meet a minimum requirement; needs a major revision to the proposal to make it correct.

f. It is important that the evaluator take advantage of the full range of ratings if circumstances warrant, so that the variances between proposals may be readily identified. The evaluation process should not merely attempt to classify all proposals as either fully acceptable or as unacceptable.

g. Proposals are to be rated twice:

(1) Upon completion of the evaluation of the initial proposal.

(2) At the end of discussions.

NOTE: Both ratings will be maintained and submitted to the SSAC.

h. Changes in the initial color rating shall be displayed by superimposing one or more arrows. The number and direction of the arrows used in each block on the chart indicates the extent and direction of change, (for example, one arrow upward indicates an improvement of one color rating). Any changes from the original proposal should be identified in the discussion of strengths and weaknesses and analyzed for the SSA in the SSAC Analysis Report and oral presentation.

3-10. Use of Weights by SSAC. The SSAC in its initial meeting may determine that it would be desirable to establish

specific weights for each evaluation criterion (specific and assessment), consistent with its relative order of importance.

a. Weighting of items by the SSAC fixes the absolute importance of each area or item within the relative order of importance so that the significance of each may be readily determined. All weights must be consistent with the relative order of importance of the evaluation criteria set forth in the SSP. Weights must be established before the receipt of proposals.

b. Weights must not be included in the solicitation nor revealed to the SSEB.

c. The ratio of the varying weights may be charted graphically by the size of the boxes which depict the relative importance of the criteria being rated.

3-11. Determination of Competitive Range:

a. By law (10 U.S.C. 2304 (g)) written or oral discussions in negotiated procurements must be conducted with all responsible offerors who submit proposals within a competitive range. The determination as to which proposals are not in the competitive range, and the exclusion of offerors either before or as a result of written or oral discussions, will be made by the Contracting Officer, subject to the approval of the SSA. The SSA may designate the SSAC chairperson to accomplish this approval function.

b. The competitive range must be determined after evaluation of all proposals received, on the basis of price or cost, technical, and other salient factors including proposal deficiencies and their potential for correction. The competitive range must include all proposals which have a reasonable chance of being selected. The objective is not to eliminate proposals from the competitive range, but to facilitate competition by conducting written and oral discussions with all offerors who have a reasonable chance of being selected for an award.

c. A proposal may be considered outside the competitive range if:

(1) It does not reasonably address the essential requirements of the solicitation.

(2) A substantial technical drawback is apparent in the proposal and sufficient correction or improvement to consider the proposal further would require virtually an entirely new technical proposal.

(3) The proposal contains major technical or business deficiencies or omissions, or out-of-line costs, which initial or continuing discussions with the offeror could not reasonably be expected to cure. Before eliminating an offeror from the competitive range based on unrealistic costs or prices it will be necessary to the extent possible, without discussions with the offeror, to determine the reason for the out-of-line costs or prices. For examples, the costs might be attributable to a unique design approach, a technical breakthrough or an accelerated delivery. These may be legitimate reasons for the apparent out-of-line costs or prices.

d. Where there is doubt as to whether a proposal is or is not within the competitive range, that doubt must be resolved by considering the proposal as being within the competitive range. The determination of competitive range is based on informed

judgment and is complex in nature. All such decisions must be completely and adequately documented for the record.

e. Offerors whose proposals are determined to be outside the competitive range and with whom initial or continuing discussions are not to be conducted, must be notified promptly in accordance with DAR 3-508.2.

3-12. Conducting Written or Oral Discussions. Oral or written discussions with offerors shall be conducted *only* by members of the Contract Definitization Team. The team will negotiate definitive contracts with all offerors determined to be within the competitive range. The team consists of the PCO, buyer, pricing and technical personnel, project officer and may include people from the supporting and using commands. The team is the only point of contact between the SSEB and the company submitting a proposal.

a. All offerors determined to be in the competitive range and selected to participate in oral and written discussions must be advised of any deficiencies in their proposals, and offered a reasonable opportunity to correct or resolve the deficiencies. Offerors must submit such price or cost, technical, or other proposal revisions as may result from the discussions. Discussions with each offeror in the competitive range must be confined exclusively to the offeror's proposal and its identified deficiencies relative to the solicitation requirements. Discussions must be conducted in a way that scrupulously avoids disclosure of the relative strengths and weaknesses of competing offerors, technical information or ideas, or cost data from any other offeror's proposal.

b. At the conclusion of written or oral discussions, a final common cut-off date which allows a reasonable opportunity for submission of final written revisions must be established and all remaining participants notified in writing:

(1) This notification must include information to the effect that discussions are being concluded and that the offerors are to submit their BAFO. The offerors' confirmation of a prior offer or revised final offer must be submitted by the date specified. Any revision to a proposal received after the established final common cut-off date must thereafter be handled as "late" in accordance with DAR 3-506(c).

(2) The normal revision of proposals by selected offerors occurring during the conduct of discussions with such offerors before the final common cut-off date are not to be considered or treated as "late proposals" or "late modifications."

(3) Contracting Officers shall not call for BAFOs more than once unless fully justified and approved by the SSA.

(4) In the call for BAFOs, offerors should be cautioned against buying-in and submitting unsupported changes to their prior offers.

3-13. Discussions Using Four-Step Source Selection Procedures. The four-step source selection process as differentiated from the conventional process is described in DAR 4-107. Procedures involving discussions and the negotiation of a definitive contract are provided in detail in DAR 4-107.5. If a final agreement cannot be reached with the selected offeror or

if changes to the offeror's proposal are required that affect the basis for source selection, the Contract Definitization Team will so advise the SSAC who is responsible for advising the SSA. The SSA will determine if additional negotiations are to be conducted with the offeror or if another offeror is to be selected for negotiation.

3-14. The SSEB Evaluation Report and Presentation:

a. After the evaluation teams have completed their evaluation of the BAFOs, the SSEB chairperson will compile and present the SSEB's overall evaluation results to the SSAC in two forms:

- (1) A written report.
- (2) An oral presentation.

NOTE: This report and presentation must convey to the SSAC the results and significant points of the SSEB evaluation.

b. The written report and presentation should include a detailed narrative assessment of the evaluation:

- (1) Narrative assessments are to be included for the highest level evaluated and may be included for lower levels as necessary.
- (2) Each assessment must be precise and highlight the strengths, weaknesses, and risks of each evaluated aspect of the proposal.
- (3) The SSEB report should include a section on contractual considerations.
- (4) There should be separate sections covering the evaluation of cost and the overall risk analysis.

c. The objective of the report is to present an evaluation of each proposal against solicitation requirements based on established evaluation criteria and standards.

d. The SSEB will also prepare a summary of the written report which will outline the significant findings of the evaluation. A record of the SSEB briefing to the SSAC may be used to satisfy this requirement. The SSAC will be expected to review and analyze the report and provide any additional inputs to the SSA. The SSEB summary report shall become a permanent part of the SSAC Analysis Report.

3-15. SSAC Analysis Report:

a. The comparison of proposals is the responsibility of the SSAC and is based on an analysis of the evaluation performed by the SSEB and the results of contract negotiations.

b. The SSAC must present to the SSA a report analyzing all relevant information resulting from the evaluation of proposals and other considerations to permit the SSA to arrive at the final selection decision (use attachment 5 as a guide in preparing this report).

c. The SSAC Analysis Report must portray to the SSA in narrative form the results of the evaluation of the proposals as well as the results of final negotiations, BAFO, and other considerations.

d. The Procuring Contracting Officer is responsible for advising the SSAC and SSA of any offeror about whom there may be a question of responsibility. The SSAC Analysis Report should include this information.

3-16. Source Selection Briefings. Source selection briefings are required by the SSAC and SSA. The SSEB chairperson is responsible for briefing the results of the evaluation to the SSAC. The chairperson of the SSAC is responsible for briefing the results of the SSAC analysis to the SSA. The recipients and the scope of the briefings depend on the organization level at which the SSA has been established. All in attendance must complete a certification in which they agree to safeguard source selection sensitive information and abide by the Standards of Conduct set forth in AFR 30-30. All required briefings to the Secretary or the Chief of Staff will be scheduled through HQ USAF/RDCS. Attendance at all source selection briefings should be limited and carefully controlled to prevent premature disclosure of information.

a. When the SSA is the Secretary or an Assistant Secretary of the Air Force, the following procedures will be used:

(1) After completing the SSAC Analysis Report, the SSAC chairperson is responsible for briefing the Commanders of the affected commands, and the Chief of Staff. Affected Deputy Chiefs of Staff will be invited to the briefing provided to the Chief of Staff.

(2) Available members of the SSAC, the appropriate Assistant Secretaries, General Counsel, Director of Legislative Liaison and the Director of Public Affairs will be invited to the briefing by the Secretary.

(3) Copies of the slides and the text of any oral presentation will be provided to the SSA at the presentation. HQ

USAF/RDCS will provide to the SSAC Chairperson, for the official file, a list of all the people who are invited and attend the briefings.

b. When the SSA is delegated, a briefing to the Secretary before the public announcement of the source selection is required. The SSA may request a waiver of this requirement from the Secretary provided the request is in writing and processed through HQ USAF/RDCS. A waiver of the requirement may only be granted by the Secretary.

