

Source Selection Basics



Lunch and Learn
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Source Selection Introduction

Source Selection refers to the process used for competitive, negotiated contracts to obtain the best value for the Government

Acquisitions conducted in accordance with FAR ...

Part 12 (Commercial Items)

Part 13 (Simplified Acquisitions)

Part 14 (Sealed Bidding)

Part 36 (Construction/Architect-Engineer) etc.

... involve “selection of sources,” but the term “Source Selection” is primarily associated with FAR Part 15



Source Selection Introduction

FAR Part 15: Agency heads ultimately responsible for source selection

Source Selection process may be “formal” or informal:

- Formal source selection used for high-dollar value or complex acquisitions
 - Someone other than PCO appointed as source selection authority (SSA) to determine **best value** proposal
- Non-formal source selection procedures less complex
 - PCO determines which offer constitutes **best value** for the Government and makes award decision



Best Value

Concept of **Best Value** is the essence of source selection!

- Agencies can obtain best value in negotiated acquisitions by using one or a combination of source selection approaches
- For different acquisitions, relative importance of cost/price can vary
 - For acquisitions where requirement clearly definable and risk of unsuccessful contract performance minimal, cost/price should play **dominant** role in source selection



Best Value

At one end of “best value” continuum:

Low Price Technically Acceptable (LPTA)

Appropriate when the requirement is not complex, and technical and performance risks are minimal





Best Value

**Cost Factors
Most
Important**

**Cost/Non-Cost
Factors Equally
Important**

**Non-Cost
Factors Most
Important**



Best Value Continuum

**Lowest Price
Technically Acceptable**



Best Value

Low Price Technically Acceptable (LPTA)

- Evaluation factors/significant subfactors set forth in solicitation
- Solicitation must specify that award made on basis of lowest evaluated price
- Past performance need not be evaluation factor (must document)
- If past performance considered, no comparative assessment
- Proposals evaluated for acceptability but not ranked using non-cost/price factors

No additional “credit” for exceeding established standards!



Best Value

Common LPTA Examples





Best Value

Along the “best value” continuum is ...

The Tradeoff Process

Appropriate when in Government’s best interest to consider award to other than lowest priced or highest technically rated offeror

When using tradeoff process:

- Evaluation factors and significant subfactors that affect contract award ... and relative importance ... must be clearly stated in the solicitation!



Best Value

Tradeoff Process, cont.

Solicitation must state whether all evaluation factors other than cost or price, when combined:

- **Significantly more important than,**
- **Approximately equal to, or**
- **Significantly less important than cost or price**

Tradeoffs among cost or price and non-cost factors permit Government to accept other than lowest priced proposal

Perceived benefits of the higher priced proposal must merit the additional cost!



Best Value

**Cost Factors
Most Important**

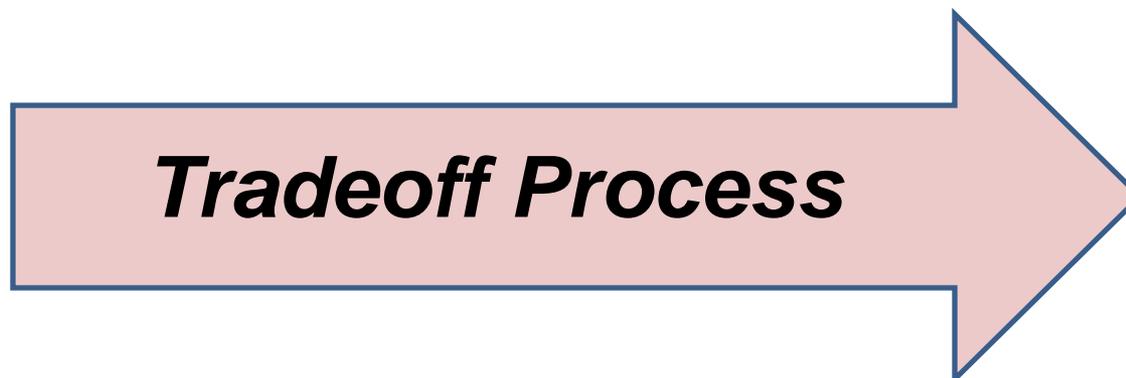
**Cost/Non-Cost
Factors Equally
Important**

