



# DEPARTMENT OF DEFENSE SOURCE SELECTION PROCEDURES

*Based on New Procedures dated APR 01 2016*

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## **WARNING!**

What you've been doing before is probably ***not*** what you'll be doing in your next source selection.

Read the Department of Defense Source Selection Procedures dated APR 01 2016.



# WHAT'S NEW?

- **Applicability**
- **New competitive acquisition strategy (i.e., Value Adjusted Total Evaluated Price (VATEP) Tradeoff)**
- **New terminology in rating methods**
- **Emphasis on tailoring**



# **Best Value Under the FAR**

# SOURCE SELECTION OBJECTIVE

The objective of Source Selection is to select the proposal that represents the **best value**.

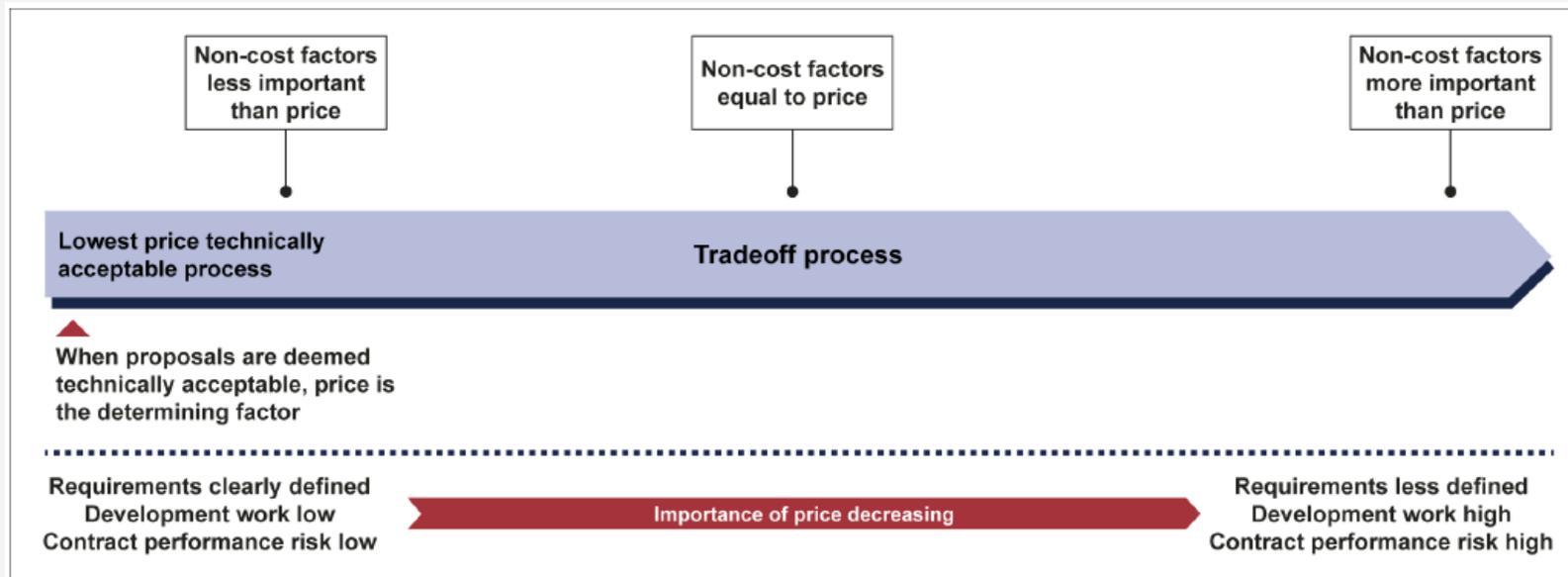
FAR 15.302

**“Best value”** means the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.

FAR 2.101

# FAR 15.101 BEST VALUE CONTINUUM

An agency can obtain best value in negotiated acquisitions by using any one or a combination of source selection approaches. In different types of acquisitions, the relative importance of cost or price may vary. For example, in acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection. The less definitive the requirement, the more development work required, or the greater the performance risk, the more technical or past performance considerations may play a dominant role in source selection.



# BBP 2.0 GUIDANCE ON SOURCE SELECTION

***When Lowest Price Technically Acceptable is used, define Technically Acceptable to ensure needed quality***

When LPTA is used as a source selection technique, Section M of the RFP and the Source Selection Plan **must clearly describe the minimum requirements that will be used to determine the acceptability of the proposal.**

***Better define value in “best value” competitions***

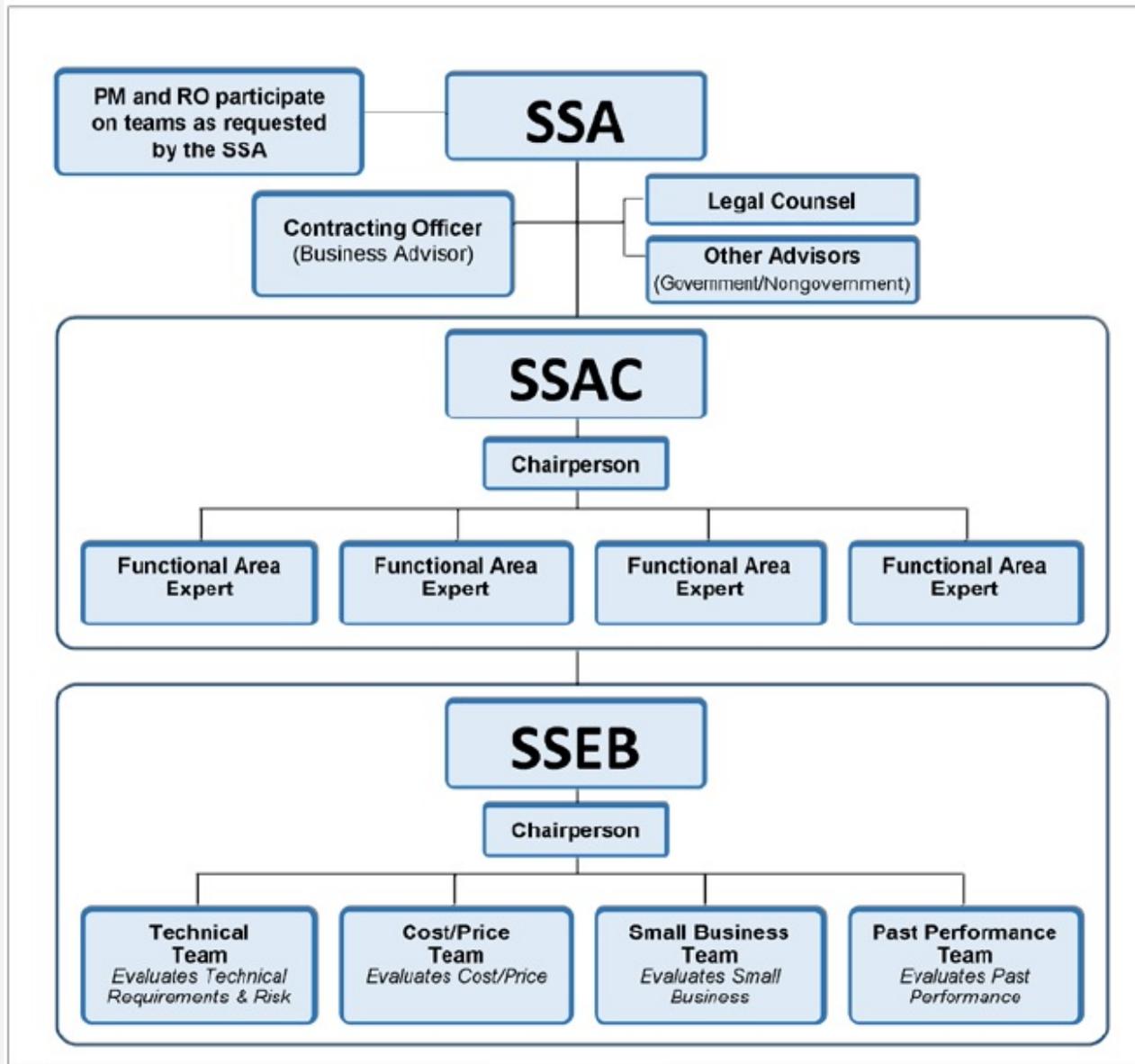
## **[Tradeoff Process]**

The Department routinely **sets “threshold” and “objective” level requirements** for the products it acquires and also routinely defaults to threshold performance as the basis for selecting a product. This initiative directs the Components, where possible, to quantify the value, in terms of an increased premium they will pay, for proposals above the threshold level of performance and to include this information in solicitations to industry.