3-17. Selection and Contract Award. When requested by the SSA, the SSAC will prepare the Source Selection Decision Document for the SSA's signature. The SSA's signature on the decision document is authority for the Contracting Officer to award a contract to the selected offeror(s) or in the case of the four-step method, proceed with negotiations, subject to the necessary administrative approvals. The Source Selection Decision Document is sent to the SSAC chairperson who will provide it to the PCO, to include in the official contract file and the source selection record. This document contains:

a. The source selection decision.

b. Rationale for the source selection decision.

c. Direction to accomplish award of a contract.

NOTE: An example of the format of a Source Selection Decision Document is in attachment 6.

Chapter 4

SOURCE SELECTION DOCUMENTATION AND RELEASE OF INFORMATION

4-1. General Information. This chapter provides guidance on the treatment of source selection documentation and the release of source selection information.

4-2. Source Selection Records:

a. Source selection records include, but are not limited to the following documents: (Items with an asterisk(*) must be marked as Source Selection Sensitive).

(1) Program Management Directive, when it contains directives pertinent to source selection.

* (2) Source list screening criteria.

* (3) Results of screening, including justification(s) for not issuing a solicitation to specific sources.

* (4) The Source Selection Plan.

* (5) SSA delegation request (if applicable).

* (6) The Source Selection Plan approval document with any directed changes or delegations of source selection authority.

(7) Documentation for use of four-step source selection actions (if applicable).

(8) Evaluation criteria.

* (9) Weights and standards.

* (10) Narrative assessments.

* (11) All orders or other documentation establishing SSAC and SSEB members, and amendments thereto.

(12) Record of attendance and a summary of proceedings of any preproposal conference.

(13) Request for Proposal.

* (14) All proposals and amendments or alternative proposals submitted by each offeror, including a summary of any oral presentation made directly to the SSEB.

* (15) Evaluation reports including Independent Cost Analysis (ICA) used in the evaluation and any Most Probable Cost (MPC) data.

* (16) Inquiries sent to offerors by the SSEB during the evaluation, and responses thereto.

* (17) Deficiency reports, clarification requests, and offerors' responses.

* (18) The SSEB Evaluation Report.

* (19) The SSAC Analysis Report.

* (20) All source selection presentations (Vugraphs and text).

(21) SSA Decision Document.

(22) Memoranda of instructions directing award received from SSA.

(23) Lessons learned report.

* (24) Records of attendance at source selection decision briefings.

(25) Any other data or documents having a direct relation to the source selection action.

b. The establishment of source selection records shall not do away with or lessen the requirements for maintaining official contract files required by DAR 1-308 and DAR supple-

ment 2. It is usually necessary to separate the source selection sensitive records from the official contract file to prevent unauthorized access or release to the public. The location of these documents will be noted by use of a cross-reference index in the official contract file.

4-3. Protecting Source Selection Records and Data. The effectiveness and integrity of the source selection process requires that all data and information be handled with the utmost discretion to avoid any compromise. All sensitive data and information received or developed during the source selection process shall be marked "SOURCE SELECTION SENSITIVE" and handled as stated below. Classified source selection documents must be marked and protected according to DOD 5200.1-R/AFR 205-1, Information Security Program. Other source selection documents will be excluded from automatic disclosure by marking the document both "FOR OFFICIAL USE ONLY (FOUO)" and "SOURCE SELECTION SENSITIVE" and will be controlled as required by AFR 12-30, Air Force Freedom of Information Act Program.

a. While source selection is in process, disclosure of source selection data is the exclusive responsibility of the SSA.

b. Access to source selection sensitive information must be strictly controlled at all organizational levels. The right to source selection information does not extend to the organizational chain of command of individual SSAC, SSEB, advisors, or other members involved in the source selection process. At the command level the control of access to information is the responsibility of AFSC/PM and AFLC/PM or at equivalent levels in other commands. Access control at the Air Staff is the responsibility of HQ USAF/RDC. Each Deputy Chief of Staff involved in the source selection will designate one individual and alternate to review and handle the source selection documentation for a specific acquisition. This designation must be in writing. SAF/ALP is responsible for controlling access at the Secretarial level. Only individuals who have a strict need-to-know and have signed the proper certification indicating no conflict of interest according to AFR 30-30, may have access to source selection information.

c. Access is defined as disclosure by permitting a source selection document contained in the source selection record to be viewed but not physically retained by the requester.

d. Release is defined as disclosure by permitting a copy of a source selection document to be physically retained by the requester.

e. A need-to-know must be clearly established before any individual or activity is afforded access to or release of source selection data while the source selection is in process.

f. After the contract is awarded, authority to disclose source selection information is vested in commanders or vice commanders of AFSC Divisions, Air Logistics Centers or comparable level organizations having acquisition responsibility for the specific contract involved.

g. Even though source selection data may fall within the categories of materials that may be withheld from public disclosure as listed in AFR 12-30 (for example an SSAC or SSEB evaluation report), each document or portion thereof must have an independent basis for exemption. Any questions regarding public disclosure of information should be considered on a case-by-case basis and should be referred to the appropriate Freedom of Information Act advisors.

(1) The general criteria that applies to the protection or release of source selection data are found in DODD 5400.7 (DAR Appendix L).

(2) Documents that would otherwise be exempt from disclosure may be subject to disclosure when incorporated by reference into nonexempt documents (for example, when cited in the resulting contract). Such data, unless classified, should be released upon request following contract award unless there is a compelling reason to refuse. Falling within one of the exception categories is in itself not sufficient reason for withholding source selection data.

(3) Controlled access and release of source selection information extends beyond the immediate period of the source selection action. Authority for access and release must be obtained in writing until the official contract file is destroyed in accordance with DAR 1-308 and DAR supplement 2.

h. Under no circumstance will any advisor, or member of the SASC, SSEB, or any ad hoc working group discuss the proceedings with any individual not a member of the organizations named, except as authorized under this regulation.

i. During source selection, personnel responsible for audit of proposals and negotiation of contracts must comply with all requirements for protection of source selection data referenced in this regulation and AFR 30-30, DOD 5200.1-R/AFR 205-1, and AFP 70-1, Do's and Don'ts of Air Force Industry Relations.

j. Any unauthorized disclosure or release of source selection information classified in accordance with DOD 5200.1-R/AFR 205-1 or designated FOUO in accordance with AFR 12-30 and not considered public information in accordance with DAR 1-329 and AFR 12-30 will be investigated and, as appropriate, treated under disciplinary procedures authorized by law or administrative procedures.

k. When a protest has been lodged either before or after an award involving source selection at a level above that of the contracting officer, copies of pertinent source selection documents will be included in the initial protest file when requested by HQ USAF under Air Force DAR 2-407.8 and DAR supplement 2-407.50. Such information should be marked to prevent its inadvertent release.

l. Request for source selection data by Congress or the General Accounting Office (GAO) will be processed under AFR 11-7, Air Force Relations With Congress and AFR 11-8, Air Force Relations With General Accounting Office (GAO). These activities must be informed of the restrictions against public disclosure of confidential information or proprietary data provided by offerors. DOD and Air Force activities such as the Inspector General (IG), auditor, and other specially ap-

pointed activities must also obtain access or release according to this regulation.

4-4. Announcement of Source Selection Decision:

a. When the SSA is the Secretary of the Air Force, SAF/AL will be responsible for:

(1) Ensuring, through the Office of Information and the Office of Legislation Liaison, that news releases and announcements pertaining to the source selection action are prepared and coordinated with all necessary activities.

(2) Establishing an agreed time for release of source selection information with the Office of Legislative Liaison and Office of Information to ensure that award, notices to Congressional interest, and news releases occur at the same time. Information to be released after the SSA has reached a decision shall be in accordance with Air Force DAR Supplement 1-1005.2.

(3) Informing the Chief of Staff of the SSA's decision.

(4) Notifying the contracting activity of the time for manual approval and award of the contract.

b. When the Secretary has delegated source selection authority, the SSA will be responsible for:

(1) Providing advance information of the decision to the Secretary and the Chief of Staff as may be required in the delegation of source selection authority.

(2) Notifying the Office of Legislative Liaison, HQ USAF, and providing that office with the necessary information for Congressional announcement at the preestablished time.

(3) Notifying the local office of information with the necessary information for press release at the preestablished time.

4-5. **Lessons Learned.** Following contract award, the Program Office is responsible for making a determination whether there are benefits to be obtained from publishing a Lessons Learned report with regard to the experience and results of the source selection process. When determined to be beneficial the report will be prepared and submitted. This report should be limited to pertinent issues that may be beneficial to future source selection actions and planning. Lessons Learned reports will be provided to HQ USAF/RDC through appropriate command channels, within 8 weeks after the source selection decision is announced.

4-6. Notification and Debriefings:

a. Notifications. The Contracting Officer will release to unsuccessful offerors the required notifications as prescribed in DAR 3-508.

b. Debriefings. When debriefings are requested they shall be in accordance with DAR 3-508.4.

(1) Debriefings will be with only one offeror at a time, and will not be conducted until after contract award.

(2) The debriefing must be confined to a discussion of the offeror's proposal, its weak and strong points in relation to the

requirements of the solicitation. Comparisons should not be made relative to the proposal of other offerors.

(3) No information will be disclosed to an offeror as to the weights or ratings assigned.