**Non-Cost Factors
Most Important**



Best Value Continuum

**Lowest Price
Technically Acceptable**



Tradeoff Process

Non-Cost Factors Increasingly Important



Best Value

Common Tradeoff Process Examples





The Uniform Contract Format

UCF used for preparing solicitations and contracts for acquisitions conducted IAW FAR Part 15

- **Provides a standard, vetted structure for offeror submissions and Government evaluations**
- **Covers work requirements, clauses, required supporting documents, reps and certs, instructions, evaluation factors**

Consists of 13 sections from **A (*Solicitation/contract form*) to **M** (*Evaluation factors for award*)**

Solicitation documents (and resulting contracts) for large, complex requirements can run hundreds of pages long!





Exchanges Before Receipt of Proposals

“Exchanges of information among all interested parties, from the earliest identification of a requirement through receipt of proposals, are encouraged.” — FAR 15.201

Advantages:

- ✓ Improve understanding of Gov't requirements/Industry capabilities
- ✓ Allow suppliers to judge whether can meet Gov't requirements
- ✓ Increase competition
- ✓ Improve efficiency of proposal prep, evaluation, negotiation, award

Draft RFP

Site visits

Request for Information

Presolicitation Conference

Preproposal
Conference



Evaluation Factors

Evaluation factors required by FAR Subpart 15.3:

- **Price/cost**
- **Quality (see box below)**
- **Past performance > SAT**
- **SDB participation > \$550,000 (\$1M construction)**

Quality

**Technical excellence
Management capability
Personnel qualifications
Prior experience**



Exchanges After Receipt of Proposals

FAR 15.306

The term “exchanges” includes:

- Clarifications and award without discussions
- Communications with offerors before establishment of competitive range
- Exchanges with offerors after establishment of competitive range



Exchanges After Receipt of Proposals

The term “exchanges” includes:

- **Clarifications and award without discussions**
 - **Explain relevance of past performance information**
 - **Correct clerical errors**
 - **Award can be made without discussions (solicitation provision)**
- **Communications with offerors before establishment of the competitive range**
- **Exchanges with offerors after establishment of the competitive range**



Exchanges After Receipt of Proposals

The term “exchanges” includes:

- Clarifications and award without discussions
- **Communications with offerors before establishment of the competitive range**
 - **Adverse past performance information**
 - **Only offerors whose inclusion in competitive range uncertain**
 - **Cannot be used to allow proposal revision**
- Exchanges with offerors after establishment of the competitive range



Exchanges After Receipt of Proposals

The term “exchanges” includes:

- Clarifications and award without discussions
- Communications with offerors before establishment of the competitive range
- **Exchanges with offerors after establishment of competitive range**
 - Also called “discussions” or “bargaining”
 - Objective: Maximize Govt’s ability to obtain *Best Value*
 - Conducted with each offeror in competitive range
 - Tailored to each offeror’s proposal



Limits on Exchanges

FAR 15.306(e)

Government cannot:

- Favor one offeror over another
- Reveal offeror's technical solution
- Reveal offeror's price without offeror's permission
 - May inform offeror that its price considered too high or too low and reveal analysis
- Reveal names of individuals providing information about offeror's past performance





Source Selection Procedures

Following Procedures is Essential!

Building trust in Government source selection process:

- ✓ **Maintains public/taxpayer confidence**
- ✓ **Encourages suppliers to do business with Gov't**
- ✓ **Reduces potential for protests of contract actions**

Trust is achieved by following prescribed (and accessible) source selection procedures

Trust requires effective communication ...