# Organization Responsibilities

# TYPICAL SST STRUCTURE FOR SOLICITATIONS $\geq$ \$100M



# SOURCE SELECTION AUTHORITY (SSA)

**1.4.1.1 SSA Appointment.** The SSA is the individual designated to make the best value decision. The appointment of the individual to serve as the SSA shall be commensurate with the complexity and dollar value of the acquisition. For acquisitions with a total estimated value of \$100 million or more, the Agency head shall appoint, in writing, an individual other than the PCO as the SSA. For all other acquisitions, the PCO may serve as the SSA in accordance with FAR 15.303(a) unless the Agency head or designee appoints another individual.



## PCO SELECTION

**1.4.2.1 PCO Selection.** The PCO will serve as the primary business advisor and principal guidance source for the entire source selection. Agencies have discretion in the selection of the individual to serve as the PCO. However, the PCO, as the principal guidance source, should have prior experience in the source selection process.

# SSAC ESTABLISHMENT AND COMPOSITION

## **1.4.3.1 Establishment and Role of SSAC.**

1.4.3.1.1 The SSA establishes an SSAC to gain access to functional area expertise to provide the support the SSA requires throughout the source selection process.

1.4.3.1.2 The SSA shall establish an SSAC for acquisitions with a total estimated value of \$100 million or more unless a waiver is approved. An SSAC is optional, but strongly encouraged, for special interest acquisitions with a total estimated value of less than \$100 million.

1.4.3.1.3 The primary role of the SSAC is to provide a written comparative analysis of offers and recommendation to the SSA. When an SSAC is established, it will provide oversight to the SSEB.

1.4.3.1.4 The SSA may convene the SSAC at any stage in the evaluation process as needed.

## **1.4.3.2 SSAC Composition.**

1.4.3.2.1 The SSAC is comprised of an SSAC Chairperson and SSAC Members.

1.4.3.2.2 SSAC Members should represent the specific functional areas from which the SSA may require expertise.

# SSEB RESPONSIBILITIES

## 1.4.4.4.2 The SSEB members shall:

1.4.4.4.2.1 Conduct a comprehensive review and evaluation of proposals based solely on the evaluation criteria outlined in the RFP.

1.4.4.4.2.2 Assist the SSEB Chairperson in documenting the SSEB evaluation results.

1.4.4.4.2.3 Support any post-source-selection activities, such as debriefings and postaward reviews/meetings, as required.

**1.4.4.4.3 Neither the SSEB Chairperson nor the SSEB members shall perform comparative analysis of proposals or make source selection recommendations unless requested by the SSA.**

# MANDATORY EVALUATION FACTORS

## Evaluation Factors:

Cost or Price – Always a factor

Past performance

Quality is always a consideration under the FAR

Technical/Management

Risk

Key Personnel

Others

Specified in Source Selection Plan and Section M of the solicitation.

# FACTOR DESCRIPTIONS

**2.3.4.2.1 Technical.** The purpose of the technical factor(s) is to assess the offeror's proposed approach, as detailed in its proposal, to satisfy the Government's requirements. There are many aspects which may affect an offeror's ability to meet the solicitation requirements.

**Technical Risk.** Risk assesses the degree to which the offeror's proposed technical approach for the requirements of the solicitation may cause disruption of schedule, increased costs, degradation of performance, the need for increased Government oversight, or increased likelihood of unsuccessful contract performance.

**2.3.4.2.2 Past Performance.** The past performance evaluation factor assesses the degree of confidence the Government has in an offeror's ability to supply products and services that meet users' needs, based on a demonstrated record of performance.

# GAO ON PAST PERFORMANCE AND EXPERIENCE

## Past Performance

- Consideration of information collected by other evaluation boards in other procurements
- Lack of relevant past performance
- Unequal effort, on the agency's part, in contacting references

## Experience Evaluations

- Relevant experience
- Evaluation of subcontractor experience

**DoD Source Selection Procedures do not address the distinction.**



# COST OR PRICE EVALUATIONS

## **FAR 15.305(a)(1)**

### **Cost/Price Reasonableness**

Normally, competition establishes price reasonableness. Therefore, when contracting on a firm-fixed-price or fixed-price with economic price adjustment basis, comparison of the proposed prices will usually satisfy the requirement to perform a price analysis, and a cost analysis need not be performed. In limited situations, a cost analysis (see 15.403-1(c)(1)(i)(B)) may be appropriate to establish reasonableness of the otherwise successful offeror's price.

### **Cost Realism**

When contracting on a cost-reimbursement basis, evaluations shall include a cost realism analysis to determine what the Government should realistically expect to pay for the proposed effort, the offeror's understanding of the work, and the offeror's ability to perform the contract.



# Tradeoff Source Selection Processes

- **Subjective Tradeoff**
- **Value Adjusted Total Evaluated Price (VATEP) Tradeoff**

# FAR 15.101-1 TRADEOFF PROCESS

(a) A tradeoff process is **appropriate when it may be in the best interest of the Government to consider award to other than the lowest priced offeror or other than the highest technically rated offeror.**

(c) This process permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal shall merit the additional cost, and the rationale for tradeoffs must be documented in the file in accordance with 15.406.

# TABLE 2A. TECHNICAL RATING METHOD

<b>Color Rating</b>	<b>Adjectival Rating</b>	<b>Description</b>
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths.
Purple	Good	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength.
Green	Acceptable	Proposal indicates an adequate approach and understanding of the requirements.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the requirements.
Red	Unacceptable	Proposal does not meet requirements of the solicitation and, thus, contains one or more deficiencies and is unawardable.

# TABLE 2B. TECHNICAL RISK RATING METHOD

<b>Adjectival Rating</b>	<b>Description</b>
Low	Proposal may contain weakness(es) which have little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will likely be able to overcome any difficulties.
Moderate	Proposal contains a significant weakness or combination of weaknesses which may potentially cause disruption of schedule, increased cost or degradation of performance. Special contractor emphasis and close Government monitoring will likely be able to overcome difficulties.
High	Proposal contains a significant weakness or combination of weaknesses which is likely to cause significant disruption of schedule, increased cost or degradation of performance. Is unlikely to overcome any difficulties, even with special contractor emphasis and close Government monitoring.
Unacceptable	Proposal contains a material failure or a combination of significant weaknesses that increases the risk of unsuccessful performance to an unacceptable level.

