

Section M - Evaluation Factors for Award

M-1 GENERAL:

- A. Your attention is directed to FAR 52.215-1(f) in Section L, entitled "Instructions to Offerors – Competitive Acquisition" (JAN 2004), which provides that: "The Government intends to award a contract or contracts resulting from this solicitation to the responsible Offeror(s) whose proposal(s) represents the best value after evaluation in accordance with the factors and subfactors in the solicitation." This section contains specific evaluation factors for award of a contract pursuant to this solicitation.
- B. Offerors are advised that the Government intends to make an award on the basis of initial proposals without conducting discussions with Offerors, but reserves the right to conduct discussions if determined by the Contracting Officer to be necessary (see paragraph (f)(4) of FAR 52.215-1). Therefore, each initial offer should contain the Offeror's best terms from a cost or price and technical standpoint. Statements and representations made in the Offeror's proposal may be subject to verification by DCAA or otherwise, or through an onsite survey by Navy evaluators.
- C. Award will be made only to an Offeror whose proposal is determined to be technically acceptable. Offerors are advised that a rating of "Unacceptable" in any single evaluation factor, or "No Confidence" in the Past Performance factor, may result in the proposal being rated technically unacceptable overall. A significant weakness in one area of an Offeror's Technical Proposal will not necessarily be offset by strengths in other areas. Offerors are also advised that the Government will not evaluate any proposal information not contained within the body of the proposal. Letters of transmittal and/or cover letters that forward the proposal to the Government are not considered part of the body of the proposal.
- D. The Government may determine that a proposal is unacceptable if the prices proposed are materially unbalanced between line items. Unbalanced pricing exists when the price(s) of one or more contract line items is significantly overstated or understated by the application of cost or price analysis techniques (without regard to the reasonableness of the Offeror's overall evaluated price). A proposal may be rejected if the Contracting Officer determines that the lack of balance poses an unacceptable risk to the Government. (FAR 52.215-1(f)(8)).
- E. The Government will not entertain any proposed revisions to the terms and conditions contained in this solicitation, including any attachment/exhibit referenced therein. Therefore, any offer that includes "redlines", condition(s) of offer, or any other deviation from the requirements of the solicitation may be rejected by the Government as non-compliant.
- F. Offerors are reminded that the requirements of this Solicitation are subject to the provisions of Section 121 of the National Defense Authorization Act for Fiscal Year 2010, Pub. L. 111-84 ("the Act"), which (among other things) requires: (1) that each Offeror shall include, as part of its proposal, an unconditional commitment to convey to the Navy "a complete technical data package," for construction of LCS Flight 0+ Class ships, including Government rights in such data "sufficient to permit the Government to . . . conduct a competition for [establishment of a] second [source] shipyard" and (2) that "beginning in fiscal year 2011, the total amount obligated or expended for the procurement of . . . [each] Littoral Combat Ship" to be constructed pursuant to this Solicitation "may not exceed \$480,000,000," subject only to such exclusions, waivers, and other conditions expressly provided in sections 121(c) and 121(d) of the Act. Offerors are cautioned that, should the Government, based upon its evaluation of competing proposals, in accordance with Section M-2, below, reasonably conclude that the proposal submitted by any Offeror will not satisfy either, or both, of the above-described conditions of Section 121 of the Act, the Government may eliminate that proposal from further consideration.

M-2 ALTERNATIVE PRICE PROPOSALS:

The Navy's Fiscal Year (FY) 2011 budget for the LCS Program currently includes \$278,400,000 for Economic Order Quantity (EOQ) procurement under the contract resulting from this Solicitation. Accordingly, Offerors shall submit alternative pricing proposals, as follows:

Alternative A – Proposed prices assuming a total of \$278,400,000 will be available in FY 2011 for EOQ procurement (*see* CLINs 0116-0122).

Alternative B – Proposed prices assuming no EOQ funding will be available in FY 2011.