Competitive Range

- **Comprised of most highly rated proposals**
- **Limited to number permitting efficient competition**
- **Proposals can be subsequently removed from range**
- **Eliminated offerors can request debriefing**



**Do not set predetermined cut-off ratings
or predetermined number of offerors!**



Competitive Range

- **Proposals are rated (e.g., colors, adjectives) by contracting officer or source selection board**
- **Competitive range determination requires judgment, but should be based on a “natural grouping”**

Example

<u>Company</u>	<u>Offered Price</u>	<u>Technical Rating</u>
Acme Inc.	\$450,000	Excellent
Countywide	\$439,000	Good
Tip Top Inc.	\$459,000	Excellent
Smith Bros	\$613,000	Marginal
Reliable Inc.	\$505,000	Unacceptable



Preaward Debriefings

Any offeror excluded from competitive range may request a debriefing

Request in writing within 3 days after notification

- **At contracting officer discretion if made after 3 days**
- **Contracting officer discretion on method: meeting, telephone, letter, email**

Preaward debriefings **must cover:**

- ✓ **Agency's evaluation of significant elements in offeror's proposal**
- ✓ **Summary of rationale for eliminating offeror from competition**
- ✓ **Responses to questions on whether source selection procedures contained in solicitation and regulations followed during evaluation**

Must **not disclose:**

- X **Number of offerors or identities**
- X **Content of other proposal**
- X **Ranking or evaluations of other offerors**



Proposal Revisions

- **Clarify and document understandings reached during negotiations**
- **At end of discussions, each offeror in competitive range may submit final revisions**
- **Establish common cut-off date for receipt of final revisions to ensure fairness and timeliness**
- **If eliminated from competitive range, no further revisions accepted**





The Source Selection Decision

SSA's decision based on comparative assessment of proposals against source selection criteria in solicitation

While SSA may use reports/analyses prepared by others, source selection decision represents SSA's independent judgment

Documentation must include rationale for business judgments/tradeoffs

- **Benefits associated with additional costs**
- **Do not have to quantify tradeoffs that led to decision**





Postaward Debriefings

All offerors in competitive range entitled to debriefing after award

- **Request in writing within 3 days after notification**
- **May include offerors excluded from range if requested a postaward (vs. preaward) debriefing**

Debriefing must include:

- ✓ **Evaluation of significant weaknesses/deficiencies in offeror's proposal**
- ✓ **Overall evaluated cost/price and technical rating of successful offeror and debriefed offeror**
- ✓ **Past performance** information on debriefed offeror
- ✓ **Overall ranking** of all offerors
- ✓ **Summary of rationale** for the award
- ✓ **Commercial items: Make/model** of successful offeror's item(s)
- ✓ **Responses to questions on whether source selection procedures** contained in solicitation and regulations were followed during evaluation



Postaward Debriefings

Debriefing must **not** include:

- X Trade secrets**
- X Confidential manufacturing processes**
- X Privileged financial information including cost breakdowns, profit, indirect cost rates**
- X Names of individuals providing reference information about offeror's past performance**





Formal Source Selection

Most of what we just covered applies to source selection procedures “in general”

So, what’s this talk about “formal” source selection?