# TABLE 3. COMBINED TECHNICAL/RISK RATING METHOD

<b>Color Rating</b>	<b>Adjectival Rating</b>	<b>Description</b>
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths, and risk of unsuccessful performance is low.
Purple	Good	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength, and risk of unsuccessful performance is low to moderate.
Green	Acceptable	Proposal meets requirements and indicates an adequate approach and understanding of the requirements, and risk of unsuccessful performance is no worse than moderate.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the requirements, and/or risk of unsuccessful performance is high.
Red	Unacceptable	Proposal does not meet requirements of the solicitation, and thus, contains one or more deficiencies, and/or risk of unsuccessful performance is unacceptable. Proposal is unawardable.

TABLE 4. PAST PERFORMANCE RELEVANCY RATING METHOD

<b>Adjectival Rating</b>	<b>Description</b>
Very Relevant	Present/past performance effort involved essentially the same scope and magnitude of effort and complexities this solicitation requires.
Relevant	Present/past performance effort involved similar scope and magnitude of effort and complexities this solicitation requires.
Somewhat Relevant	Present/past performance effort involved some of the scope and magnitude of effort and complexities this solicitation requires.
Not Relevant	Present/past performance effort involved little or none of the scope and magnitude of effort and complexities this solicitation requires.

**TABLE 5. PERFORMANCE CONFIDENCE ASSESSMENTS RATING METHOD**

<b>Adjectival Rating</b>	<b>Description</b>
Substantial Confidence	Based on the offeror's recent/relevant performance record, the Government has a high expectation that the offeror will successfully perform the required effort.
Satisfactory Confidence	Based on the offeror's recent/relevant performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort.
Neutral Confidence	No recent/relevant performance record is available or the offeror's performance record is so sparse that no meaningful confidence assessment rating can be reasonably assigned. The offeror may not be evaluated favorably or unfavorably on the factor of past performance.
Limited Confidence	Based on the offeror's recent/relevant performance record, the Government has a low expectation that the offeror will successfully perform the required effort.
No Confidence	Based on the offeror's recent/relevant performance record, the Government has no expectation that the offeror will be able to successfully perform the required effort.

# TABLE 6. SMALL BUSINESS RATING METHOD

<b>Color Rating</b>	<b>Adjectival Rating</b>	<b>Description</b>
Blue	Outstanding	Proposal indicates an exceptional approach and understanding of the small business objectives.
Purple	Good	Proposal indicates a thorough approach and understanding of the small business objectives.
Green	Acceptable	Proposal indicates an adequate approach and understanding of small business objectives.
Yellow	Marginal	Proposal has not demonstrated an adequate approach and understanding of the small business objectives.
Red	Unacceptable	Proposal does not meet small business objectives.

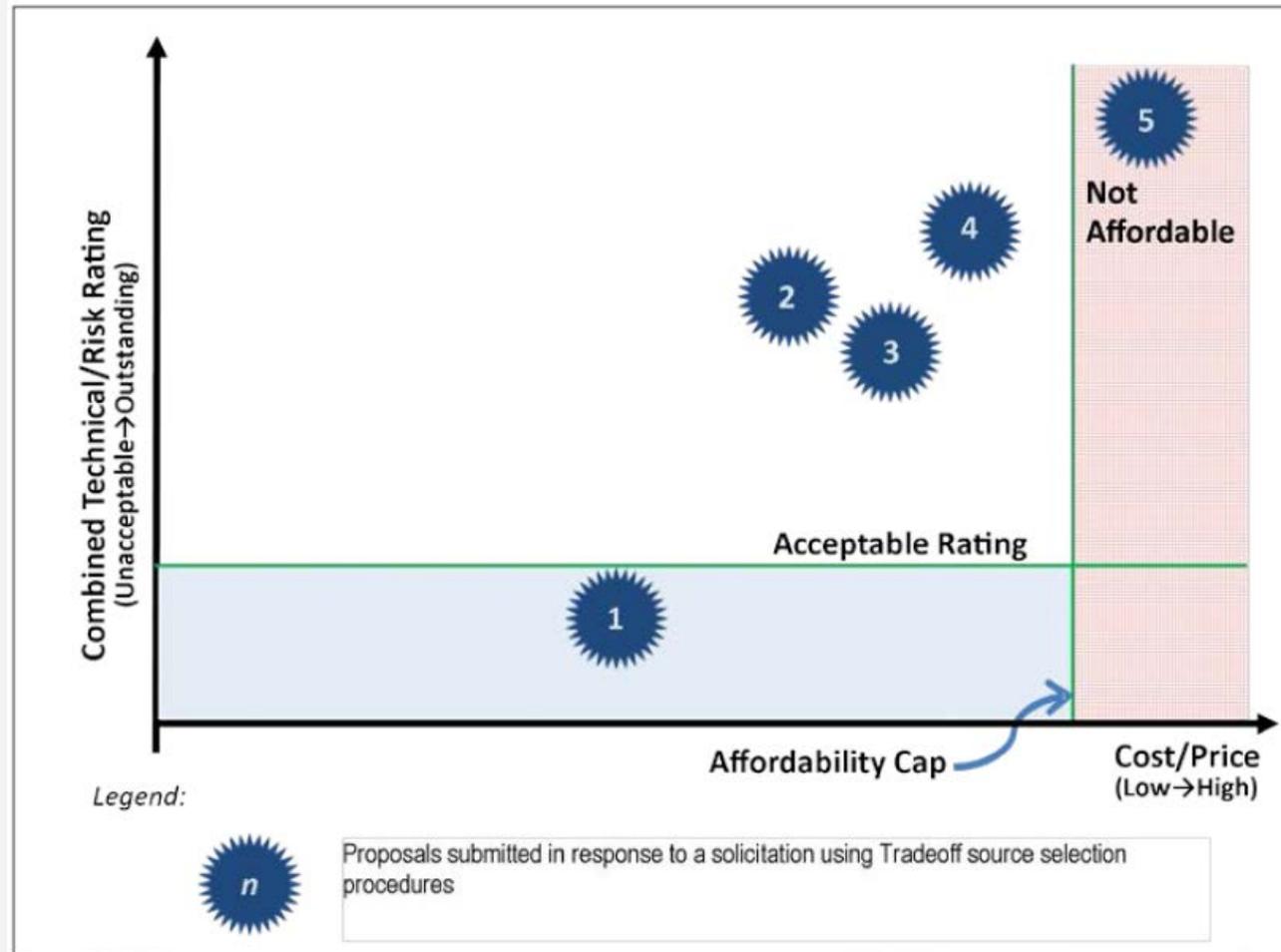
# VALUE ADJUSTED TOTAL EVALUATED PRICE (VATEP) TRADEOFF

The VATEP technique monetizes different levels of performance that may correspond to the traditional requirements process of **defining both threshold (minimum) and objective (maximum) performance and capabilities**. It identifies in the RFP the **percentage price increase (or dollar amount) the Government is willing to pay for measureable levels of performance between threshold (minimum) and objective (maximum) criteria (e.g., Probability of Hit, specific operational ranges, etc.)**. This amount is based on the value to the Government for above minimum performance or capabilities. **Value and cost are completely separate concepts that VATEP links in the RFP to inform industry decisions on what to offer to gain a competitive advantage**. As described herein, VATEP is merely a structured technique for objectivizing how some (or all) of the requirements would be treated in the tradeoff process and then communicating that to offerors via the RFP.