4-7. Disposition of Documentation. Disposition of documentation prescribed by this directive will be in accordance with AFM 12-50, Disposition of Air Force Documentation.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

CHARLES A. GABRIEL, General, USAF
Chief of Staff

JAMES H. DELANEY, Colonel, USAF
Director of Administration

SUMMARY OF CHANGES

This revision of source selection policy and procedures is a complete reorganization of the regulation published in April 1976. The present regulation is divided into four chapters involving general source selection policies with regard to objectives, responsibilities and duties; preevaluation activities; proposal evaluation and the source selection decision; and documentation and release of information. It contains additional guidance on the development of evaluation criteria as the basis by which each offeror's proposal is to be evaluated. New attachments to the regulation provide more direction. These include a format for the matrix of evaluation criteria (atch 2); an example of a format for the Source Selection Decision Document (atch 6); and a complete guide to references noted in the regulation (atch 7).

MAJOR SOURCE SELECTION EVENTS

I. The following list of events are those which usually occur during a source selection action. As a minimum a schedule of those events asterisked (*) below will be included in the Source Selection Plan. The cumulative time elapsing between events will be indicated.

1. The Program Office develops proposed business strategy.
2. Business Strategy Panel (BSP) convened.
3. SSA delegation request is sent to the Secretary of the Air Force by the Program Office, if recommended by BSP.
4. The Program Office prepares a Source Selection Plan.
5. The Source Selection Plan is submitted to the SSA.
- *6. SSA approves the Source Selection Plan.
7. The Contracting Officer places a synopsis in Commerce Business Daily.
8. The Contracting Officer drafts solicitation.
9. The Program Office establishes standards for SSAC approval.
10. The Solicitation Review Panel reviews solicitation.
- *11. SSAC formally established and convened to:
 - Designate the chairperson and approve membership of the SSEB.
 - Review and approve contractor source lists.
 - Approve standards.
 - Establish evaluation criteria weights, if desirable.
 - Authorize release of solicitation.
12. The Program Office provides preproposal briefing to prospective offerors, if applicable.
- *13. Proposals received—evaluation starts.
14. Oral presentations by offerors (optional).
- *15. Initial evaluation completed.
- *16. Competitive range determination.
- *17. SSEB initial evaluation and competitive range briefing provided to SSAC.
18. Release of Deficiency Reports and start of negotiations.
- *19. Negotiations completed.
- *20. Receipt and evaluation of Best and Final Offer (BAFO).
- *21. SSEB evaluation report and briefings to SSAC.
22. SSAC Analysis Report completed.
23. Applicable briefings given by SSAC.

- *24. SSAC analysis and briefing given to SSA.
25. Review and execution of contract(s) is made by the contracting officer.
- *26. SSA decision.
27. SSA Decision Document completed.
28. SSA announces award (includes the following simultaneous actions).
 - Manual approval and contract distribution.
 - Congressional notification.
 - Press release is made.
29. Debriefings to offerors if requested.
30. Lessons Learned Report submitted (if warranted) within 8 weeks after SSA decision.

II. If the source selection is conducted according to four-step procedures, items 13 through 30 are deleted and the following events are submitted:

- *13. Technical proposals received and evaluation starts.
14. Oral presentations by offerors (optional).
15. Limited technical discussions with offerors.
- *16. Price or cost proposals and technical updates requested and reviewed.
17. Limited price or cost discussions with offerors.
- *18. Updated cost and technical proposals received and evaluated.
- *19. SSEB evaluation report and briefings to SSAC.
20. SSAC Analysis Report completed.
21. Applicable briefings given by SSAC.
- *22. SSAC analysis and briefing given to SSA.
- *23. SSA decision.
24. SSA Decision Document completed.
25. SSA announces source and negotiations commence.
 - Congressional notification.
 - Press release made.
26. Negotiations completed and award made.
 - Review the manual approval.
 - Second notification to Congress and a press release is made.
27. Lessons Learned Report submitted (if warranted) within 8 weeks after the SSA decision.

**GENERAL FORMAT FOR MATRIX OF EVALUATION CRITERIA
AREA**

(Technical, Logistics, Test, Management, etc.)

Specific Criteria Assessment Criteria	Item 1 Description		Item 2 Description		Item 3 Description	Item 4 Description
	Factor 1	Factor 2	Factor 1	Factor 2		
Soundness of Approach	C O L O R	C O L O R	C O L O R	C O L O R		
Understanding of Requirement						
Past Performance						
Compliance with Requirement						
Other Assessment Criteria						

NOTES:

1. If a factor is displayed graphically it must be color coded.
2. If one factor for an item is displayed, all factors for all items within the area must be displayed.

EXAMPLES OF STANDARDS**(1) EXAMPLE OF QUANTITATIVE STANDARD**

AREA: OPERATIONAL UTILITY
ITEM: MISSION PERFORMANCE
CHARACTERISTICS
FACTOR: PAYLOAD/RANGE

DESCRIPTION:

This factor is defined as the payload which can be carried, considering the basic design gross weight, in a given range, when operational utilization of the aircraft is considered. (Load Factor 2.5)

STANDARD:

At a weight not exceeding the basic design gross weight, the aircraft is capable of transporting a payload of:

- a. 30,000 lbs. for a 2800 nm distance.
- b. 48,000 lbs. for a 1400 nm distance.

(2) EXAMPLE OF QUALITATIVE STANDARD

AREA: TECHNICAL
ITEM: SYSTEM INTEGRATION
FACTOR: SYSTEM SAFETY

DESCRIPTION:

This factor is defined as the payload which can be carried, considering the basic design gross weight, in a given range, when operational utilization of the aircraft is considered. (Load Factor 2.5)

STANDARD:

At a weight not exceeding the basic design gross weight, the aircraft is capable of transporting a payload of:

- a. 30,000 lbs. for a 2800 nm distance.
- b. 48,000 lbs. for a 1400 nm distance.

(2) EXAMPLE OF QUALITATIVE STANDARD

AREA: TECHNICAL
ITEM: SYSTEM INTEGRATION
FACTOR: SYSTEM SAFETY

DESCRIPTION:

The proposed system safety program will be evaluated for adequacy in effecting the design of changes or modifications to the baseline system to achieve special safety objectives. The evaluation will consider the specific tasks, procedures, criteria, and techniques the contractor proposes to use in the system safety program.

STANDARD:

The standard is met when the proposal:

- a. Defines the scope of the system safety effort and supports the stated safety objectives.
- b. Defines the qualitative analysis techniques proposed for identifying hazards to the depth required.
- c. Describes procedures by which engineering drawings, specifications, test plans, procedures, test data, and results will be reviewed at appropriate intervals to ensure safety requirements are specified and followed.

FORMAT FOR PREPARING DEFICIENCY REPORTS

DEFICIENCY REPORT NO. _____

AREA _____

ITEM _____

FACTOR _____

OFFEROR _____

Nature of Deficiency:

State the nature of the deficiency. Be concise. Include a reference, by offeror's document, paragraph and page that will quickly identify the offeror's submission.

Summary of Effect of Deficiency:

State how the uncorrected deficiency would affect the program if it were accepted "as is".

Reference:

Indicate the references that adequately substantiate that the data evaluated are deficient. These may be statements in the solicitation, statements of work, specifications, etc.

Area Captain

Evaluator

Area and Item
Designator

FORMAT FOR SSAC ANALYSIS REPORT

I. INTRODUCTION. Information included in this section consists of the following:

- a. The authority for the source selection action.
- b. Data pertaining to the Source Selection Plan, its date of approval, who prepared the plan, etc.
- c. Basis for award and evaluation criteria.
- d. The composition of the SSAC, with the lists of commands and organizations who participated as SSAC members.
- e. The basic composition of the SSEB identified by functional specialties and by organization.
- f. Discussion of the requirements set forth in the solicitation, including salient points and a listing of the sources to whom the solicitation was provided.
- g. Identification of the offerors who responded and those in the competitive range.

II. DESCRIPTION OF PROPOSALS. This section contains a brief summary description of the proposals submitted by each offeror within the competitive range. No judgments or comparisons as to the quality, rating or ranking of proposals will appear in this section.

III. COMPARATIVE ANALYSIS OF PROPOSALS. This section contains a comparative analysis of the proposals within the competitive range by identifying strengths, weaknesses, and risks by area, items and significant factors other than cost. For each area, a list of the items evaluated should be discussed, first individually and then comparatively. The major strengths, weaknesses, and risks should be included for each proposal. If a strength, weakness, or risk appears in one proposal and is noteworthy, comments pertaining to similar strengths, weaknesses, or risks should be included for every offeror.

IV. COST. The reasonableness, realism, and completeness of each contractor's cost proposal should be fully explained. This section normally includes data pertaining to cost or price analysis, ICA, total costs to the government, Most Probable Cost, impact of technical uncertainty on cost or price, Life Cycle Cost, and other appropriate cost considerations.

V. RISK ASSESSMENT. Discuss the impact of all significant risks associated with each proposal within the competitive range. These will include:

- a. Technical risks inherent in the offeror's proposal.
- b. Schedule risk as assessed against the technical approach and the prevailing economic environment (for example, material shortages).
- c. Confidence that can be placed in the cost or price estimate provided by each offeror taking into consideration technical and schedule risk.
- d. The financial risk to each offeror in relation to the type of contract and task involved.
- e. Production risks relating to make-or-buy decisions, anticipated new manufacturing technologies, availability of production facilities, and overall production competence.
- f. Design trade-offs proposed by the offerors and their potential impact on costs, schedule, technical and overall risk.
- g. An assessment of the contractor's past performance with relation to the effect on the risks identified in the evaluation.

