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**Comptroller General
of the United States**

**United States Government Accountability Office
Washington, DC 20548**

Decision

Matter of: Phyllis M. Chestang

File: B-298394.3

Date: November 20, 2006

Phyllis M. Chestang for the protester.
Laura Mann Eyester, Esq., U.S. Small Business Administration, for the agency.
Nora K. Doolin, Esq., and John L. Formica, Esq., Office of the General Counsel, GAO,
participated in the preparation of the decision.

DIGEST

Agency's evaluation of the protester's proposal as "poor" overall was reasonable where the protester's proposal, submitted in response to a solicitation for home and business loan processing, failed to provide information specifically requested by the solicitation and necessary for evaluation purposes.

DECISION

Phyllis M. Chestang protests the failure to be awarded a contract under solicitation No. SBAHQ-06-Q-0004, issued by the Small Business Administration (SBA) for home and business loan processing to support SBA's response to disaster recovery.¹

We deny the protest.

The RFP provided for multiple awards of fixed-price contracts with reimbursable items for a base period of 1 year with four 1-year option periods. The successful

¹ Although the solicitation is identified in its cover page as a request for quotations (RFQ), the term "proposals" and acronym "RFP" repeatedly appear in, among other things, the solicitation's proposal preparation instructions and descriptions of the evaluation factors and award scheme. Given this, as well as the agency's view that the solicitation was intended to be a request for proposals (RFP), and the fact that whether the solicitation is properly considered an RFQ or RFP does not affect the outcome of this protest, we refer to the solicitation in this decision as an RFP and the firm's submissions as proposals for the sake of clarity.

contractors will perform loan processing and loan closing functions in support of SBA's response to disaster recovery. According to the record, SBA is authorized "to make loans to eligible applicants [that experienced losses from] declared disasters," and accomplishes this through SBA's Office of Disaster Assistance (ODA). RFP at 4. The solicitation explained that ODA's mission "is to help people recover from disasters and rebuild their lives by providing affordable, timely and accessible financial assistance to homeowners, renters, businesses of all sizes and nonprofit organizations." Id. The solicitation added that the destruction caused by Hurricanes Katrina, Rita, and Wilma in the fall of 2005 caused more home and business owners to apply for ODA loans than any previous disaster, and that through this solicitation SBA "will, for the first time, partner with the private sector" to process the more than 400,000 applications for home and business disaster loans that SBA expects to receive. Id.

The solicitation stated that SBA will provide the successful contractors under this RFP with training, the disaster loan program's standard operating procedures, rules and regulations, as well as SBA's financial analysis tool and "updates on the loan processing and loan closing requirements." RFP at 4. In terms of the actual processing of loans, the RFP explained that the contractors will receive case files from SBA, which will contain, among other things, Internal Revenue Service transcripts, credit reports, and loss verification cost information. The contractor will then "obtain insurance information; perform credit and repayment analysis; review eligibility factors; discuss terms with disaster applicants; make approval/decline/withdrawal recommendation[s]; complete the loan officer report; and return the file" to SBA. Id. Following this, SBA will "[r]eview the file for final approval and preparation of documents to be signed," and if the loan is approved and after taking certain other actions, SBA "will prepare and review the loan closing documents." Once this is accomplished, the successful contractor will "[s]chedule closing with [the] disaster applicant and close [the] loan with [the] disaster applicant." Id.

The RFP provided detailed proposal preparation instructions, requesting that proposals consist of two volumes, with volume one including sections addressing past performance, technical approach, staffing, management approach, and representations and certifications, and volume two addressing price/cost. RFP at 22. The solicitation provided that awards would be made to the firms submitting the proposals determined to represent the best value to the government based upon the following evaluation factors: past performance, technical approach, staffing, management approach, and price/cost. Id. at 28-30. The RFP added here that in determining which proposals represented the best value, the agency would consider the past performance, technical approach, staffing, and management approach factors equal in weight, and these factors combined equal in importance to price/cost. Id. at 30. The solicitation specifically outlined how the SBA would evaluate proposals and explained, for example, that SBA would assign a rating of "poor" to those proposals where "serious doubt exists that the Offeror(s) will successfully perform the required effort." Id. at 28-30. The solicitation added that

the agency intended to “evaluate proposals and award a contract without discussions,” and thus advised that “the offeror’s initial proposal should contain the offeror’s best terms from a cost or price and technical standpoint.” Id. at 50.