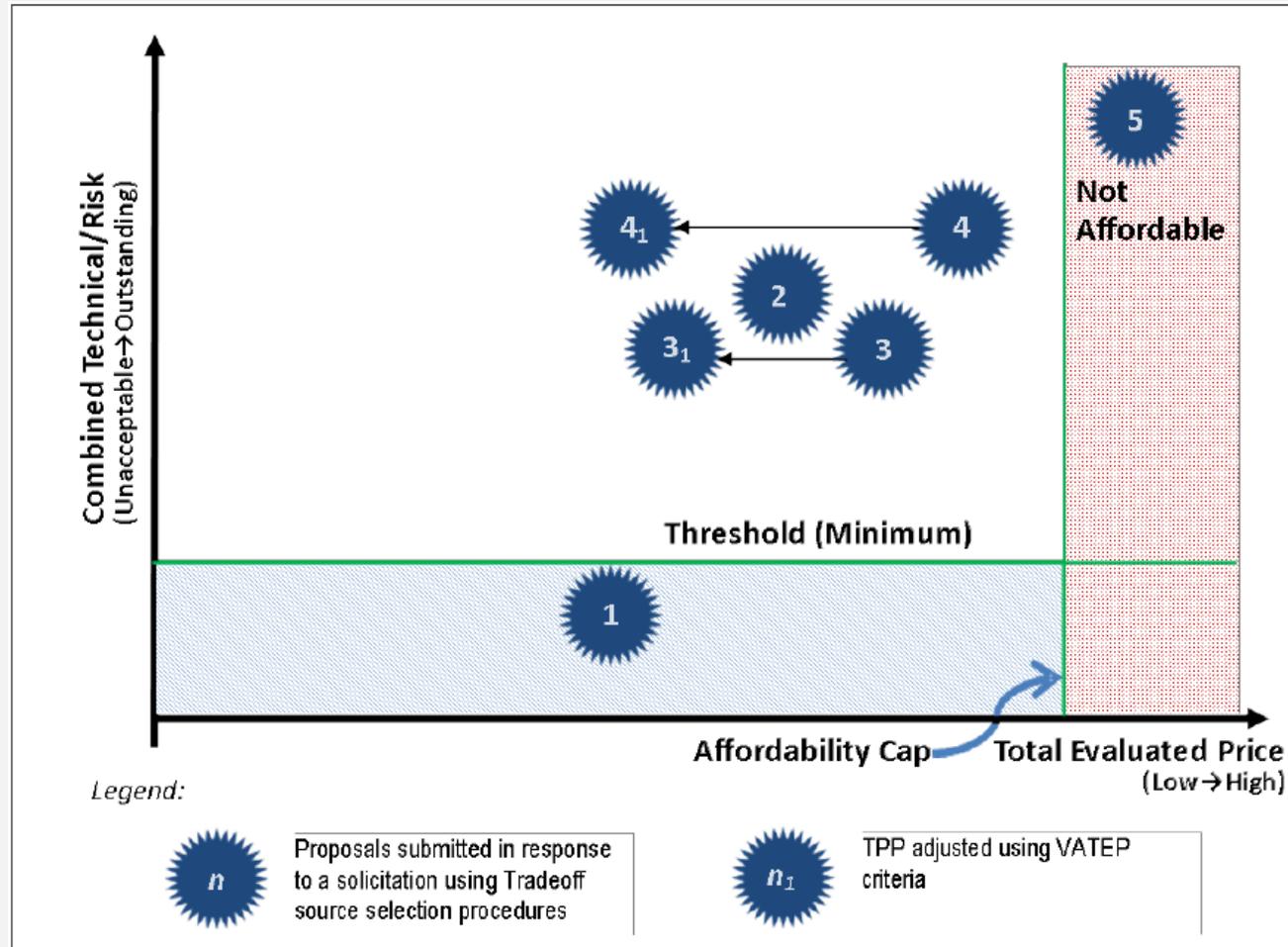
## VATEP USE

**VATEP may be appropriate when the RO wishes to optimally balance price and performance/capability above threshold (minimum) requirements to maximize the achievement of program objectives.** One of the benefits of this process is that offerors may be more likely to propose innovative solutions which provide higher performance/capability if it is clear to Industry what value the end user places on exceeding the threshold (minimum) performance/capability and how that will influence the evaluated cost/price.

# FIGURE B-1: SUBJECTIVE TRADEOFF SCENARIO



# FIGURE B-2: VATEP TRADEOFF SCENARIO





# **Lowest Price Technically Acceptable (LPTA) Source Selection Process**

# FAR 15.101-2 LOWEST PRICE TECHNICALLY ACCEPTABLE SOURCE SELECTION PROCESS

(a) The lowest price technically acceptable source selection process is **appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.**

(b) When using the lowest price technically acceptable process, the following apply:

(1) The evaluation factors and significant subfactors that establish the requirements of acceptability shall be set forth in the solicitation. Solicitations shall specify that award will be made on the basis of the lowest evaluated price of proposals meeting or exceeding the acceptability standards for non-cost factors.

(2) Tradeoffs are not permitted.

(3) Proposals are evaluated for acceptability but not ranked using the non-cost/price factors.

(4) Exchanges may occur (see 15.306).

# TABLE C-1. TECHNICAL ACCEPTABLE/UNACCEPTABLE RATING METHOD

<b>Adjectival Rating</b>	<b>Description</b>
Acceptable	Proposal meets the requirements of the solicitation.
Unacceptable	Proposal does not meet the requirements of the solicitation.