Upon receipt of initial proposals, and prior to opening such proposals, the Navy will randomly select one of the above-specified Alternatives for use in evaluating competing proposals. However, if Congress, at any time prior to award of a contract pursuant to this Solicitation, shall have taken definitive action regarding the provision of appropriations for LCS Program EOQ procurement, the Navy will alter its evaluation scenario, if necessary, to be consistent with such Congressional action.

M-3 EVALUATION:

Listed below are the categories that will be evaluated by the Government in selecting a source for performance of the effort described in herein:

- Technical/Management
- Price/Cost

In the Government's evaluation of competing proposals, technical/management is approximately equal in importance to evaluated price.

A. TECHNICAL/MANAGEMENT CATEGORY:

1. The Government's evaluation of each Offeror's Technical/ Management Proposal will be based on the factors described in Section L-3 and listed below in descending order of importance:

- Factor 1 – Affordability and Production Approach
- Factor 2 – Management
- Factor 3 – Technical Data Package Adequacy and Rights in Technical Data and Computer Software
- Factor 4 – Design Change Impact
- Factor 5 – Past Performance
- Factor 6 – Lifecycle Cost Reduction Initiatives

In the Government's evaluation of competing proposals, Factor 1, Factor 2 and Factor 3 are each significantly more important than either Factor 4, Factor 5 or Factor 6.

2. The Government's evaluation and determination of technical merit shall be made in accordance with the following definitions:

Outstanding: A rating of "Outstanding" indicates that, with regard to the specific factor, the proposal significantly exceeds the requirements of the solicitation in a way that benefits the Government. Any weakness(es) noted in the evaluation are minor and the risk associated with the Offeror's proposed technical approach has little potential to disrupt cost, schedule and/or performance.

Good: A rating of "Good" indicates that, with regard to the specific factor, the proposal exceeds the requirements of the solicitation in a way that benefits the Government. Any weakness(es) noted in the evaluation are minor.

However, in the opinion of the evaluators, the risk associated with the Offeror's proposed technical approach has some potential to disrupt cost, schedule and/or performance.

Acceptable: A rating of "Acceptable" indicates that, with regard to the specific factor, the proposal meets the requirements necessary for satisfactory contract performance. Any weakness(es) noted in the evaluation are generally offset by strengths or other benefits of the Offeror's proposal in that factor. However, in the opinion of the evaluators, the risk associated with the Offeror's proposed technical approach may have appreciable potential to disrupt cost, schedule and/or performance.

Marginal: A rating of "Marginal" indicates that, with regard to the specific factor, the proposal does not meet the requirements of the solicitation, contains one or more deficiencies and/or significant weaknesses and is not awardable. In the opinion of the evaluators, the risk associated with the Offeror's proposed technical approach will cause significant disruption of schedule, increased costs and/or severely degrade performance. However, in the opinion of the evaluators, the proposal is susceptible to being made acceptable through discussions.

Unacceptable: A rating of "Unacceptable" indicates that, with regard to the specific factor, the Offeror's proposal does not meet the requirements of the solicitation and contains one or more deficiencies and/or significant weaknesses and is not awardable. The risk associated with the Offeror's proposed technical approach will, in the opinion of the evaluators, cause unmitigated disruption of schedule, increased costs and/or severely degrade performance. Further, in the opinion of the evaluators, the proposal cannot be made acceptable without significantly changing the proposal.

3. The Government's evaluation of Past Performance shall be made in accordance with the following definitions:

Substantial Confidence – Based on the Offeror's performance record, the Government has a high expectation that the Offeror will successfully perform the requirements of the Solicitation.

Satisfactory Confidence – Based on the Offeror's performance record, the Government has an expectation that the Offeror will successfully perform the requirements of the Solicitation.

Limited Confidence – Based on the Offeror's performance record, the Government has a low expectation that the Offeror will successfully perform the requirements of the Solicitation.

No Confidence – Based on the Offeror's performance record, the Government has no expectation that the Offeror will be able to successfully perform the requirements of the Solicitation.