VI. OVERALL ASSESSMENT OF PAST PERFORMANCE. Provide an integrated analysis of the offerors past performance history on contractual efforts that is relevant to the proposal being reviewed.

VII. CONTRACTUAL CONSIDERATIONS. Discuss significant contractual arrangements with each offeror in the competitive range and any significant differences between offerors.

VIII. SSAC FINDINGS. Provide a comparative analysis, expressed in brief statements, of the issues considered by the SSAC to be significant to the decision. If requested by the SSA a recommendation will be included.

IX. SIGNATURE PAGE. A final page bearing the signature of the chairperson and members of the SSAC.

EXAMPLE OF FORMAT FOR SOURCE SELECTION DECISION DOCUMENT**FOR OFFICIAL USE ONLY****SOURCE SELECTION DECISION**FOR THE (Name of System)

RFP No. _____

Pursuant to Air Force Regulation 70-15, as the Source Selection Authority for this acquisition I have determined the (Name of System) system proposed by (Successful Offeror) provides the best overall value to satisfy Air Force needs. This selection was made based upon the criteria established in Section M of the Request for Proposal (RFP) "Evaluation Factors for Award" and my integrated assessment of the proposals submitted in response to the RFP, the terms and conditions agreed upon during negotiations, the Source Selection Evaluation Board's "Summary Evaluation Report," the Source Selection Advisory Council's "Proposal Analysis Report" and the capability of (Successful Offeror) to fulfill the subject requirement.

The (five) evaluation criteria against which the potential sources were measured in order of importance, were (1) Operational Utility; (2) Readiness and Support; (3) Life Cycle Cost; (4) Design Approach; and (5) Manufacturing Program and Management.

While all proposals in the competitive range for the _____ system are adequate when measured against the above criteria, the (Successful Offeror's) proposal offers significant operational utility and clearly provides the best system in terms of operational effectiveness. _____'s proposal is superior in terms of operational effectiveness, in part because of its excellent instrument arrangement which includes a logically designed and uncluttered instrument panel, in addition to excellent access to all controls. _____'s proposed system is also superior in terms of operational safety. In addition, _____'s proposal displayed outstanding consideration for operational supportability by building a full-scale mock-up to refine reliability and maintainability concepts. The _____ system has the strongest characteristics in the area of reliability, maintainability and availability. The _____ design is also the best, meeting or exceeding all RFP requirements. It is exceptional for crew station, escape system and avionics design. The design substantially enhances its reliability and maintainability. _____'s manufacturing approach to the _____ system clearly makes it the leader in this area. Its team of managers and employees, coupled with existing facilities, assure development and fielding of a quality system.

Although the most probable total life cycle cost of _____'s system is not the lowest, it is only _____ percent more than the lowest total life cycle cost and offers the lowest evaluated operating and support cost. It is my view that the small difference in total life cycle cost is more than offset by the superior characteristics of _____'s system.

In summary, based on my assessment of all proposals in accordance with the specified evaluation criteria it is my decision that _____'s proposed system offers the best overall value.

(Source Selection Authority)

SOURCE SELECTION AUTHORITY

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REGULATORY REFERENCES FOR AFR 70-15**DAR**

1-201.14	Procuring Activity (Definition)
1-308	Documentation of Procurement Actions; Maintenance and Disposition Contract Files
1-311	Buying In
1-1003	Synopses of Proposed Procurements
1-2100	Procurement Planning
2-404.2	Rejection of Individual Bids
2-407.8	Late Proposals and Modifications of Proposals
3-508	Information to Offerors
3-508.2	Pre-Award Notice of Unacceptable Offers
3-508.4	Debriefing of Unsuccessful Offerors
3-part 8	Price Negotiation Policies and Techniques
4-107	"Four Step" Source Selection Procedure
20-part 8	Administrative Matters—Correspondence and Visits
Appendix L	DOD Freedom of Information Act Program

AF DAR Supplement

1-1005.2	Announcement of Awards Over \$3 million
2-407.50	Procedures for Protest Against Award

AF Regulations

11-7	Air Force Relations with Congress
11-8	Air Force Relations with GAO
11-12	Correspondence With and Visits to Contractor Facilities
12-30	Air Force Freedom of Information Act Program
30-30	Standards of Conduct
173-11	Independent Cost Analysis Program
205-1	Information Security Program
800-11	Life Cycle Cost Management Program

AF Pamphlet 70-1	Do's and Don'ts of Air Force Industry Relations
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AF Manual 12-50	Disposition of Air Force Documentation
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DODD 4105.62	Selection of Contractual Sources for Major Defense Systems
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APPENDIX H

Contracting and Acquisition

STREAMLINED SOURCE SELECTION PROCEDURES

This regulation provides streamlined procedures for source selections which fall below the dollar thresholds or are outside the scope of competitive negotiated procurements described in AFR 70-15. That regulation sets source selection policy for major programs and projects for which the Secretary of the Air Force is the Source Selection Authority. This regulation is consistent with the acquisition policies established in AFR 70-15. It provides general objectives and procedures which are to be implemented by the specific procedures of each major command (MAJCOM) including the US Air Force Reserve. It does not apply to the Air National Guard.

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Section A—General Information and Basic Policies

1. Applicability and Scope. These source selection policies and procedures apply to competitive negotiated procurements when AFR 70-15 is not used. Each MAJCOM is encouraged to establish specific procedures supplementing this regulation (e.g., establishing dollar thresholds) in order to tailor the process for its own individual project requirements and for its own organizational application. The policies and procedures in this regulation need not be applied to acquisitions for basic research; acquisitions under \$5 million; or any other acquisition for which the Head of the Contracting Activity (HCA) determines them to be inappropriate. The use of these procedures for architect engineer services is prohibited.

2. Objectives of Streamlined Source Selection Process. The principal objective in a source selection is to select the offeror whose proposal has the highest degree of credibility, and whose performance can best meet the government's requirements at an affordable cost. The process must be impartial, equitable, and comprehensive with regard to evaluating competitive proposals and related capabilities. The process must be efficient and capable of balancing technical, cost, and business considerations consistent with requirements and legal constraints. The process stresses the use of fewer resources by using a limited number of discriminating evaluation items and factors, limiting the size of proposals and reducing the complexity and size of the source selection organization. Although this may result in some variations in procedure from AFR 70-15, the essential principles of the source selection process must be maintained.

3. Source Selection Policies. The following policies apply:

a. The Source Selection Authority (SSA) must be presented with sufficient information on each of the competing offerors and their proposal to make an objective and equitable selection decision.

b. The solicitation document must use the Department of Defense Federal Acquisition Regulation Supplement uniform contract format and specify requirements in a way which facilitates competition. The solicitation shall indicate the basis for evaluation and shall require the submission of essential information for making a source selection decision.

c. The rating system to be used in evaluating and analyzing proposals shall be described in the Source Selection Plan (SSP) submitted to the SSA for approval. The rating system shall be structured to identify significant strengths, weaknesses, and risks associated with each proposal. The rating system may be a narrative alone, or a narrative with a descriptive color code at the area and item levels. The objective of the rating system is to display an assessment of all important aspects of the offerors' proposals.

d. Normally, written or oral discussions will be conducted with all offerors in the competitive range. The negotiation shall culminate in signed, contractual documents representing the firm commitment of each offeror suitable for execution by the contracting officer upon receipt of direction from the SSA.

e. Auction techniques (indicating to an offeror a price which must be met to obtain further consideration, or informing an offeror that the price is not low in relation to that of another offeror)

are strictly prohibited. Discussing price or cost elements that are not clear or appear to be unreasonable or unjustified is permissible. Discussions may also encourage offerors to put forward their most favorable price proposals. The price elements of any other offeror must not be discussed, disclosed, or compared. See Federal Acquisition Regulation (FAR) 15.610(d) for prohibitions on technical leveling and technical transfusion as well as auction techniques.

f. The requirement for a Best and Final Offer (BAFO) in negotiations must not be used as either an auctioning technique or a squeeze for lower prices. All changes in price at BAFO must be fully substantiated by offerors. The common cutoff date for conclusion of discussions and requests for a BAFO must be designed to make sure that all offerors have an equal opportunity to compete.

g. Cognizant Contract Administration Office personnel should take part, as necessary, in preparing the solicitation and negotiating the contract.

4. Source Selection Authority (SSA). For programs using these procedures, the SSA will be the HCA with power of delegation according to command procedures. SSAs should be of sufficient rank and hold positions which enable them to be familiar with the objectives of the work being contracted.

5. SSA Responsibilities. The SSA is responsible for the proper and efficient conduct of the entire source selection process, and has full authority to make the source selection decision. Responsibilities and duties also include:

a. Approval, in writing, of the appointment of the Source Selection Evaluation Team (SSET) chairperson and members.

b. Review and approval, in writing, of the SSP.

c. Authorization to release the solicitation document.

d. Approval of the contracting officer's determination to exclude offerors from the competitive range.

e. Documentation of selection rationale.