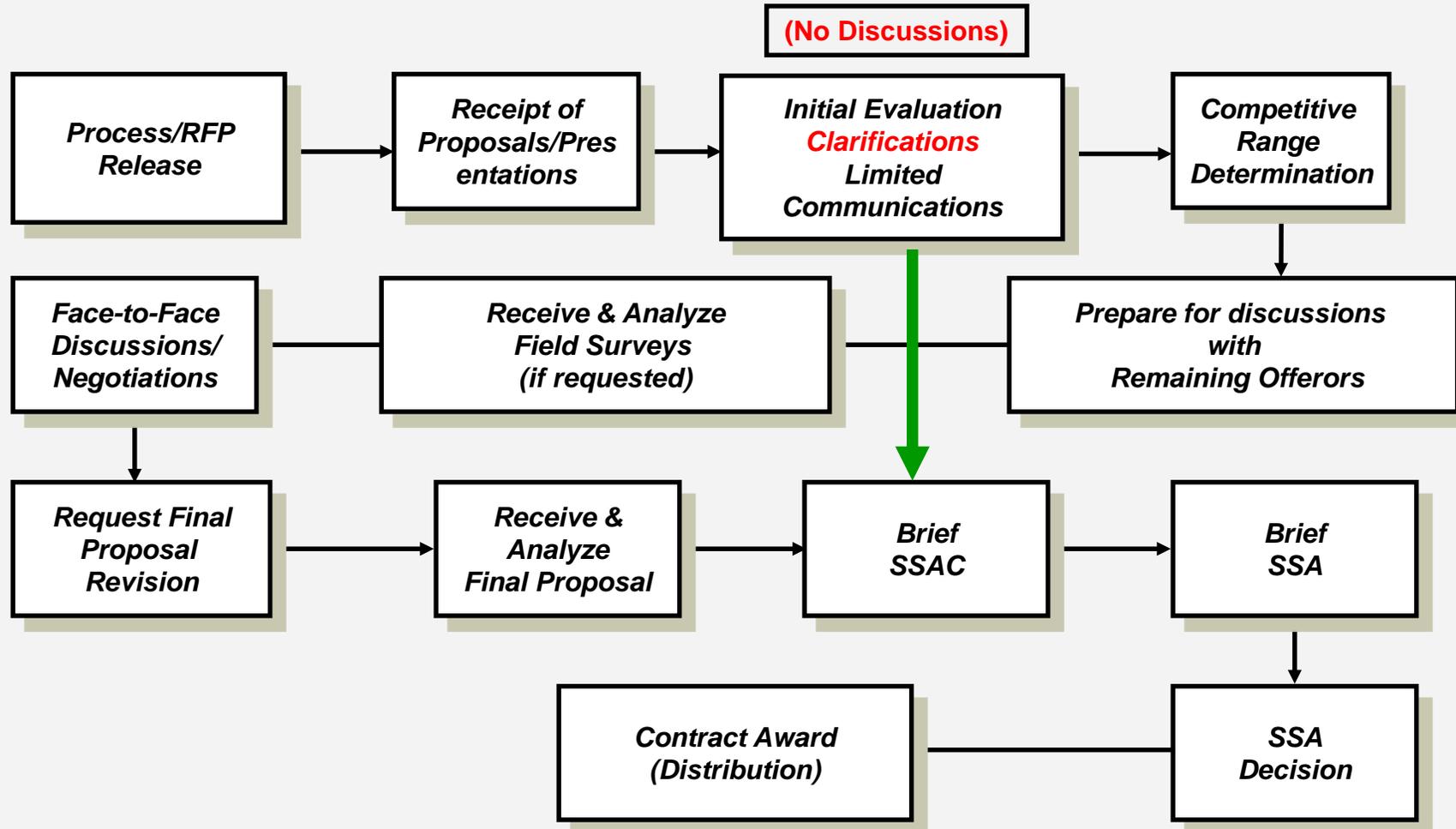
# TABLE C-2. PAST PERFORMANCE ACCEPTABLE/UNACCEPTABLE RATING METHOD

<b>Adjectival Rating</b>	<b>Description</b>
Acceptable	Based on the offeror's performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort, or the offeror's performance record is unknown. (See note above)
Unacceptable	Based on the offeror's performance record, the Government does not have a reasonable expectation that the offeror will be able to successfully perform the required effort.

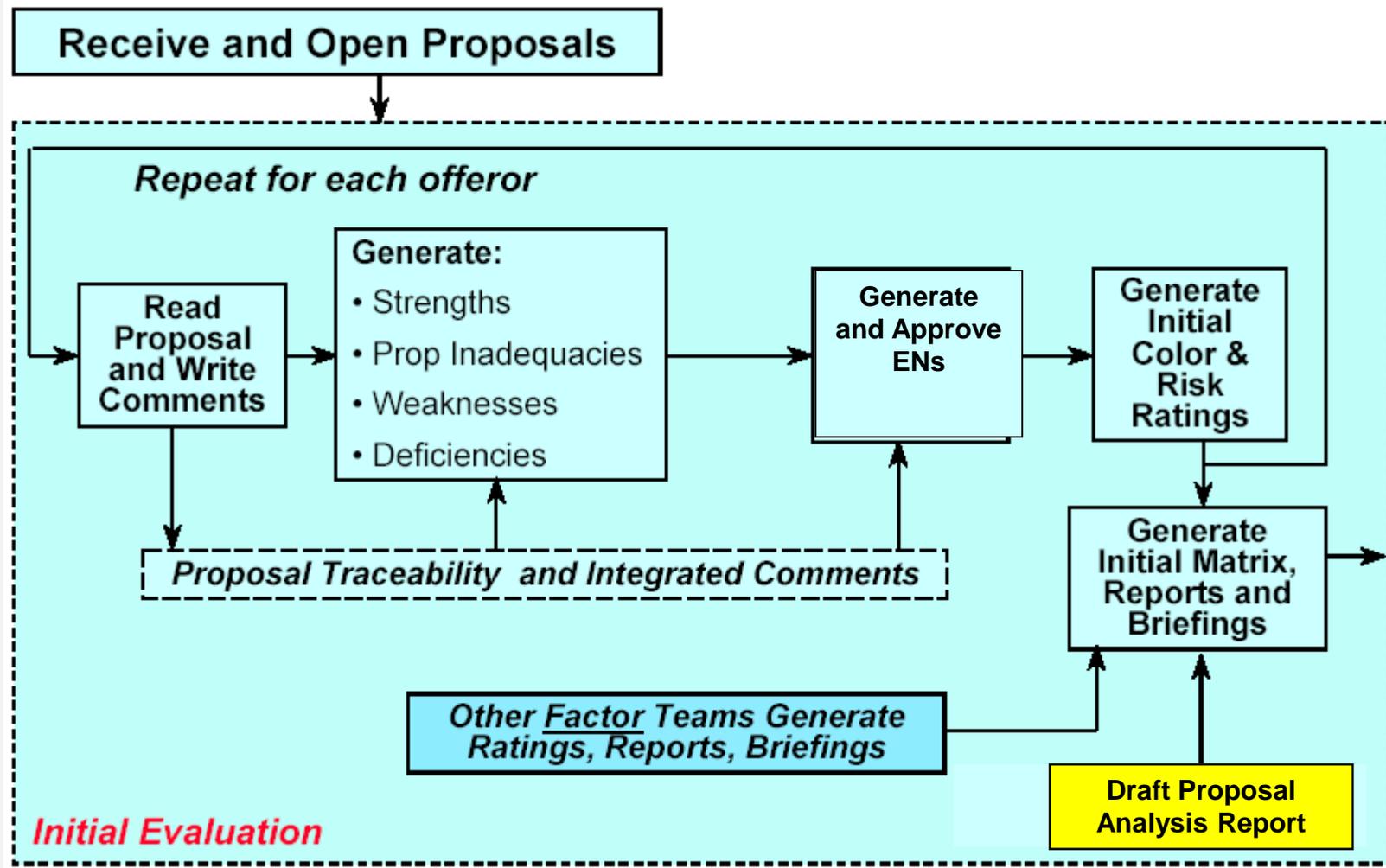


# How Do We Do That?

# POST-SOLICITATION PROCESS



# INITIAL EVALUATION EXAMPLE



\* Evaluation Notices (Deficiencies, Weaknesses and Clarifications)

# FORMS

## Evaluation Notice

The image displays three overlapping software forms used for project evaluation. The forms are titled 'Assessment', 'Comment', and 'Evaluation Notice'. Each form contains fields for user information, project details, and specific evaluation data.

### Assessment Form

**Member:** essadmin | **Offeror:** Alpha Beta

Factor	Subfactor
Mission Capability	Technical

**Assmt Type:** Strength | **Status:** Open | **Author:** ESSAdmin

**RFP Ref:** sec m, page 1  
**Proposal Ref:** tech vol, page 4

**Level:** \*\* | **Briefing Bullet:** hull design more than adequate

**Narrative:**  
Requirement States: hull able to sustain xxx |  
Offeror Stated: hull design comprise of abc n  
Comment: offeror proposes a hull material de  
Effect/Benefit: hull integrity increased  
Suggested EN language:

Record: 1 of 2

**Disposition:** [Link] [Del]

### Comment Form

**Member:** essadmin | **Offeror:** Alpha Beta

Factor	Subfactor
Mission Capability	Technical

**Reviewed By:** [essadmin]

Status	Author
Submitted	ESSAdmin

**RFP Ref:** sec m, page 1  
**Proposal Ref:** tech vol, page 4

**Bullet:** hull design more than adequate

**Narrative:**  
Requirement States: hull able to sustain xxx |  
Offeror Stated: hull design comprise of abc n  
Comment: offeror proposes a hull material de  
Effect/Benefit: hull integrity increased  
Suggested EN language:

