

**Attachment 15**  
**Price Risk Math Model**  
**Sample Task Order RFP Source Selection Plan Criteria**

*The following source selection criteria are intended to mitigate and prevent a “race to the bottom” price competition mentality in the competitive task order environment under the Global Installation Multiple Award Contract (also referred to as the Sea Enterprise II MAC). This is accomplished by assigning risk to an unreasonably low proposed price using the concept described below.*

**Title: (TBD)**

**Section L**

Offerors shall submit proposals addressing the following:

Factor 1 – Cost Premium Risk

Factor 2 – Past Performance

Cost

The proposal shall address the following evaluation factors:

**FACTOR 1 – Cost Premium Risk**

For this requirement, the offerors are permitted to select the desired contract pricing type for its proposal from the following: a) CPIF or b) FPI(F). Using the Government provided format, the offeror shall specify in its cost proposal AND its proposal cover letter its desired Contract Pricing Type, i.e. Cost Plus Incentive Fee (CPIF) or Fixed Price Incentive Firm Target (FPIF).

**FACTOR 2 – Past Performance**

Offerors shall complete and submit up to three (3) Relevant Experience Forms for task orders executed under the Sea Enterprise II Multiple Award Contract. The Government will not consider or evaluate and contracts/task orders submitted that are not under the Sea Enterprise II Multiple Award Contract. (See TORFP Attachment TBD; three (3) pages maximum for each experience; total maximum of nine (9) pages for all experiences. CPARS/Customer Evaluations do not have a page limitation.) Offerors shall demonstrate relevant corporate experience in support of C4I systems equivalent to the scope of the PWS. Direct experience will be considered more favorably.

Offerors shall submit one (1) Past Performance Questionnaire, provided as TORFP Attachment TBD, to each of the customers cited on the Relevant Experience Form, ensuring that the customer’s contact information (Block 9a/9b) is accurate. Offerors should request that the customer complete and submit the form back to both the offeror and via email as an attachment to the Ordering Officer, TBD and the COR, TBD.

The completed Past Performance Questionnaire should be received by the Government not later than the proposal due date and time. However, the Government may consider past performance information received after this date and time.

**COST/PRICE -**

For each installation task and subtask identified by a Government tracking number, the contractor shall provide an Installation Cost Estimate Worksheet that provides total estimated Installation Design, Installation Production and System Turnover Costs. For each of these three sets of totals, the Worksheet shall provide the subtotals for Labor Hours, Labor Costs, Material Costs, Travel Costs and Other Direct Costs. The contractor shall provide this information using a Cost Estimate Spreadsheet (CES) that is based upon the Government Cost Estimate Spreadsheet attached.

The spreadsheet shall provide at a minimum the following items:

1. Direct labor, including labor categories, hours, rates and total.
2. Other Direct Costs (ODCs).
  - a. Travel proposed costs must be fully documented including destination, number of people, number of days, airfare, per diem, car rental and other charges.
  - b. Material exceeding a unit price of \$3,000 must be itemized. All other materials need only a total cost.
  - c. Equipment must be identified as Information Technology (IT) or non-IT. All IT equipment must be itemized. Non-IT equipment exceeding a unit price of \$3,000 must be itemized. All other equipment not identified above needs only a total cost.
  - d. Other, as required by the proposed task/delivery order.
3. Subcontractors. Subcontractors need only submit total cost with labor categories and hours to the prime contractor. Costs, with the same level of detail as submitted by the prime contractor for the task/delivery order, shall be submitted directly to the Government by the subcontractor.
4. Consultants. Consultants need only submit total cost with labor categories and hours to the prime contractor. Costs, with the same level of detail as submitted by the prime contractor for the task/delivery order, shall be submitted directly to the Government by the subcontractor.
5. Other Information.
  - a. A statement that the cost estimate is based upon either a completion or level of effort task and the anticipated duration of the delivery/task order.
  - b. For Small Business and 8(a) set-asides, the Contractor shall state that they are in compliance with the FAR 52.219-14 clause.

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## **Section M**

(a) It is the intention of the Navy to award one TO as a result of this solicitation in accordance with FAR 16.505. Award will be based on a best value trade-off determination, which provides that the award will be made to that Offeror whose proposal is most advantageous to the Government under the selection criteria set forth in this Section M. The task order resulting from this solicitation will be awarded to that responsible Offeror whose offer conforming to the solicitation, is determined to provide the “best value” to the Government. Such offer may not necessarily be the proposal offering the lowest cost/price or receiving the highest rating.

(b) Proposals will be rated and ranked on the evaluation factors listed below. It should be noted that cost is not a weighted factor. As the equality of the proposals in terms of evaluation factor ratings increases, so will the importance of cost in the evaluation. When the offerors within the competitive range are considered essentially equal based on the evaluation factor ratings, cost may become the determining

factor for award. In summary, trade-offs between the evaluation factors and cost will be made, and the extent to which one may be sacrificed for the other is governed only by the tests of rationality and consistency with the established evaluation factors.