Formal Source Selection

No Government-wide prescription for “formal” source selections

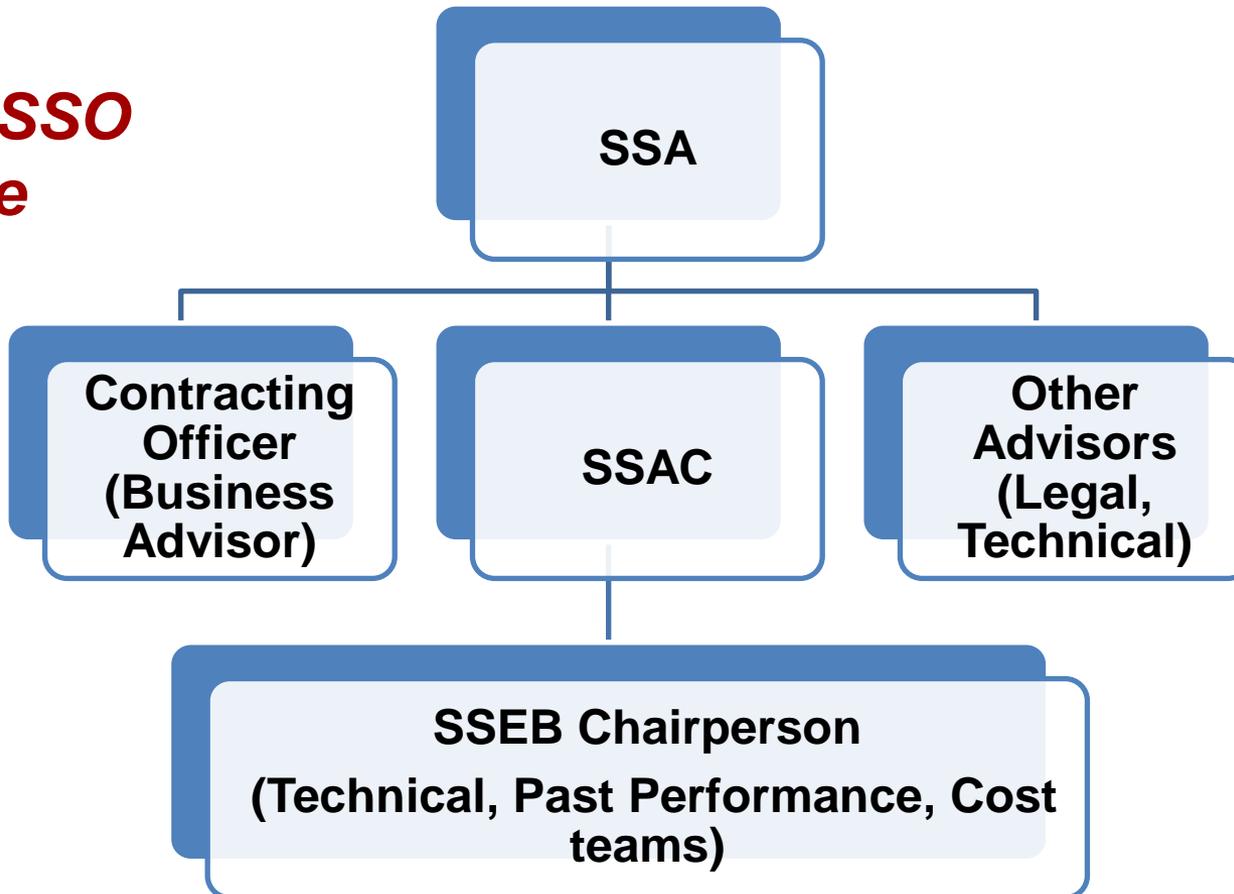
- **Not mentioned in FAR**
- **DFARS 215.303:**
 - **“For high-dollar value and other acquisitions, **as prescribed by agency procedures**, the source selection authority shall approve a source selection plan before the solicitation is issued.”**



Formal Source Selection

Size and composition of source selection organization (SSO) tailored to each acquisition:

Sample SSO structure





Lessons Learned

A word to the wise ...





Lessons Learned

Pitfalls to Avoid

- Inadequate documentation of evaluations
- Insufficient training of source selection members
- Lack of guidance from source selection leaders
- Failure to strictly following the source selection criteria
- Did I mention – *inadequate documentation of evaluations?*



“Air Force personnel did not adequately document the decision process used to award the C-5 Avionics Modernization Program contract ... the Source Selection Advisory Council and the Source Selection Authority did not document their rationale for the initial selection evaluation results and subsequent changes to those results, and the Air Force did not provide the oversight needed to ensure the decisions were documented.”

-- DoD IG



Good Reading

- **DoD Source Selection Procedures**
 - **Major part of CON 280**
 - **Covers source selection from A to Z**
- **Know FAR 15, lots of good stuff**



The Way Ahead

Our contracting folks have to be excellent business people

They must understand the process and follow it

They must be critical thinkers and make good business decisions throughout the acquisition

Make a plan. Follow that plan. Document decisions. Have to be able to think, lead, and write well

Be life long learners of the business



Source Selection





Need More?

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