Record: 1 of 4

**Disposition:** [Link] [Del]

### Evaluation Notice Form

**Member:** essadmin | **Offeror:** Alpha Beta | **Proposal:** Primary

Factor	Subfactor	Element	Criteria
Mission Capability	Technical	Space Vehicle	1.1.1

**ENs:** [Related Comments] [Related Assessments]

EN Type	Category	Author	D/T created	EN ID	EC	SFC	FC	PCO	SSET	SSA
Communication	Deficiency	ESSAdmin	23-Feb-00 15:45	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**RFP Ref:** sec m, page 1  
**Prop Ref:** tech vol, page 6, par 3.1

**Topic:** propulsion lacking | **Status:** Open

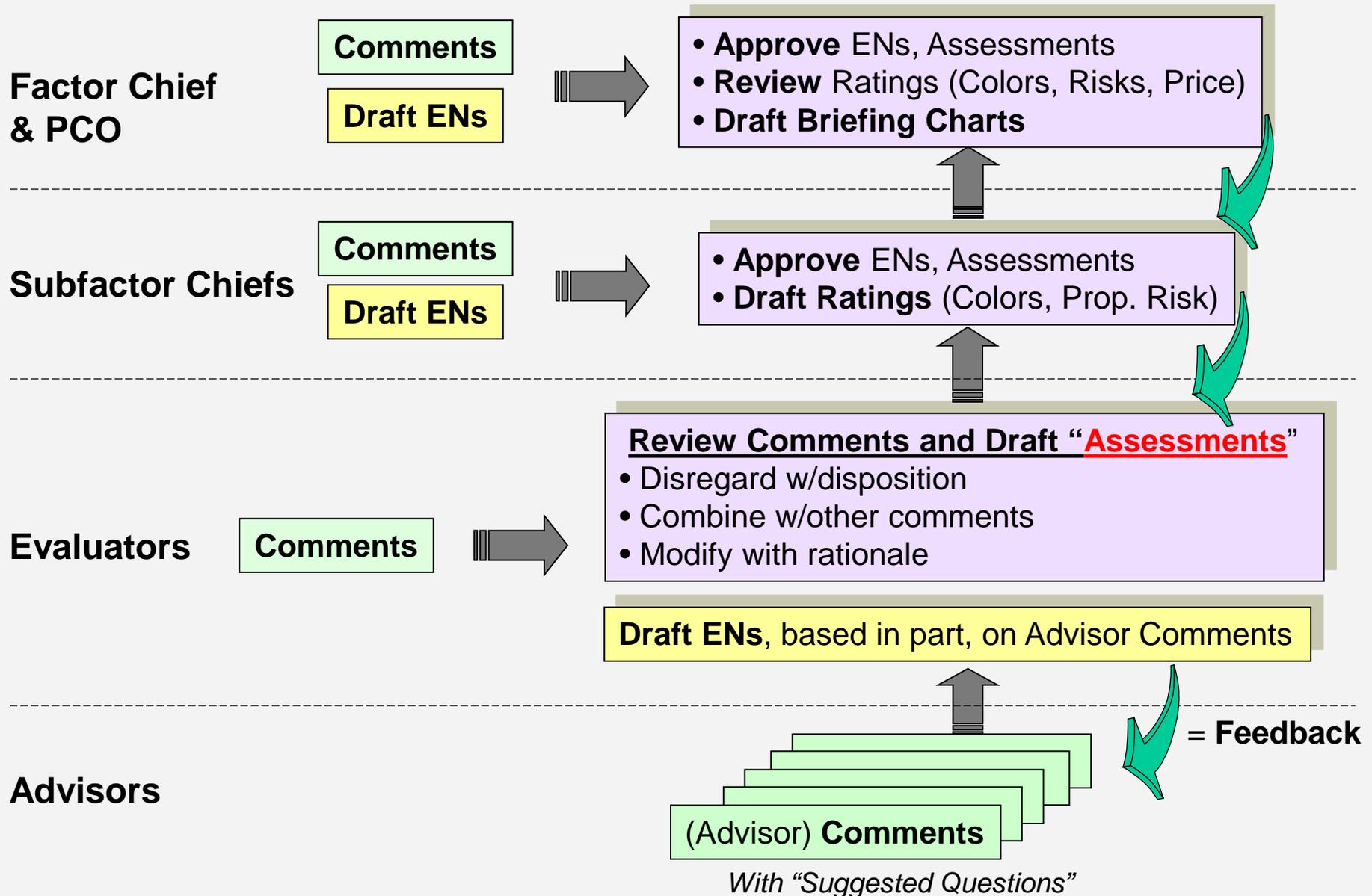
**Narrative:**  
Requirement States: propulsion at xxx or greater  
Offeror Stated: at most vehicle has xxx-2.5  
Comment: offeror proposes a value of 2.5 less than the desired propulsion  
Effect/Benefit: not enough propulsion to reach desired orbit  
Suggested EN language:

Record: 1 of 2

**Disposition:** [Link] [Del]

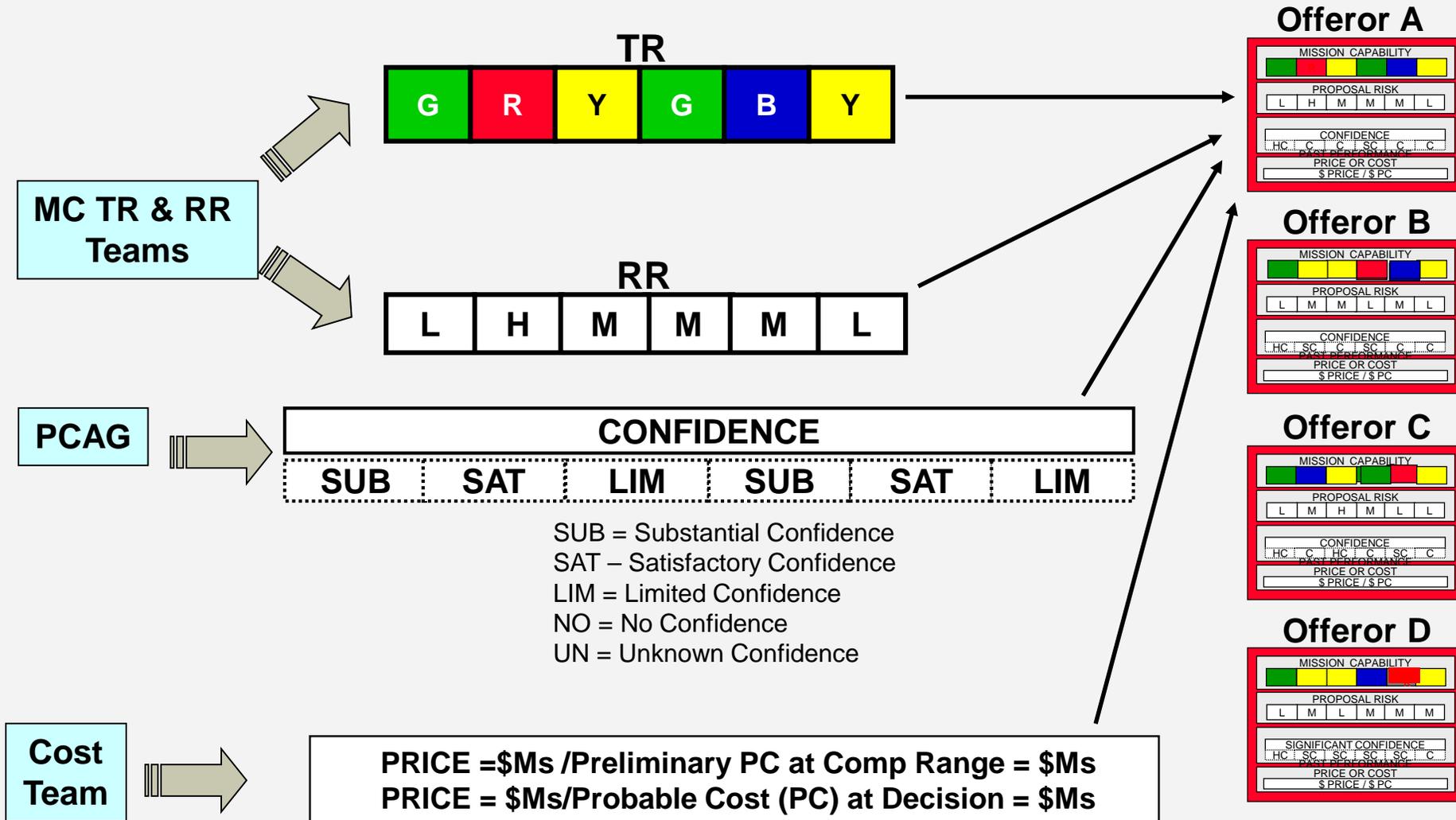
**ENs Panel:** Selector, Defs, Criteria, Cmt, Asmt, New, Move, View: <ALL>, Apply Filter, Filter is OFF, Buffer: Copy, Paste, View, Comments: 2, Asmts: 2, [Link] [Del]