6. Source Selection Evaluation Team (SSET). In major source selections, there are typically a separate Source Selection Advisory Council and a Source Selection Evaluation Board. For the purpose of this procedure, these two organizational bodies are combined into a single SSET which will both evaluate proposals and prepare a comparative analysis of the evaluation.

7. SSET Organization. Within the SSET, there will be a Contract Team and a Technical Team, each with a designated Team Chief.

a. The Contract Team will include the contracting officer, buyer, and price analyst. The Team will be responsible for price and or cost analysis of the offerors' proposals, contract definitization, and negotiation.

b. The Technical Team will include at least two or three representatives from the program or project office, and functional experts in applicable fields such as logistics, civil engineering, manufacturing, or management. The size of the Technical Team will be dependent on the complexity of the acquisition.

c. If warranted by size and complexity of the proposed acquisition, senior management representatives from the contracting discipline, the program or project office, and the legal office may serve as advisors to the SSET.

8. SSET Chairperson Responsibilities. The SSET chairperson responsibilities include:

a. Preparing the SSP in coordination with the program or project office and the contracting officer.

b. Reviewing and approving proposal evaluation standards prepared by the Technical Team.

c. Providing an independent review of the Contract and Technical Team's assessments of the offerors' proposals.

d. Preparing the Source Selection Decision Document for the signature of the SSA, if requested by the SSA.

9. Contract Team and Technical Team Responsibilities:

a. The Technical Team will establish the basis for technical evaluation of proposals, develop evaluation criteria, establish the relative order of importance of the criteria and provide this to the Contract Team for inclusion in the solicitation. Before receipt of proposals, the Technical Team will prepare evaluation standards. After receipt of proposals, the Technical Team will rate the technical areas, items, and factors of the proposal, identify and prepare proposal deficiency notices (DN) and/or clarification requests (CR), and prepare narratives for technical evaluation reports. For off-the-shelf types of procurements, a technical assessment will be made of those features of the offerors' proposal which will most impact the selection decision.

b. The Contract Team is responsible for preparing the solicitation, conducting preproposal

briefings, establishing procedures to protect contractor proposal information and government source selection data, conducting negotiations or discussions, determining contractor responsibility, and debriefing unsuccessful offerors. The Procuring Contracting Officer (PCO) is responsible for issuing DNs and CRs, conducting all written and oral discussions, and making competitive range determinations (with the approval of the SSA).

10. Conflicts of Interest. The SSET chairperson will instruct all persons receiving information or data on source selection activities to comply with AFR 30-30. All persons involved in the source selection process (including people other than Air Force personnel) will inform the SSET chairperson if their participation in source selection activities might result in a real, apparent, or possible conflict of interest. When so advised, the SSET chairperson will disqualify any person whose participation in the source selection process could raise questions regarding real, potential, or perceived conflicts of interest.

11. Interface With Contractors. Contacts with prospective contractors after release of the solicitation must be made only by the contracting officer.

Section B—Pre-Evaluation Activities

12. Business Strategy Panels. A Business Strategy Panel should be convened at the earliest practicable date according to MAJCOM procedures. The policies and procedures of AFR 70-14 and MAJCOM supplements to the regulation should be used. Typical major issues to be discussed are the designation of an SSA, the statement of work, the adequacy of specifications, source selection criteria, the contracting aspects of the acquisition, funding, logistics, quality assurance, and contract administration. This meeting is a vital planning session needed to achieve competitive, economical, and effective procurement. It applies to modifications, services, construction, automatic data processing equipment, contracting out, and operations and maintenance efforts as well as research and development and production.

13. Selection of Prospective Sources:

a. Government policy requires full and open competition in soliciting offers and awarding contracts unless one of the exceptions in FAR Part 6 is approved. Screening criteria should be developed and applied in establishing a source list. In seeking

competition, prospective offerors should not be encouraged to prepare proposals when they are not capable of satisfying the requirements.

b. Synopses of the acquisition shall be accomplished according to FAR Subpart 5.2.

c. If, after the solicitation document is distributed to the prospective offerors, an unsolicited source requests a solicitation, the contracting officer may advise the offeror of the reasons why they were not previously selected to receive the solicitation. If the source insists on receiving the solicitation document (and when required, has the necessary security clearance), a copy will be furnished. If that source submits a proposal, the proposal will be considered without prejudice.

14. Source Selection Plan (SSP):

a. The SSP is a key document for initiating and conducting the source selection. It should contain the elements described below to ensure timely review and SSA approval. The SSP should be jointly developed by the contracting and requiring activity. It must be submitted sufficiently in advance of the planned acquisition action to facilitate review and approval by the SSA and early establishment of the SSET. The SSP must be approved before release of the solicitation.

b. The SSP (see FAR Subpart 15.612(c)) will address the following:

(1) Program overview and description of requirement.

(2) Description of source selection organization, assigned responsibilities, and listing of participants (advisors and team members). Participation should be limited only to essential personnel consistent with the complexity of the acquisition.

(3) The method of screening prospective sources to obtain competition will be described. Prospective candidates and addressees should be identified.

(4) Significant events and the schedule for their completion should be identified. (See source selection events at attachment 1.)

(5) The relative importance of all evaluation criteria will be stated. The illustration at attachment 2 may be used for displaying the criteria.

(6) Areas, Items, or Factors to be rated should be identified. The methodology for evaluating cost proposals must be described. Cost is a mandatory evaluation area and is evaluated for completeness, realism, and reasonableness. While cost is ranked in order of importance, it is not given a color code rating of its own. (See paragraph 30.)

(7) Summary of acquisition strategy.

15. Solicitation Preparation:

a. Early industry involvement, including use of draft solicitations is desirable.

b. Solicitations are to be prepared by the Contract Team according to appropriate FAR procedures. The solicitation must accurately convey to offerors the technical, schedule, cost, and contractual requirements of the acquisition. In addition:

(1) The evaluation criteria, as approved by the SSA, must be provided in the solicitation as they appear in the SSP. The relative ranked order of importance of cost, technical, and other criteria must be indicated.

(2) The solicitation shall include a notice stating that unrealistically low price or cost estimates, initially or subsequently, may be grounds for eliminating a proposal from competition either on the basis that the offeror does not understand the requirement, or has made an improvident proposal.

(3) An executive summary should accompany the solicitation to briefly describe and highlight the salient aspect of the solicitation.

(4) The size of the solicitation should be kept short and uncomplicated. Applicable regulations may be referenced rather than reprinted.

c. The solicitation shall be thoroughly reviewed for consistency with law, policy, and regulations. Both management and technical data requirements shall be similarly evaluated to eliminate nonessential or unduly restrictive requirements. If SSET members have been identified, they may participate in the preparation and review of the solicitation document.

16. Notice of Source Selection Action. Upon release of the solicitation document, the contracting officer shall inform all appropriate Air Force offices and the potential offerors, that a source selection action is in progress. The notification will identify the project involved; the anticipated period of the source selection; and will include a statement informing them that contacts regarding the project by participating offerors are not allowed. The Contracting Officer is the only person authorized to contact offerors; the SSA is the only person with authority to release information regarding an ongoing source selection.

17. Basis of Award and Evaluation Criteria:

a. Award will be based on an integrated assessment of each offeror's ability to satisfy the requirements of the solicitation. The integrated assessment will include evaluation of general considerations stated in the solicitation, as well as the results of the evaluation of the proposals against

specific evaluation criteria. Examples of general considerations include past performance, proposed contractual terms and conditions, and the results of preaward surveys.

b. Evaluation criteria will be set forth in the solicitation, in descending order of importance, and will communicate to potential offerors the important considerations which will be used in the evaluation of proposals. The evaluation criteria included in the SSP will be set forth, verbatim, in the solicitation. Evaluation criteria must be tailored to the characteristics of a particular requirement and will include only those features which will have an impact on the selection decision.

c. When requirements or conditions significantly change so as to negate or modify the evaluation criteria originally established in the solicitation, the SSA shall make sure that each potential offeror is informed by a solicitation amendment of the adjusted criteria and basis for award. The offerors shall be given enough time to modify their initial proposals.

18. Reduction in Number of SSET Members:

a. Every effort should be made to keep the total number of SSET members and advisors to an efficient level. Teams with excessive numbers of evaluators tend to slowdown the source selection process.

b. Where feasible, members of the evaluation team should be experienced in a number of disciplines. Members so qualified may evaluate a number of items or factors.

19. Reduction in Number of Evaluation Factors:

a. A major cause of lengthy source selection procedures is a proliferation of evaluation factors which, in turn, results in lengthy proposals and extended evaluation sessions. Too often, these evaluations involve items and factors which are not source selection discriminators.

b. The choice of evaluation factors should be tailored to that which is essential to the selection of the best offeror. In some instances, this may be done by combining a number of similar factors into one overall factor.

20. Reduction in Size of Proposals:

a. One of the source selection objectives is to eliminate the submission of data and information which is not germane to the decision making process. Excessive size of proposals is both costly to the offeror and unnecessarily time-consuming to the evaluator.

b. Limitations on number of pages and number

of copies of proposals may be directed by the SSET and is encouraged. This limitation should be tailored to the complexity of the acquisition. Page limitations shall not be imposed for cost proposals.

c. When imposing a page limitation, the solicitation must state that the evaluators will read only up to the maximum number of pages specified. Pages in excess of the maximum are to be removed from the proposal and returned to ensure that they are not evaluated.