Unknown Confidence – No relevant performance record is identifiable or the Offeror's performance record is so sparse that no confidence assessment rating can be reasonably assigned.

In assessing the relevance of each Offeror's past performance data, the Government will give greater consideration to an Offeror's past performance on contracts requiring effort that is most similar in scope and complexity to the effort required under this solicitation.

B. PRICE/COST CATEGORY:

1. Proposed Prices: Experience in Navy programs indicates that a contract awarded to a contractor submitting an unrealistically low price proposal (whether resulting from a decision on the part of the contractor to submit a price below anticipated costs; from inaccurate, incorrect or improper assumptions in the cost, technical, or other areas; from a lack of understanding of the contract requirements, or other circumstances) may cause problems for the Navy as well as the contractor during contract performance. Such problems may include the incurrence of significant cost overruns which may substantially impair the contractor's ability to construct and deliver the required ships in a timely manner, resulting in significant delays and disruptions which might place the entire LCS Program in jeopardy. Accordingly, Offerors are cautioned that **SHOULD THE GOVERNMENT, IN THE EXERCISE OF ITS JUDGMENT, DETERMINE THAT A PRICE PROPOSAL SUBMITTED AS A RESULT OF THIS**

SOLICITATION IS UNREALISTICALLY LOW, THE GOVERNMENT MAY REJECT THE PROPOSAL, REGARDLESS OF ITS TECHNICAL MERIT AND/OR EVALUATED PRICE TO THE GOVERNMENT.

2. PRICE EVALUATION:

The Government will evaluate the realism of each Offeror's proposed costs as follows:

(a) For each Fixed Price Incentive (FPI) CLIN (*i.e.*, CLINs 0001, 0002, 0006, 0007, 0027, 0101, 0102, 0106, 0107, 0201, 0202, 0206, 0207, 0211, 0301, 0302, 0306, 0307, 0311, 0314, 0401, 0402, 0406, 0407, 0411, and 0414):

(1) A detailed review of each Offeror's pricing proposal will be made to assess and evaluate the realism of the Offeror's proposed target price for each CLIN. The Government will evaluate the realism of this target price by considering the Offeror's proposed labor hours, labor rates, material costs, burden rates and other costs in light of data available to the Contracting Officer, including the relationship of such proposed labor hours and costs to the effort described in the Offeror's technical proposal, and Government estimates for: (1) direct labor hours, (2) material costs, (3) direct labor costs, (4) overhead and G&A costs, and (5) any other costs which are likely to be incurred by the Offeror in performance of the requirements of the solicitation. In this connection, the Government also intends to consider each Offeror's proposed costs against its incurred actual expenditures in the construction of its respective lead LCS ship (LCS 1 or LCS 2).

(2) On the basis of the above analysis, the Government will calculate an "Estimated Final Price to the Government" for each CLIN in accordance with the contract clause entitled "INCENTIVE PRICE REVISION (FIRM TARGET) (OCT 1997) and ALTERNATE 1 (OCT 1997)," provided, however, that such Estimated Final Price to the Government shall not exceed the Offeror's proposed Ceiling Price.

(b) For each cost reimbursement type CLIN (*i.e.*, CLINs 0004, 0009, 0022, 0023, 0025, 0026, 0104, 0109, 0111, 0112, 0114, 0115, 0204, 0209, 0213, 0214, 0215, 0217, 0218, 0219, 0304, 0309, 0313, 0316, 0317, 0318, 0320, 0321, 0404, 0409, 0413, 0416, 0417, 0418, 0420, and 0421), the Government will evaluate the realism of the Offeror's proposed costs by considering the Offeror's proposed labor hours, labor rates, material costs, burden rates and other costs in light of data available to the Contracting Officer, including the relationship of such proposed labor hours and costs to the effort described in the Offeror's technical proposal, and Government estimates for: (1) direct labor hours, (2) material costs, (3) direct labor costs, (4) overhead and G&A costs, and (5) any other costs which are likely to be incurred by the Offeror in performance of the requirements each such CLIN. Based upon the results of this analysis, the Government will develop a "Projected Cost to the Government" for each CLIN which represents, in the Government's judgment, the overall price (projected cost plus fee) to the Government which will result from the Offeror's actual performance of the contract requirements for each CLIN.