# “ROLLUP”



# INTEGRATING RATINGS

Core Team: SSEB Chair, Factor Chiefs, Sub-Factor Chiefs, PCO, Recorder (admin)



# SOURCE SELECTION DECISION

“The source selection authority’s (SSA) decision shall be based on a comparative assessment of proposals against all source selection criteria in the solicitation. While the SSA may use reports and analyses prepared by others, *the source selection decision shall represent the SSA’s independent judgment.*”

“The source selection decision shall be documented, and the documentation shall include the rationale for any business judgments and tradeoffs made or relied on by the SSA, including benefits associated with additional costs. Although the rationale for the selection must be documented, that documentation need not quantify the tradeoffs that led to the decision.”

Federal Acquisition Regulation 15.308

# DEBRIEFINGS OF UNSUCCESSFUL OFFERORS

**May be done orally or in writing**

**Minimum information to be provided**

- Government's evaluation of significant weaknesses and deficiencies in the proposal
- Overall evaluated cost/price and technical rating of successful and debriefed offerors
- Overall ranking of all offerors, if created
- Summary rationale for award

**Make and model of commercial items**

**Reasonable responses to relevant questions**

# DEBRIEFING TIMELINES & RULES

**3 Days -- Written request for debriefing**

**5 Days -- Debriefing**

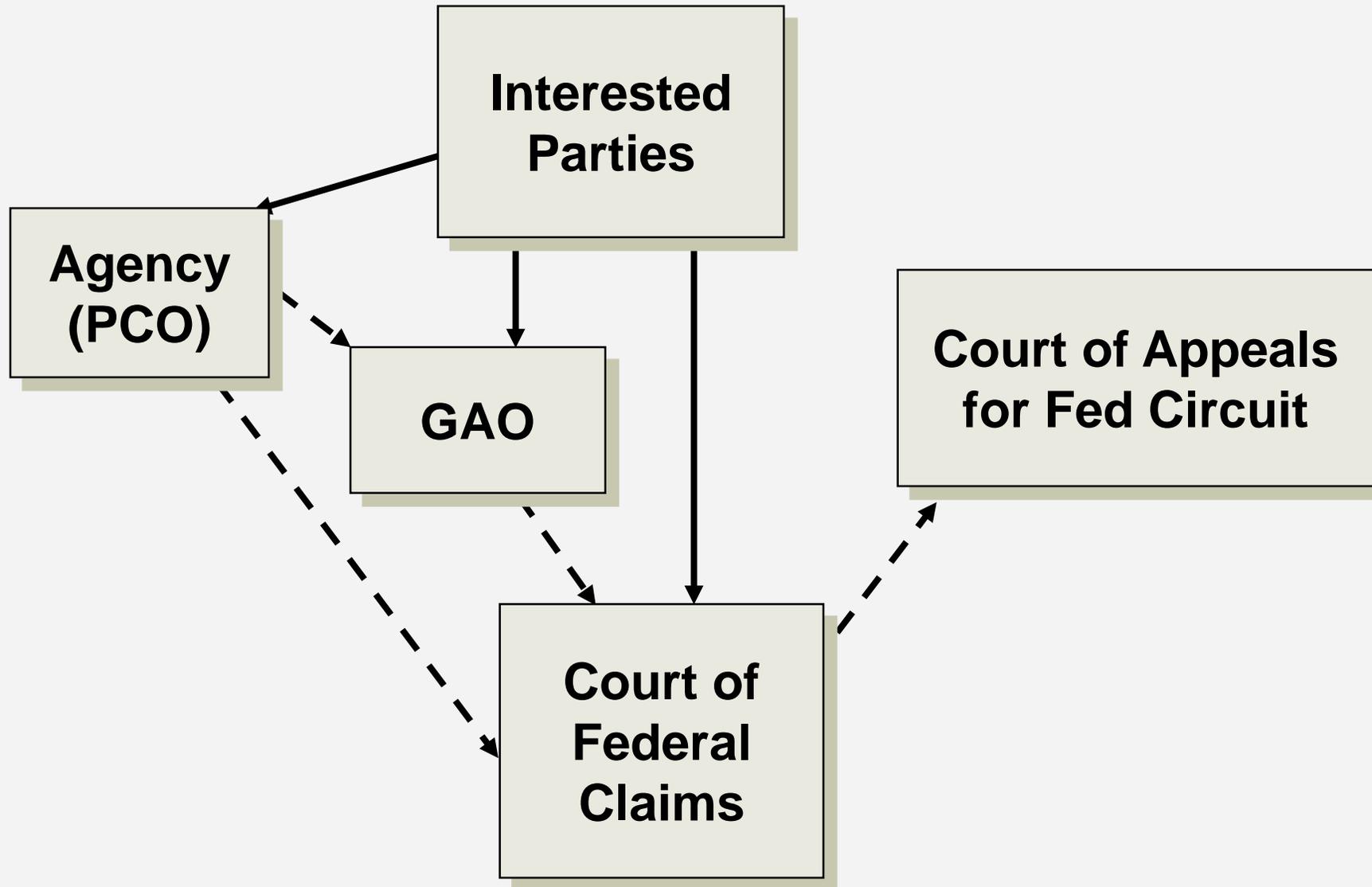
**An offeror excluded from the competition, but failed to submit a timely request, is not entitled to a debriefing.**