21. Evaluation Time. Sufficient time must be provided for evaluation consistent with the nature of the acquisition. This requires planning by the SSET chairperson. Complex acquisitions or those which generate many proposals may require more evaluation time.

22. Developing Evaluation Standards:

a. The Technical Team will establish objective standards at the lowest level of subdivision of evaluation criteria.

b. Standards, which indicate the minimum performance or compliance acceptable to enable a contractor to meet the requirements of the solicitation and against which proposals are evaluated, will be prepared for the lowest level of subdivision within each area of the evaluation criteria and be approved by the SSET chairperson.

c. Standards will not be included in the SSP or the solicitation. They will not be released to any potential offeror nor to anyone who is not directly involved in the source selection evaluation effort.

Section C—Proposal Evaluation

23. Scope of Guidance. This section provides guidance on the evaluation of offeror's proposals from the receipt of initial proposals up to the source selection decision. The proposal evaluation is to be conducted in a fair, comprehensive, and impartial manner.

24. Oral Presentations. A determination regarding whether oral presentations should be conducted is to be made by the SSET chairperson dependent on the complexity of the proposals. When used, offerors' oral presentations will be made to the SSET before commencing the evaluation of the proposals. To ensure objectivity, SSET members must make themselves available for all oral presentations or alternatively to none of the presentations. The SSET chairperson shall ensure that minutes of each oral presentation are made for the source selection file.

25. Proposal Evaluation:

a. The project should lend itself to the development of meaningful evaluation criteria against which proposals may be evaluated. The evaluation criteria may include, for example, technical, management, schedule, logistic, or any combination of these evaluation areas. The evaluation shall be consistent with the criteria set forth in the solicitation as the basis for award.

b. Technical approach and ability to meet stated minimum performance requirements are of major importance in proposal evaluation. The term "technical" in this context is not limited to scientific or engineering concepts or principals, but may include any performance skills which require education or training. Cost or price may or may not be the controlling evaluation area in selecting the contractor.

c. The project should offer a reasonable expectation of an interested and capable marketplace to ensure effective competition.

26. Technical Evaluation:

a. Technical as well as cost proposals will be submitted to the contracting officer, who will send technical proposals to the technical evaluators. The technical evaluation will be conducted independent of the cost or price evaluation.

b. The Technical Team will prepare a written report documenting the results of the evaluation of the proposals against the standards. Care must be taken at this time to avoid comparative analysis of technical proposals from different offerors. The report may include:

(1) A color rating of each proposal against all established evaluation standards reflecting the strengths, weaknesses, and risks of each proposal.

(2) A detailed narrative evaluation of each proposal.

(3) Identification of areas for future discussion with each offeror.

c. The Technical Team's written report will be modified after discussions, receipt of BAFOs, and final evaluation.

d. The Technical Team report will be used by the SSET for preparation of the Proposal Analysis Report (PAR). (See paragraph 33.)

27. Cost or Price Evaluation. The Contract Team shall prepare a cost or price analysis. Price or cost to the government shall be included as an evaluation area in every source selection; however, price or cost will not be scored. Note that FAR 15.804-2 also applies to streamlined source selection. Appropriate use shall be made of field price

ing reports and audits when analyzing cost proposals. Government-developed Independent Cost Analysis or Most Probable Cost Estimates shall be used, as applicable. Life Cycle Cost will be considered, if appropriate. Review of contractor cost data will consist of analysis to determine that prices are fair and reasonable (FAR 15.805-2).

28. Evaluation of Other Factors:

a. In addition to cost or price analysis, the Contracting Team is responsible for evaluating all other contracting factors such as offeror's contract terms and conditions, preaward surveys and the making of a determination of a prospective contractor's responsibility according to FAR Subpart 9.1. Note the admonition in the FAR that an award "based on lowest evaluated price alone can be a false economy if there is subsequent default, late deliveries, or other unsatisfactory performance resulting in additional contractual or administrative costs."

b. The Contract Team will prepare a report which includes the cost or price analysis to be used by the SSET for preparation of the PAR.

29. Assessment of Risk:

a. Identification and assessment of the risks associated with each proposal is essential. The acquisition activity should prepare and furnish to the SSET an independent assessment of potential risks before receipt of proposals. The following definitions of risk should be used:

(1) **HIGH (H)**—Likely to cause significant serious disruption of schedule, increase in cost, or degradation of performance even with special contractor emphasis and close government monitoring.

(2) **MODERATE (M)**—Can potentially cause some disruption of schedule, increase in cost, or degradation of performance. However, special contractor emphasis and close government monitoring will probably be able to overcome difficulties.

(3) **LOW (L)**—Has little potential to cause disruption of schedule, increase in cost, or degradation of performance. Normal contractor effort and normal government monitoring will probably be able to overcome difficulties.

b. As a part of their proposal, offerors may be required to submit a risk analysis which identifies risk areas and the recommended approaches to minimize the impact of those risks on the overall success of the program.

c. The risks assessed are those associated with cost, schedule, and performance of technical

aspects of the program.

d. It is the responsibility of the Technical Team to make sure that the Contract Team is informed of identified risk areas to determine potential impact on costs.

30. Color Code Rating Technique. To provide for a standard color code scheme, the following spectrum shall be used in rating areas and items:

Color	Definitions	
Blue	Exceptional	Exceeds specified performance or capability in a beneficial way to the Air Force; high probability of success; no significant weakness.
Green	Acceptable	Meets standards; good probability of success; weaknesses can be readily corrected.
Yellow	Marginal	Fails to meet standards; low probability of success; significant deficiencies, but correctable.
Red	Unacceptable	Fails to meet a minimum requirement; needs a major revision to the proposal to make it correct.

a. It is important that the evaluator take advantage of the full range of ratings if circumstances warrant, so that the variances between proposals may be readily identified. The evaluation process should not merely attempt to classify all proposals as either fully acceptable or as unacceptable.

b. Proposals should be rated twice:

(1) Upon completion of the evaluation of the initial proposal before the competitive range determination, and

(2) After the submission of BAFOs. This is not needed where award is based on an original proposal submission without discussion.

c. The SSET will evaluate proposals against the established standards. The SSET will not compare proposals against each other until preparation of the PAR.

31. Determination of Competitive Range. The Contract Team shall review the results of the Technical Team's initial evaluation and the cost and price proposals. Based on this review, the contracting officer shall determine which firms are within the competitive range. FAR 15.609 provides guidance regarding the competitive range determination.

32. Conducting Discussions With Offerors:

a. Discussions, whether written or oral, shall be led by the contracting officer as outlined in FAR 15.610. Discussions should:

(1) Ensure that the offerors clearly understand the objective of the acquisition and the government's requirement.

(2) Ensure that the Air Force evaluators clearly understand the offeror's proposal.

(3) Explore areas of deficiency or those requiring clarification in the offeror's proposal.

b. After discussions, offerors who are determined to be within the competitive range shall be afforded the opportunity to submit BAFOs as explained in FAR 15.611 for all aspects of their proposals, including cost or price. The BAFO request shall advise offerors of the requirement to submit rationale for all changes (including cost or price) from the initial proposal.

c. After BAFOs are received, the Technical Team will document any changes in an offeror's technical proposal and any resulting changes to previous technical evaluations and ratings. Arrows (↑) may be used to denote improvement or degradation from initial proposal evaluations. The Contract Team will likewise explain changes to cost proposals and prepare a report on the cost or price evaluation of each proposal.

33. Proposal Analysis Report (PAR). The final Technical Team and Contracting Team reports will be used by the entire SSET for preparation of a PAR (see attachment 3). The SSET, under the guidance of the chairperson, shall prepare a PAR summarizing the strengths, weaknesses, and risks of each proposal and their resultant ratings (color coded or narrative). This summary, together with the Technical Team report and the Contracting Team report, will be sent to the SSA for the final source selection decision.

34. Source Selection Briefings. The chairperson of the SSET is responsible for briefing the results of the SSET analysis to the SSA. The recipients and the scope of the briefings depend on the or-

ganization level at which the SSA has been established. All in attendance must complete a certification in which they agree to safeguard source selection sensitive information and abide by the standards of conduct set forth in AFR 30-30.

35. Source Selection Decision Document and Contract Award. The Source Selection Decision Document, which sets forth the rationale in support of the decision, shall be prepared by the SSET chairperson per instructions from the SSA. It shall be signed by the SSA, and sent to the contracting officer who shall execute the contract.

Section D—Source Selection Documentation**36. Release of Source Selection Information:**

a. Release of source selection data while the source selection is in process is the responsibility of the SSA. Subsequent to contract award, disclosure authority to permit access to and release of source selection records is vested in the HCA.

b. Request for source selection data by the Congress or the General Accounting Office (GAO) will be processed under AFR 11-7 and AFR 11-8. Requests for data from the Office of the Assistant Inspector General for Auditing will be processed until AFR 11-38. These activities must be informed of the restrictions against public disclosure of confidential information on proprietary data provided by offerors. All pertinent regulatory publications are at attachment 4.