The agency received 28 proposals in response to the solicitation. The proposals were evaluated, and the agency selected the proposals of Horizon Consulting, Inc., Value Finders Appraisal Services, and The Corvus Group, Inc., for award of contracts. In this regard, Horizon’s proposal received an overall rating (past performance, technical approach, staffing, and management approach combined) of “excellent” at a total evaluated price of \$46,672,492.85, Value Finders’ proposal received an overall rating of “good” at a total evaluated price of \$37,784,467, and Corvus’ proposal received an overall rating of “good” at an evaluated price of \$53,834,637. Agency Report (AR), Tab 18, Federal Business Opportunity’s Award Notice (May 23, 2006). The proposal submitted by Phyllis Chestang received ratings of “poor” under each of the solicitation’s evaluation factors and “poor” overall, at an evaluated price of \$12,085,164. AR, Tab 12, Disaster Loan Processing and Closing RFP Panel Results; Tab 10, Chestang Proposal.

The protester argues that the agency’s evaluation of its proposal was unreasonable.² In reviewing a procuring agency’s evaluation of an offeror’s proposal, our Office’s role is limited to ensuring that the evaluation was reasonable and consistent with the terms of the solicitation and applicable statutes and regulations. Urban-Meridian Joint Venture, B-287168, B-287168.2, May 7, 2001, 2001 CPD ¶ 91 at 2. A protester’s mere disagreement with the agency’s judgment does not establish that the evaluation was unreasonable. C. Lawrence Constr. Co., Inc., B-287066, Mar. 30, 2001, 2001 CPD ¶ 70 at 4.

As an initial matter, we note that Chestang repeatedly points out that the cover letter to the proposal stated that Chestang “agrees with all terms, conditions, and provisions included in the solicitation,” and appears to argue that this statement alone should have provided sufficient assurance that Chestang was capable of performing the work required by the solicitation. This statement, which is nothing more than a blanket offer of compliance, is not an adequate substitute for a detailed and complete proposal as was requested by the solicitation and was necessary for

² In Chestang’s initial protest to our Office, the protester argued that the agency had erroneously evaluated the “firm’s bid price” as totaling \$2.4 million, and that the agency had thus erroneously “inferred that my bid price was too low to ‘stay in business’ and ‘make a profit.’” Protest at 6. The agency explained in its report that, contrary to the protester’s belief, it had in fact evaluated the protester’s proposal as totaling \$12.08 million, and the protester did not respond to the agency’s position in its comments. AR at 8. Accordingly, we consider Chestang to have abandoned this aspect of its protest. Uniband, Inc., B-298305, Feb. 8, 2002, 2002 CPD ¶ 51 at 5 n.3.

the agency to determine whether what the offeror proposes will meet the agency's needs. T-L-C Sys., B-287452, June 18, 2001, 2001 CPD ¶ 106 at 4.

As illustrated by the following examples, we find that the agency's evaluation of Chestang's proposal was reasonable, given the evaluators' reasonable conclusions that Chestang's proposal lacked in many instances the detail requested by the RFP concerning Chestang's past performance, proposed technical approach, staffing, and management approach.

The solicitation provided that a proposal's technical approach section "shall be sufficiently specific, detailed, and complete to clearly and fully demonstrate that the Offeror(s) has a thorough understanding of all RFP technical requirements." RFP at 24. The solicitation continued in this regard by stating, among other things, that "[t]he technical proposal shall contain sufficient detail to indicate the proposed means for complying with all requirements contained in the Performance Work Statement, and shall include a complete explanation of the techniques and procedures to be utilized." Id. Consistent with this, the RFP informed offerors that the evaluation "shall assess the detailed technical description of how all the required work will be accomplished," and that this assessment "will include evaluation of proposed methodologies for demonstration of an understanding of every requirement included in this RFP." Id. at 29. The solicitation specifically provided here that during the evaluation the agency would look to see if the proposal demonstrated "the ability to accomplish the desired results within the proscribed standards and workload, the quality of work in providing services, and how policies, procedures, and practices will preserve Government property and equipment and minimize life cycle costs." Id. at 29.

The section of Chestang's proposal addressing the firm's proposed technical approach was approximately one-half page long, and consisted primarily of general statements, such as the firm has "experience in all phases of loan processing and loan closing," and that "[l]oan closing procedures will comply with the SBA Standard Operating Procedures." AR, Tab 10, Chestang Proposal, at 7. Given that the technical approach section of Chestang's proposal failed to address in any meaningful way any aspect of how the firm would accomplish the work required, we find the agency's evaluation of Chestang's proposal as "poor" under this factor to be reasonably based. AR, Tab 12, Disaster Loan Processing and Closing RFP Panel Results.