(c) Merits of the Offer: The Government will determine the merits of each offer on the basis of acceptability. The acceptability determination will be made prior to evaluation of the evaluation factors. Proposals determined to be unacceptable will not be further evaluated.

(1) The Government will determine the acceptability of each offer, on a pass or fail basis, by evaluating the consistency of the offeror's proposal with the terms and conditions of the TORFP. Additionally, the offeror shall meet the "Gate" requirements for "Competitive Price" and "Low Offeror Risk" listed below in order to be determined acceptable. An offer will be determined to be acceptable when it meets the requirements for "Competitive Price" and "Low Offeror Risk" and manifests the offeror's agreement, without exception or imposition of additional conditions, to the terms and conditions of the TORFP, including all attachments and documents incorporated by reference. An offeror's failure or refusal to consent to any of the terms and conditions of the TORFP, imposition of additional conditions, or any material omission may constitute a deficiency which may render the offer unacceptable. An offeror's failure or refusal to meet the requirements for "Competitive Price" and "Low Offeror Risk" will constitute a deficiency which will render the offer unacceptable. If an offer is determined unacceptable, the proposal will not be further evaluated. If the "Gate" requirement is not met, offerors will be notified timely, and the proposal will be removed from further consideration; no cost evaluation will be performed. The Government reserves the right to change the terms and conditions of this TORFP by amendment at any time prior to the source selection decision.

**(i) Competitive Price** – This acceptability criteria is an evaluation of the percentage difference between the offeror's evaluated price and the calculated average price of: the proposed price by all offerors and the Independent Government Estimate. Each offeror will be assigned a "Competitive Price Percentage" as a result of this evaluation. The Government has established a percentage of TBD% as the determining factor for this "Gate", meaning that if an offeror's "Competitive Price Percentage" exceeds this established "Gate" percentage, then the offeror's proposal may be considered to be not competitive for this requirement. Based on the result of this "Gate" assessment, the Government may decide to enter discussions, or the proposal may be eliminated from award consideration.

**(ii) Low Offeror Risk** - This acceptability criteria is an evaluation of the percentage difference between the offeror's evaluated price and the calculated average price of all remaining offerors after the "competitive price" assessment and the Independent Government Estimate. Each remaining offeror will be assigned a Low Offeror Risk Percentage as a result of this evaluation. The Government has established a percentage of TBD% as the determining factor for this "Gate", meaning that if an offeror's "Low Offeror Risk Percentage" exceeds this established percentage then the offeror's proposal may be considered to present an unacceptably high risk. Based on the result of this "Gate" assessment, the Government may enter discussions, or the proposal may be eliminated from award consideration.

(d) The evaluation factors listed below are in descending order of importance:

Factor 1 – Cost Premium Risk

Factor 2 – Past Performance

Cost

The Government will evaluate each Offeror's proposal as follows:

**Factor 1: Cost Premium Risk** - The Government will assign a rating to each offeror based on the percentage difference between the offeror's evaluated price and the lowest price of the alternative contract type. This factor is the risk to the Government from a cost perspective. The higher the risk, the more likely the Government will experience higher costs. This factor will NOT be evaluated if any of the following conditions apply:

- a) If all offerors propose the same contract type;
- b) there is only one offeror with a less favorable contract type, and it has a higher evaluated price;
- c) there is only one proposed contract type for all remaining offerors after the competitive price and low offeror risk "gate" review assessments.

**Factor 2: Past Performance** – The past performance evaluation will result in an assessment of the Offeror's probability of meeting the TORFP requirements. The past performance evaluation will consider each Offeror's demonstrated recent and relevant record of performance in supplying products and services that meet the requirements of this TORFP. There are two aspects to the past performance evaluation. The first is to evaluate how relevant a recent effort accomplished by the Offeror is to the effort to be acquired through the source selection. The second aspect is to determine how well the contractor performed on prior experiences. This quality assessment will be made on the basis of CPARS or PPQs submitted with the proposal, though in accordance with FAR 15.305(a)(2), the Government may consider past performance information from any other appropriate source, such as the Past Performance Information Retrieval System (PPIRS) or customer questionnaires. Each experience considered will receive a performance confidence assessment rating based on the evaluated relevancy and quality ratings. At the Factor level, one performance confidence assessment rating will be assigned for each Offeror based on the aggregate of the individual experience performance confidence assessment ratings. If the Offeror's Past Performance information is unavailable or the Offeror has no record of relevant Past Performance, the Offeror receive a "neutral" rating.

**Cost/Price:** The Government will evaluate the proposed cost/price of each offer for realism and reasonableness in accordance with FAR Subpart 15.4. The purpose of this evaluation will be (a) to verify the offeror's understanding of the requirements; (b) to assess the degree to which the cost/price proposal reflects the approach specified in the proposal, as well as, the risk that the offeror will provide the supplies or services for the offered prices/cost; and (c) assess the degree to which the cost reflected in the cost/price proposal accurately represents the work effort included in the proposal. Proposals that are found to be not reasonable may be removed from further consideration for award.