**Untimely debriefing requests may be accommodated.**

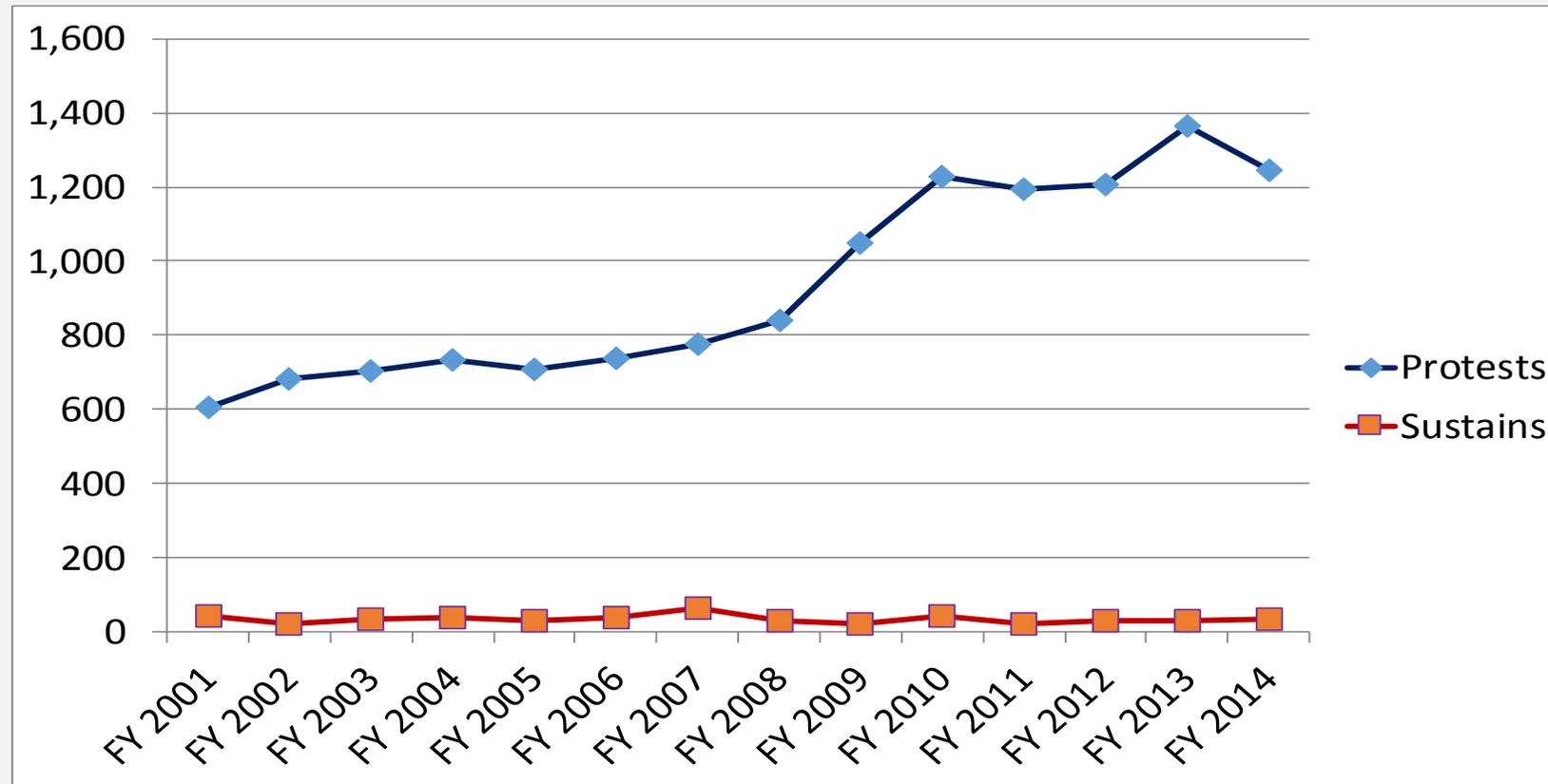
**Government accommodation of a request for delayed debriefing or any untimely debriefing request, does not automatically extend the deadlines for filing protests.**

**Debriefings delayed pursuant to 15.505(a)(2) could affect the timeliness of any protest filed subsequent to the debriefing.**

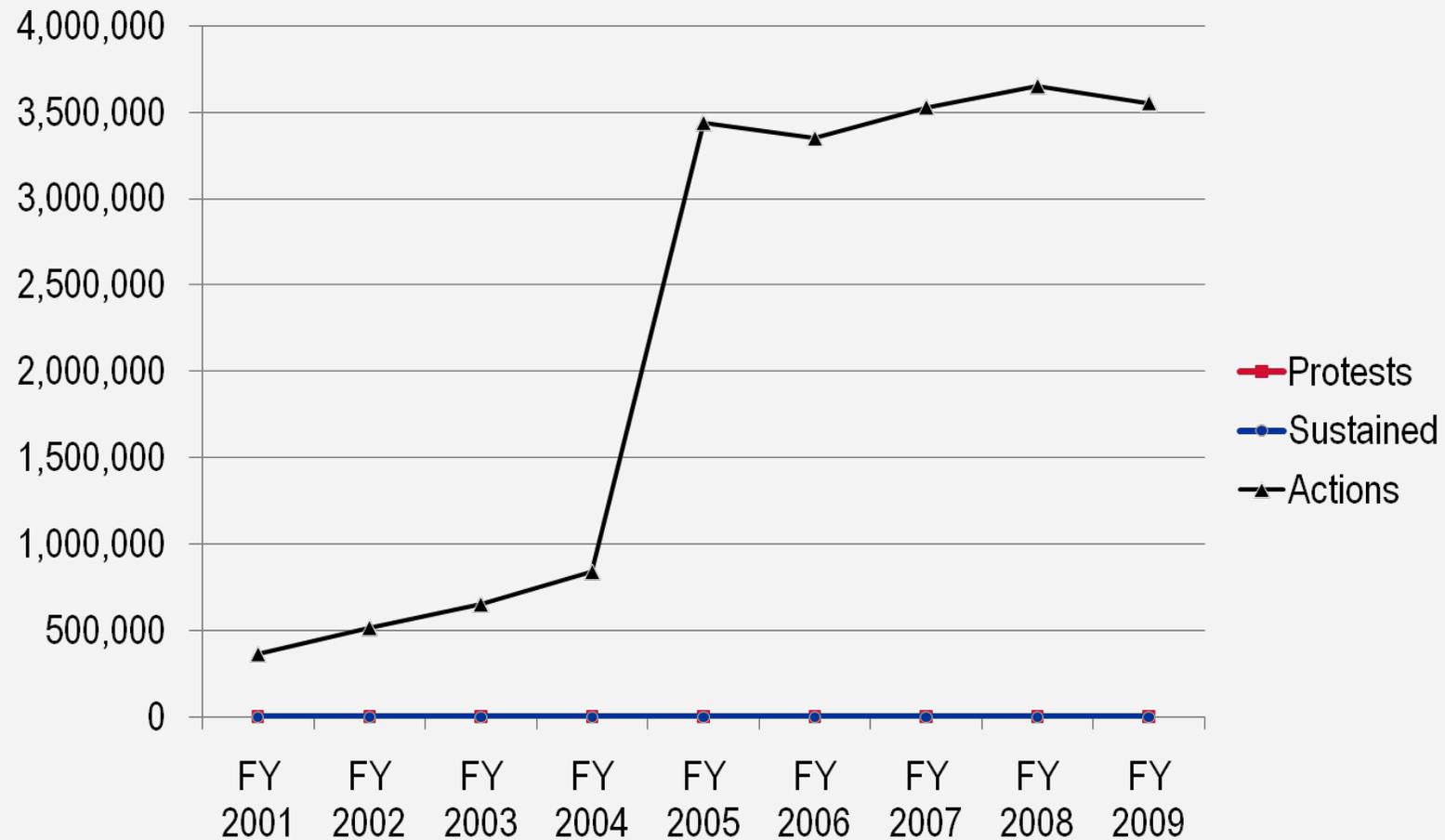
# FAR BASED PROTESTS FORUMS



# DOD PROTESTS VS. SUSTAINS



# DOD CONTRACT ACTIONS, PROTESTS AND SUSTAINS



**Note: In Fiscal Year 2005 the contract action reporting threshold was significantly reduced, resulting in a jump in reported contract actions.**

# BACK -UP

