



July 24, 2007

Ms. Michelle T. St. Mary
Harris Technical Services Corporation
Senior Counsel
7799 Leesburg Pike, Suite 700 North
Falls Church, VA 22043-2413

RE: Supplier Disagreement Resolution Case No. OM07SR-09
Solicitation Number 2APSER-05-A-3001

Dear Ms. St. Mary:

Your letter of May 21 presented a disagreement on behalf of Harris Technical Services Corporation (HTSC) as defined in 39 CFR Part 601 with respect to solicitation number 2APSER-05-A-3001. You assert that the Postal Service decision to award to Serco was not a rational best value determination, the Postal Service evaluation of the HTSC proposal was fatally flawed and that the conduct of the contracting officer was inappropriate.

I have carefully examined the disagreement you lodged with me as well as the information you provided to me on May 21 and additional comments you provided on June 18. I also examined the contracting officer's administrative file and considered responses from interested parties. Additionally, I spoke with the Evaluation Team Leader regarding some of the comments in the Evaluation Summary. Following my consideration of all of the above, HTSC's disagreement is denied.

The allegations asserted in your disagreement, and my decision on those allegations are as follows:

- I. Serco does not meet the Postal Service minimum standards of conduct and should be disqualified

You allege that the Postal Service's failure to consider a series of questionable business activities engaged in by Serco during the Engineering Support Services Consolidation (ESSC) procurement resulted in an irrational best value determination. According to your disagreement, you informed the contracting officer that Serco had hired and bid as its site manager an individual, who at the time of his hiring was under contract to HTSC to provide ESSC proposal support. You also stated that Serco knew when it hired this individual that he was under contract for ESSC proposal support to a competing contractor. You allege that this individual participated in the HTSC ESSC proposal from its inception to its submission, had full knowledge of every aspect of HTSC's technical response and was under a non-disclosure agreement with HTSC. You also state that you believe, ICF International, another ESSC competitor, made similar allegations of unethical business conduct against Serco during the course of the ESSC competition.

Because of the above alleged actions you feel that Serco did not meet the Postal Service's business standards and conduct minimums, as set forth at 39 CFR §601.106(a), and thus cannot be the "best value" awardee under a Postal Service contract. I disagree, in that section 601.106 is inappropriate in the present situation. This section provides a formal process for the Vice President, Supply

Management to decline to accept or consider proposals from a person or organization for various causes that would make it inappropriate for the Postal Service to do business with that person or organization. The facts as presented in your disagreement lack the necessary requirements to be considered under this section. Additionally, this matter was forwarded to the Office of Inspector General (OIG) for investigation.

With regard to your allegations concerning a retired Postal employee formerly working for Serco, this matter was also forwarded to the OIG for investigation. In addition, at the time Serco submitted its proposal, this individual's employment with Serco had already ended in April 2006, approximately eight months before the ESSC solicitation was issued. The administrative file clearly shows that prior to award, the OIG informed the contracting officer that although the investigation was still ongoing, there was no evidence which would prevent the Postal Service from awarding a contract to Serco. I decline to review or second-guess the OIG. Therefore, your challenge that Serco does not meet the Postal Service minimum standards of conduct and should be disqualified is denied.

- II. The Postal Service's evaluation of HTSC's proposal was flawed, which led to the underevaluation of HTSC's proposal¹
 - A. The Technical Evaluation Team (TET) failed to consider the HTSC technical proposal as a whole or to ask clarification questions
 - B. The TET arbitrarily ignored/mischaracterized offerings in the HTSC proposal
 - 1. The TET claimed HTSC did not propose administrative efficiencies between MTSC and ESSC
 - 2. The TET mischaracterized HTSC's alternative billable/compensable plan
 - C. The TET failed to follow the stated evaluation criteria
 - D. The Postal Service improperly adjusted the HTSC price upward

For the following reasons, sub—issues A through D are denied. With respect to sub—issue A, you stated that it appears that the TET did not consider the entire technical proposal when scoring HTSC and did not seek clarifications. You state that no clarification questions were submitted to HTSC; HTSC's cost was within 1 percent of the winning bid and that HTSC was the only offeror to which no clarification questions were submitted. You assert that had the TET issued appropriate clarification questions, these would have led to answers that would have improved HTSC's overall technical evaluation score. You present as examples, your evaluation score for Teaming Staff Resource Plan and Response Time to Fill Positions. The TET may ask clarification questions to resolve uncertainties or ambiguities in proposals. However, where a proposal is clear, but is weak in particular areas, the TET may elect not to ask clarification questions. In these matters, TET was clear on the responses provided by HTSC and elected not to ask clarifying questions. Furthermore, contrary to what is offered in your disagreement, the administrative file evidences that there were two prospective suppliers of which no questions were asked. After reviewing the TET's Evaluation Summary comments and interviewing the Evaluation Team Leader, it was apparent to me that the TET did consider HTSC's entire proposal for each factor that was scored and each proposal was evaluated the same. As such, in my review of the Evaluation Summary, I did not see anything that would support HTSC's claim that the TET failed to consider the HTSC technical proposal as a whole or was required to ask any clarification questions.