(c) The Government will determine a "Total Evaluated Price to the Government" for each offer by adding together the following values:

(1) the "Estimated Final Price to the Government" for CLINs 0001, 0002, 0006, 0007, 0027, 0101, 0102, 0106, 0107, 0201, 0202, 0206, 0207, 0211, 0301, 0302, 0306, 0307, 0311, 0314, 0401, 0402, 0406, 0407, 0411, and 0414 as set forth in paragraph (a), above;

(2) the "Projected Cost to the Government" for CLINs 0004, 0009, 0022, 0023, 0025, 0026, 0104, 0109, 0111, 0112, 0114, 0115, 0204, 0209, 0213, 0214, 0215, 0217, 0218, 0219, 0304, 0309, 0313, 0316, 0317, 0318, 0320, 0321, 0404, 0409, 0413, 0416, 0417, 0418, 0420, and 0421, as set forth in paragraph (b), above;

(3) the proposed firm fixed prices for either:

(A) Alternative A = CLINs 0005, 0008, 0010, 0105, 0108, 0110, 0116-0122, 0203, 0205, 0208, 0210, 0212, 0220-0223, 0303, 0305, 0308, 0310, 0312, 0315, 0403, 0405, 0408, 0410, 0412, and 0415; or

(B) Alternative B = CLINs 0005, 0008, 0010, 0105, 0108, 0110, 0203, 0205, 0208, 0210, 0212, 0220-0223, 0303, 0305, 0308, 0310, 0312, 0315, 0403, 0405, 0408, 0410, 0412, and 0415;

(4) the evaluated cost associated with the Offeror's proposed use of Government facilities, in accordance with the special contract requirements entitled "FACILITIES TO BE GOVERNMENT-FURNISHED (COST-REIMBURSEMENT)" and "FACILITIES TO BE GOVERNMENT-FURNISHED (FIXED-PRICE)";

(5) the cost of all Government Furnished Equipment identified on Attachment J-9; and

(6) the Government established Not-To-Exceed amount for CLIN 0021

(7) the cost associated with Offeror's proposed use of Government provided Friction Stir Welding System identified in Attachment J-12

M-4 BASIS FOR AWARD:

A. Offerors are advised that the Government seeks proposals which demonstrate the greatest technical merit at a reasonable cost to the Government. Award will be made to the technically acceptable Offeror whose proposal is determined to represent the "best value" to the Government for the supplies and services to be provided under this solicitation, in accordance with the evaluation factors and process set forth in Section M-3, above. In the Government's evaluation of competing proposals, technical/management is approximately equal in importance to evaluated price/cost ("Total Evaluated Price to the Government"). However, the importance of overall evaluated price/cost as an evaluation factor will increase with the degree of equality in technical/management between competing proposals.

B. The Government will award a contract for the requirements of this Solicitation to the responsible Offeror whose proposal: (1) is responsive to the requirements of the Solicitation (including all terms and conditions set forth herein), (2) is determined to comply with the provisions of section 121 of Pub. L. 111-84 (see paragraph F. of Section M-1, above), (3) is determined to be technically acceptable, in accordance with the evaluation criteria set forth in Section M-3, above, (4) whose price is determined by the Contracting Officer to be fair and reasonable, and (5) whose proposal is determined to represent the overall "Best Value" to the Government based upon the evaluation factors set forth herein.

M-5 CLAUSES INCORPORATED BY FULL TEXT

EVALUATION OF PREVIOUSLY APPROVED SINGLE PROCESS INITIATIVE (NAVSEA) (NOV 1996)

Previously approved Single Process Initiative (SPI) processes will be evaluated under the source selection criteria of the RFP. If the successful offeror has previously approved SPI processes in the proposal, those SPI processes will be incorporated into the contract upon award.