Similar deficiencies were noted by the agency with regard to the section of Chestang's proposal addressing staffing. In this regard, the solicitation requested that proposals include, among other things, a staffing chart as well as "resumes for the staff, along with statements of relevant experience, addressing experience with the specific (or comparable) operations, activities, approaches, techniques, hardware, software, etc., required under this contract." RFP at 25. The solicitation specified here that "[s]taff should include the site manager and a mix of other personnel with specific disaster-related experience." Id. The solicitation advised

offerors that the agency's evaluation of proposals under the staffing factor would include an assessment of "the quality and competence of the proposed staff, and whether they meet the qualifications necessary to accomplish" the work required. Id. at 29. The solicitation stated here that the agency would evaluate "whether the proposed experience, and/or education demonstrates a thorough understanding of the operating principles, and safe provision of services as evidenced by the detailed staffing data" that was requested by the solicitation to be included in proposals. Id.

The section of Chestang's proposal addressing staffing was less than one-half page in length, and did not include any resumes or statements identifying any proposed staff, but rather, only general statements such as "PM CHESTANG & Associates is comprised of a team of experienced professionals that possess advanced professional degrees (MBA, CPA, CMAs, etc.) relevant financial and loan processing experience." AR, Tab 10, Chestang Proposal, at 7. Again, given that Chestang's proposal failed to include any of the information requested by the solicitation for evaluation under the staffing factor, or address in any meaningful way the firm's proposed approach to staffing, the evaluators' rating of the section of the proposal addressing staffing as "poor" because, among other things, "[s]taff [was] mentioned in very general terms" with no individuals other than Phyllis Chestang being "mentioned by name to perform the work," was reasonably based. AR, Tab 12, Disaster Loan Processing and Closing RFP Panel Results.

As a final example, the evaluators found that the section of the proposal addressing Chestang's proposed management approach was similarly brief (totaling approximately one page), and also lacking in any sort of detail. In this regard, the solicitation requested that proposals include examples of the offerors' respective "management plan highlights," which were to include the consideration of 13 listed items, such as "[m]anaging the complexities of the functions set forth in the RFP," "[r]educing turn-over," and "[t]ask management." RFP at 25. Offerors were informed that their proposals would be assessed to determine "the quality and capacity" of the proposed management and systems in relation to the ability "to manage the size, complexities, scope and locations of all the functions set forth in the RFP." Id. at 30.

Here, Chestang's proposal provided that it will comply with the terms of the solicitation, repeated the 13 items that the solicitation requested be addressed, and stated that it will address these items in "the proposal modification."³ AR, Tab 10,

³ Chestang was apparently of the belief that it would be permitted to submit a modification of its proposal in accordance with Federal Acquisition Regulation § 52.215-1; see RFP at 49. This clause, which allows for the "late modification of an otherwise successful proposal that makes it terms more favorable to the Government," generally means that the government may accept a favorable late modification of a proposal only from the offeror already in line for award. Seven Seas Eng'g & Land Surveying, B-294424.2, Nov. 19, 2004, 2004 CPD ¶ 236 at 4. It does
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Chestang Proposal, at 8. Given the proposal's lack of any meaningful description of a proposed management approach, we find reasonable the evaluators' determinations that the section of Chestang's proposal addressing Chestang's proposed management approach "[p]rovided minimal" or "[i]nsufficient" information, and accordingly, find reasonable the agency's evaluation of Chestang's proposal under the management factor as "poor." AR, Tab 12, Disaster Loan Processing and Closing RFP Panel Results.

In sum, the solicitation required the submission of a proposal with sections addressing the offeror's past performance, technical approach, staffing, and management approach, and supplied instructions as to what proposals were to address in relation to each of the RFP's evaluation factors. Because the agency's evaluation was dependent upon information furnished in the proposal, it was Chestang's obligation to submit an adequately written proposal for the agency to evaluate, and as evidenced by the record here, Chestang simply failed to do so.⁴ GEC-Marconi Elec. Sys. Corp., B-276186; B-276186.2, May 21, 1997, 97-2 CPD ¶ 23 at 7. As such, the agency's evaluation of Chestang's proposal, and determination to not award a contract under this solicitation to Chestang, were consistent with the terms of the solicitation and were reasonably based.

The protest is denied.

Gary L. Kepplinger
General Counsel

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not pertain to every proposal submitted, and even though Chestang never attempted to submit a modification to its proposal, would not have pertained to Chestang given that Chestang's proposal would not have been in line for award prior to the late modification.

⁴ For this same reason the "clarifications" and other additions to its proposal provided by Chestang during the course of this protest, which were submitted in an attempt by Chestang to augment its technical and management approaches and staffing plan, do not provide a basis on which to find the agency's evaluation of Chestang's proposal unreasonable. Dual, Inc., B-279295, June 1, 1998, 98-1 CPD ¶ 146 at 5.