¹ In addition to the issues you raised in your disagreement, one interested party complained that all offerors were given the same score for Past Experience, thereby basically washing out 25 percent of the Technical Evaluation score. However, it is not true that all offerors were given the same score.

With respect to sub—issue B, you challenged the TET's consensus scoring on "Administrative Efficiencies—Supply Chain—Performance Savings" and "Alternative Billable/Compensable Plan." HTSC received a score of five for "Administrative Efficiencies—Supply Chain" and a score of three for "Alternative Billable/Compensable Plan." Your discussion of HTSC's proposal in these two technical areas gives me no reason to conclude that the consensus score was mistaken and should have been revised upward.² In fact according to the Evaluation Summary comments, your proposal in the Administrative Efficiencies area met all significant objectives and factors.

With respect to sub—issue C, you claim that the TET failed to follow stated evaluation criteria in their evaluation of your "Ideas to Reduce Total Cost of Ownership (TCO)." You offer that the TET evaluated HTSC, not on the basis of "total cost of ownership" as set for in the Request for Proposal (RFP), but rather on the basis of total *contract* cost of ownership. The TET wrote the following in their Evaluation Summary, "Harris would be a fully qualified partner with the USPS in reducing the TCO for the USPS. This fact does not clearly benefit nor address the scope of the contract and was not seen as reducing contract cost of ownership." HTSC offers that nowhere in the Request for Proposal is the term "contract cost of ownership" used; only total cost of ownership. After reviewing the administrative file, I asked both HTSC and the Evaluation Team Leader its understanding or meaning of the term "contract cost of ownership." You responded as follows: ". . . HTSC does not have a specific definition to provide. This. (sic) It would seem that contract cost of ownership may be coincident with the bid cost/price. In any event, however, one would expect that 'contract cost of ownership' would have been subsumed under the concept of 'total cost of ownership' . . ." Your response supports that of the Evaluation Team Leader and the comments in the Evaluation Summary that there is no specific definition for contract cost of ownership and that the word "contract" was mistakenly added to the phrase of "total cost of ownership." My review of the Evaluation Summary comments revealed that the TET correctly used the phrase "Total Cost of Ownership" with each supplier; however mistakenly inserted the word "contract" in its summary of HTSC's evaluation. In the comments itself on that sub factor, TET used the term correctly suggesting that the earlier inclusion of the word *contract* was mistakenly inserted. I found no reason to believe that the TET scored on something other than total cost of ownership.

With respect to sub—issue D, you claim that the Postal Service improperly weighted part—time and full—time employees alike as full—time employees in the evaluation of HTSC's price proposal. Thereby, in effect, unfairly inflating HTSC's price for evaluation purposes. However, in this case award was made to the superior technical proposal in accordance with the solicitation. Even if your price were lower than Serco's, due to the superior technical proposal of Serco, award would still have been appropriately made to Serco.³

III. The contracting officer's conduct toward HTSC was threatening and inappropriate

Finally, you allege that during and following the debriefing HTSC was subject to threats and coercion from the contracting officer and that his conduct was clearly inappropriate. The contracting officer denies your allegations. HTSC's challenge to the contracting officer's conduct toward HTSC during and following a debriefing is a post—contract matter that is outside my jurisdiction as Ombudsman.

² Even if HTSC received five points for the "Alternative Billable/Compensable Plan" as you argued, HTSC would still have ranked fourth in its technical proposal ranking.

³ In any event, the facts in the administrative file support the position that all of the prospective suppliers' price proposals were evaluated on the same basis and treated equally. As the contracting officer offered, a re—scoring of price proposals would slightly increase the price gap between HTSC and Serco.

Review of all the information submitted in support of your disagreement and in the administrative file fails to demonstrate that the award to Serco was not a rational best value determination and that the Postal Service evaluation of the HTSC proposal was fatally flawed. Accordingly, your disagreement is denied and the award of solicitation number 2APSER-05-A-3001 stands.

This is the Postal Service's final decision on this disagreement regarding solicitation number 2APSER-05-A-3001 under 39 CFR 601.108(h).

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Dolder", enclosed within a large, hand-drawn oval.

Pete Dolder, C.P.M.
USPS Supplier Ombudsman

cc: Joseph Han, Contracting Officer
Steve Sorett, Serco, Inc.
Rick Webb, Adecco, Inc.
Judith Kassel, ICF International
Anne Sautter, VSE Corporation