37. Post-Award Actions:

a. The contracting officer will comply with FAR 15.1001 for notification to unsuccessful offerors.

b. Debriefing of unsuccessful offerors shall be made according to FAR 15.1003. All debriefings will be conducted after award and confined to a general discussion of the offeror's proposal, its weak and strong points in relation to the requirements of the solicitation and not relative to the other proposals.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

LARRY D. WELCH, General, USAF
Chief of Staff

NORMAND G. LEZY, Colonel, USAF
Director of Administration

SOURCE SELECTION EVENTS

1. Business Strategy Panel
2. Sources Sought Synopsis
3. Acquisition Plan
4. Source Selection Authority Named
5. Source Selection Evaluation Team Chief Named
6. Source Selection Plan
7. Source Selection Evaluation Team Established
8. Request for Proposal (RFP) Preparation
9. Complete Reviews of RFP
10. Source Selection Authority Briefed on RFP
11. RFP Released
12. Evaluation Standards Approved by SSET Chief
13. Proposals Received
14. Evaluation:
 - a. Request Audit Support
 - b. Request Past Performance Information
 - c. Evaluate Proposals
 - d. Prepare Deficiency Report and Clarification Requests
 - e. Prepare Initial Evaluation Report
15. Competitive Range Briefing
16. Contracts Prepared
17. Receive Best and Final Offer
18. Review Best and Final Offer
19. Complete Proposal Analysis Report
20. Source Selection Authority Decision Briefing
21. Source Selection Decision Document Preparation
22. Contract Award
23. Notification to Unsuccessful Offerors
24. Debriefings
25. Post-Award Conference

GENERAL FORMAT FOR MATRIX OF EVALUATION CRITERIA
AREA
 (Technical, Logistics, Test, Management, etc.)

Specific Criteria	Item 1 Description		Item 2 Description		Item 3 Description	Item 4 Description
	Factor 1	Factor 2	Factor 1	Factor 2		
Assessment Criteria						
Soundness of Approach	C O L O R	C O L O R	C O L O R	C O L O R		
Understanding of Requirement						
Past Performance						
Compliance With Requirement						
Other Assessment Criteria						

NOTES:

1. If a factor is displayed graphically, it must be color coded.
2. If one factor for an item is displayed, all factors for all items within the area must be displayed.

FORMAT FOR PREPARATION OF PROPOSAL ANALYSIS REPORT (PAR)

A3-1. Introduction. Information included in this section consists of the following:

- a. The authority for the source selection action.
- b. Data pertaining to the Source Selection Plan (SSP), its date of approval, who prepared the plan, etc.
- c. Basis for award and evaluation criteria.
- d. The composition of the Source Selection Evaluation Team (SSET), with the lists of commands and organizations who participated as SSET members.
- e. The basic composition of the Technical Team and Contract Team identified by functional specialties and by organization.
- f. Discussion of the requirements set forth in the solicitation, including salient points and a listing of the sources to whom the solicitation was provided.
- g. Identification of the offerors who responded and those in the competitive range.

A3-2. Description of Proposals. This section contains a brief summary description of the proposals submitted by each offeror within the competitive range. No judgments or comparisons as to the quality, rating, or ranking of proposals will appear in this section.

A3-3. Comparative Analysis of Proposals. This section contains a comparative analysis of the proposals within the competitive range by identifying and comparing strengths, weaknesses, and risks by area, items, and significant factors other than cost. If a strength, weakness, or risk appears in one proposal and is noteworthy, comments pertaining to similar strengths, weaknesses, or risks should be included for every offeror.

A3-4. Cost. The reasonableness, realism, and

completeness of each contractor's cost proposal should be compared, and fully explained.

A3-5. Risk Assessment. The impact of all significant risks associated with each proposal within the competitive range is contained in this section. These will include:

- a. Technical risks inherent in the offeror's proposal.
- b. Schedule risk as assessed against the technical approach.
- c. Confidence that can be placed in the cost or price estimate provided by each offeror, taking into consideration technical and schedule risk.
- d. An assessment of the contractor's past performance with relation to the effect on the risks identified in the evaluation.

A3-6. Overall Assessment of Past Performance. Provide an integrated analysis of the offeror's past performance history on contractual efforts that is relevant to the proposal being reviewed.

A3-7. Contractual Considerations. Discuss significant contractual agreements with each offeror in the competitive range, and any significant differences between offerors.

A3-8. SSET Findings. Provide a comparative analysis, expressed in brief statements, of the issues considered by the SSET to be significant to the decision. If requested by the Source Selection Authority (SSA) a recommendation will be included.

A3-9. Signature Page. A final page bearing the signature of the chairperson and members of the SSET.

PERTINENT REGULATORY PUBLICATIONS**Federal Acquisition Regulation (FAR)**

FAR Subpart 5.2, Synopses of Proposed Contract Actions
FAR Subpart 6.1, Full and Open Competition
FAR Subpart 6.4, Sealed Bidding and Competitive Proposals
FAR Subpart 15.6, Source Selection
FAR Subpart 15.8, Price Negotiation
FAR Subpart 15.10, Preaward, Award, and Post-Award Notifications, Protests, and Mistakes

Air Force Publications

AFR 11-7, Air Force Relations With Congress
AFR 11-8, Air Force Relations With General Accounting Office (GAO)
AFR 11-38, Air Force Relations With the Office of the Assistant Inspector General for Auditing and Auditing Followup, Department of Defense
AFR 12-30, Air Force Freedom of Information Act Program
AFR 30-30, Standards of Conduct
AFR 70-14, Business Strategy Panels
AFR 70-15, Source Selection Policy and Procedures
AFR 800-11, Life Cycle Cost Management Program

AFP 70-1, Do's and Don'ts of Air Force-Industry Relations

APPENDIX I

**PART 15--CONTRACTING BY NEGOTIATION
SUBPART 15.6--SOURCE SELECTION**

15.602 Applicability.

15.602-90 AFLC Lowest Evaluated Price technique.

(a) Purpose. The purpose of this subsection is to define Lowest Evaluated Price (LEP) as a specific contracting technique that may be used for competitive negotiated acquisitions. LEP is appropriate when it is determined that exceeding minimum requirements is of benefit to the Government, and there is a need to examine the tradeoff between price and other factors. An objective evaluation formula must be developed and documented prior to issuance of the solicitation. The formula is based on the evaluation criteria and the weights assigned to each area of evaluation. This subsection provides policy and procedures for implementing LEP.

(b) Applicability. This technique is applicable and may be used if all of the following are present:

(1) The requirement must be suitable for a firm fixed price type contract.

(2) The requirement lends itself to the development of meaningful standards (in addition to price) against which proposals may be evaluated.

(3) There is a firm basis for determining the price/nonprice ratio.

(4) Normally, this approach is for acquisitions under \$100 million.

(c) Limitations. This technique shall not be used for the following:

(1) Requirements governed by AFR 70-15, Source Selection Policy and Procedures.

(2) Requirements which may be acquired using sealed bidding (including two-step sealed bidding).

(3) Negotiated acquisitions which do not require the submission of technical proposals.

(4) To make contractor responsibility determinations in accordance with FAR 9.1.

(d) Procedures.

(1) Planning:

(i) Joint planning by contracting and requirements personnel will be necessary to obtain the approval required by paragraph (d)(2) below. In the contracting organization, the Contracts Committee will assist the buyer/PCO in developing the LEP plan described below. The LEP Plan must be included as an attachment to acquisition plans sent to HQ AFLC for approval. NOTE: If LEP is the planned contracting approach and the total estimated cost of the acquisition is \$5 million or more, an acquisition plan must be sent to HQ AFLC for approval.

(ii) Contracting and requirements personnel at a level no lower than division level shall agree on the relative weight of price versus nonprice factors. The evaluation will use weights. Price must carry a weight of at least 20 percent, and the various nonprice factors may total a weight of no more than 80 percent. Note, however, that price should generally carry a weight of 30 percent or higher and may even be the major factor.

(iii) The LEP Plan must include, as a minimum:

(A) A brief description of the requirement.

(B) An explanation why LEP is appropriate for the procurement (15.602-90.b.) and why factors other than price must be considered in order to meet the Air Force's need.

(C) A description and rationale for: each factor being evaluated, the total number of points available for each factor, and how the points will be assigned.

(D) The evaluation procedures and methodology.

(E) The evaluation criteria, exactly as they will appear in the solicitation.

(F) Section M of the solicitation and that portion of Section L that deals with LEP.

(iv) Specific nonprice factors, weights, and methods for scoring shall be tailored for each acquisition. In addition to the relative weights of price versus nonprice factors discussed above, care shall be taken to assure that weights and scoring methods assigned to each nonprice factor truly reflect the needs of the Air Force. Examples of nonprice factors include size, weight, performance, reliability, maintainability, fuel efficiency, delivery schedule, offeror's past experience, management capability, and understanding of the requirement.

(v) The Contracts Committee at each buying activity will be responsible for reviewing the LEP Plan prior to submittal for approval and for maintaining a record of all such reviews.

(vi) The LEP Plan shall be marked "FOR OFFICIAL USE ONLY" and made available only to those with a need to know.

(2) Plan Approval and Authorization: Approval of the LEP Plan and authorization to use the LEP technique is vested in the following individuals:

<u>Activity</u>	<u>Approval Authority</u>
ALCs	Director/Deputy Director Contracting and Manufacturing
WPCC	Commander/Executive to the Commander
AGMC	Commander, AGMC
AFLC Support Group Europe	Commander

(3) Synopsis: The synopsis in the Commerce Business Daily shall indicate that, while price will be a significant factor in the evaluation of proposals, the final contract award decision will be based upon a combination of price and other factors as detailed in the solicitation.

(4) Solicitation:

(i) The face of the solicitation shall bear the following notation: "Offers in response to this solicitation will be evaluated under AFLC's Lowest Evaluated Price technique. Contract award decision will be after impartial evaluation of various factors. Price is a significant factor. For details see M- ."

(ii) The solicitation will request simultaneous receipt of price and technical proposals.

(iii) Since award is to be based on price competition, cost and pricing data are not required.

(iv) When LEP is used, the Contracting Officer shall insert the provision at 52.215-9003 in Section M of the solicitation.

(v) An offeror that does not satisfy the requirements of the solicitation and cannot or does not upgrade its proposal to the required level, may be considered outside the competitive range and eliminated from further consideration.

(5) Evaluation of Offers: The following is the sequence of events:

(i) The Procuring Contracting Officer (PCO) will forward technical proposals to requirements personnel for evaluation. The PCO will retain the price proposals and insure that technical evaluators are not aware of any pricing information.

(ii) Preliminary technical evaluations will be forwarded to the PCO in the format shown below. The technical evaluations must include a narrative assessment of each proposal which provides the rationale for the technical scores. The format shown also illustrates the technical evaluation of one proposal in a sample acquisition:

AFLC FAR SUPPLEMENT

Preliminary Proposal Evaluation

<u>Factor</u>	<u>Raw Score</u>	<u>Normalized Score</u> <u>(Range 1-100)</u>	<u>Weight</u>	<u>Weighted</u> <u>Score</u>
Technical Approach	86	92.45	.40	36.98
Price			.30	
Management	96	100.00	.20	20.0
Quality	63	71.59	.10	<u>7.16</u>

Total Weighted Score

The normalized score for the nonprice factors is computed by dividing each offeror's raw score for a factor by the highest raw score awarded for that factor and then multiplying by 100. For example, in the sample shown above, assume the highest raw scores awarded for technical approach, management, and quality were 93, 96, and 88, respectively. Therefore, the normalized scores shown above were computed as follows: for technical approach, $86/93 = .9245 \times 100 = 92.45$; for management, $96/96 = 1.00 \times 100 = 100$; and for quality, $63/88 = .7159 \times 100 = 71.59$. Next, the normalized score is multiplied by the weight to arrive at the weighted score. The PCO will complete the missing data for price. The raw score for price will be the actual price proposed, taking into account the significant price factors identified in the solicitation, such as transportation costs, movement of GFP, discounts, etc. The normalized score for price is then computed by dividing each proposed price into the lowest proposed price and multiplying by 100. Finally, the normalized score is multiplied by the weight for price to determine the weighted score. By normalizing the price and nonprice factors, the original ratio between all factors is retained throughout the evaluation process.

(iii) The PCO determines the competitive range based upon initial technical scores and written assessments, initial proposed prices, and ability to meet minimum essential requirements, if applicable.

(iv) Technical and price discussions will be conducted whenever any offeror in the competitive range has weaknesses (does not meet a standard), and award based on initial proposals would not be to the low priced offeror. There shall be no technical transfusion or technical leveling during negotiations. Negotiations must be conducted either with all offerors in the competitive range or with none. Any changes resulting from discussions shall be documented by changes to the proposals. The PCO shall ask the technical evaluation team to provide any changes in the evaluation scores resulting from changes made to technical proposals. Changes to the technical scores based on proposal changes must be supported and the rationale provided to the PCO along with the revised scores.

(v) Upon receipt of Best and Final Offers, the PCO shall recompute each offeror's normalized score for price. After the new raw scores and normalized scores for all price and nonprice factors have been entered onto a "Final Proposal Evaluation" sheet, the PCO will compute the total weighted score for each proposal in the competitive range.

(6) Award: If the offeror with the highest total weighted score also has the lowest price, the PCO will award to this offeror and no decision document will be required. Otherwise, the PCO, in conjunction with the requirements community, shall examine the technical point scores to determine whether a point differential between proposals represents any actual significant difference in technical merit.

(i) If the point differential does not, then award will be made to the offeror with the lower priced proposal, even though its total point score is lower.

(A) The PCO will prepare a decision document which explains why the higher rated technical proposal does not represent any actual significant difference in technical merit.

(B) The decision document must be approved at a level no lower than the official who authorized the use of LEP.

(ii) If the point differential does represent an actual significant difference in technical merit, the PCO must abide by the LEP formula and award to the offeror with the highest total weighted score.

(A) If the offeror with the highest total weighted score is not also the low priced offeror, the PCO will prepare a decision document which explains why the higher rated technical proposal does represent an actual difference in technical merit.

(B) The decision document must be approved at a level no lower than the official who authorized the use of LEP.

(7) Notifications and Debriefings:

(i) Notifications. The PCO will release to unsuccessful offerors the required notification contained in FAR 15.1001(c).

(ii) Debriefings. Debriefing of unsuccessful offerors shall be in accordance with FAR 15.1002. All debriefings will be conducted after award and confined to a general discussion of the offeror's proposal, its weak and strong points in relation to the requirements of the solicitation, and not relative to the other proposals. Debriefings should be conducted on a structured basis, using the following guidelines:

(A) All key evaluation team members shall be present.

(B) Questions should not be answered informally.

(C) Debriefers should follow a prepared script.

(D) Keep an accurate and complete record of the debriefing with other evaluation documentation.

(E) Do not release any information to offerors as to weights and ratings assigned.

(8) Lessons Learned. Following contract award, the PCO will publish a report of "Lessons Learned" as a result of determining lowest evaluated price. The report will include offerors' comments regarding problems encountered, or suggestions for improvement of the process. All "Lessons Learned" reports will be provided to HQ AFLC/PMP within eight weeks after contract award. Simultaneous distribution of the report will be made to AFALC/PTLL.

15.612 Formal Source Selection.

15.612-90 AFLC Source Selection.

(a) General. This subsection establishes policy relating to formal source selection conducted entirely within AFLC for requirements/programs which do not meet the criteria of AFR 70-15, paragraph 1-1a. For those elements of source selection not addressed in this subsection, use AFR 70-15 as a reference and follow the direction in paragraph 1-1b of that regulation. The policy and procedures contained herein apply to all AFLC contracting activities.

(b) Objective. Source selection procedures are designed to assure impartial and comprehensive evaluation of competitive technical proposals which will result in the selection of a source whose performance is expected to best meet the Air Force's minimum objectives at an affordable cost.

(c) Application. The AFLC formal source selection process is not intended for broad and indiscriminate use. It is an administratively costly acquisition method and should apply only to complex programs which warrant use of the time and resources required. The following criteria govern use of AFLC formal source selection procedures:

(1) Technical approach and ability to meet Air Force minimum performance requirements are of overriding importance; cost/price will not be the controlling factor in selecting the contractor/source.

(2) The program offers a reasonable expectation of an interested and capable market place to ensure effective technical competition.

(3) Anticipated acquisition costs are substantial. Use of AFLC formal source selection procedures for programs with estimated costs less than \$10 million would be rare, considering the expensive nature of this contracting technique. Use of these procedures for programs with estimated costs of less than \$10 million will be approved by HQ AFLC/PM.

52.215-9003 Evaluation Factors For Award - Lowest Evaluated Price.

As prescribed in 15.602-90(d)(4)(iv), insert the following provision:

EVALUATION FACTORS FOR AWARD - LOWEST EVALUATED PRICE (NOV 1984)

Award of this contract will be made using the Air Force Logistics Command's 'Lowest Evaluated Price' (LEP) technique. Under this technique, award is made to the offeror which, as the result of price/cost and technical evaluations, obtains the highest total weighted score. Qualified Government personnel will review and score each proposal. The factors which will be given paramount consideration in this evaluation are set forth below in descending order of importance: (Note the solicitation must clearly state if any factors are of equal weight.)

- a. (List areas including price.)
- b. ...
- c. ...

Note that price/cost is a substantial factor. As a result of an in-depth technical evaluation, appropriate scores will be assigned in each nonprice/noncost area. Price/cost scores will be assigned by formula. The lowest proposed price/cost to the Government will receive the highest price/cost score. The higher proposed prices/cost will receive proportionately lower scores. After adding each offeror's scores for price/cost and other areas, award will be made to the offeror which receives the highest total weighted score. However, the Government reserves the right to examine the technical point scores to determine whether a point differential between offerors represents any actual significant difference in technical merit. If it does not, then award may be made to an offeror with a lower cost or priced proposal, even though its total weighted point score is lower.

(End of Provision)

APPENDIX J

APPENDIX J

STANDARDS OF CONDUCT

FAR 3.101

3.101-1 General.

Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships. While many Federal laws and regulations place restrictions on the actions of Government personnel, their official conduct must, in addition, be such that they would have no reluctance to make a full public disclosure of their actions.

3.101-2 Solicitation and acceptance of gratuities by Government Personnel.

As a rule, no Government employee may solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from anyone who (a) has or is seeking to obtain Government business with the employee's agency, (b) conducts activities that are regulated by the employee's agency, or (c) has interests that may be substantially affected by the performance or nonperformance of the employee's official duties. Certain limited exceptions are authorized in agency regulations.

END

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