

Establishing Evaluation Criteria



[Reference: FAR 15.304]

Overview

This section discusses the development of evaluation criteria for use in best value, competitive source selection.

Background

The purpose of the proposal evaluation process is to provide a mechanism to determine which offers submitted in response to a solicitation best meet the Government's stated needs. The proposal evaluation results in an assessment of the offeror's ability to successfully accomplish the contract. Because the source selection decision is based on the proposal evaluation, it is important that the evaluation criteria *clearly reflect the Government's need and facilitate preparation of proposals that best satisfy that need; provide for an accurate evaluation of an offeror's proposal; represent key areas of importance and emphasis to be considered in the source selection decision; and support meaningful discrimination and comparison between and among competing proposals.*

Establishing Evaluation Criteria

The evaluation criteria used to assess proposals consist of the factors and sub-factors that reflect the areas of importance to an agency in its selection decision. Through the evaluation factors, the Government is able to assess the similarities and differences and strengths and weaknesses of competing proposals and, ultimately, use that assessment in making a sound source selection decision. A well-integrated evaluation scheme provides consistency, discipline, and rationality to the source selection process.

Consistent with the FAR, the evaluation criteria and their relative importance shall be expressed in the solicitation and proposals shall be evaluated only on the basis of those criteria. In addition, the solicitation must state the relative importance of price to all of the other evaluation criteria. In doing so, offerors are informed of the factors that the Government will consider in determining

Guiding Principles

Evaluation criteria must represent the key areas of importance.

Always include cost/price and quality.

More important criteria should be weighted greater than less important criteria.

Proposals are to be evaluated solely on the factors and sub-factors stated in the solicitation.

which proposal best meets its needs, and may use this information to determine how to best prepare their proposals.

The FAR provides broad guidance on establishing evaluation criteria. In summary, this guidance (see 15.304) provides that:

Evaluation criteria should be tailored to each acquisition and include only those factors which will have an impact on source selection.

The nature and types of evaluation criteria to be used for an acquisition are within the broad discretion of the agency.

Price or cost must be an evaluation factor in every source selection.

Past performance must be an evaluation factor (in accordance with the FAR criteria in 15.304), unless the contracting officer, *in writing*, determines otherwise.

Quality must be addressed in every source selection in "non-cost factors."

As a rule of thumb, evaluation criteria should reflect areas *necessary* to determine the merit of a proposal, *pertinent* to the Government's stated requirements, and *measurable* to permit qualitative and quantitative assessment against the rating plan.

Cost Factors - As previously noted, the FAR requires that cost or price must be evaluated in every source selection. Because contracts can only be awarded at costs or prices that have been determined to be reasonable, cost reasonableness always must be evaluated. In addition, cost realism (an assessment of whether the costs proposed by an offeror are realistic, reflect a clear understanding of the work, and are consistent with other parts of the proposal) must be considered when a cost-reimbursement contract is contemplated.

In some instances, the evaluation of cost or price may include not only consideration of the cost or price to be paid to the contractor, but other costs that the Government may incur as a result of awarding the contract. Examples of these latter costs include re-training costs, system or software conversion costs, power consumption, life cycle costs, and transportation costs. In these cases, the solicitation should clearly identify other costs that will be considered in the evaluation.

Non-Cost Factors - Non-cost factors address the evaluation areas associated with technical and business management aspects of the proposal. Examples of non-cost factors include technical and business management related areas such as technical approach and understanding, capabilities and key personnel, transition plans, management plan, management risk, and corporate resources. The level of quality needed by the Government in performance of the contract is an important consideration in structuring non-cost factors.

Evaluation Standards

The development and use of standards is the key to uniform application of evaluation criteria. Standards establish the minimum level of acceptability for a requirement and provide the basis on which the ratings above and below the minimum level are set. Stated another way, a standard is the measurement baseline that will be used by the Government evaluator to determine whether a proposal meets, exceeds, or fails to meet a solicitation requirement. Standards, by providing a consistent and uniform measurement target, promote an objective evaluation of proposals.

Standards may be quantitative or qualitative in nature. Regardless of whether a standard is quantitative or qualitative in nature, the standard should be:

Structured to specify the minimum acceptable level and the levels above and below the minimum that ratings can be assigned.

Developed using precise language that is clearly and easily understood by the evaluators.

Structured to evaluate substance, not form.

Consistent with the minimum requirements of the Statement of Work.

In developing standards, there sometimes is a tendency to be overly aggressive by establishing highly detailed, or a large number of, standards under the assumption that this approach will improve the quality of the evaluation. In most cases, the result is just the opposite. Too many, or overly detailed, evaluation standards may lead to a leveling of ratings and thereby result in an inability to meaningfully discriminate among proposals. Conversely, standards that are overly broad also may make differentiation between proposals difficult and frustrate evaluators' efforts to agree on ratings. Likewise, "go/no go" standards are not as effective in best value decisions because they do not adequately identify varying degrees of superiority or inferiority.

Relative Importance of Evaluation Criteria

After determining the evaluation criteria, their relative importance must be established. The relative importance of the factors and sub-factors that comprise the evaluation criteria must be consistent with the source selection objectives and the solicitation requirements. There are several methods that may be used to establish the relative importance of the evaluation criteria. The first approach involves statements that establish a prioritization or tradeoff between factors. For example, the evaluation scheme may provide that cost is slightly more important than "technical approach" but less important than "key personnel." The relative importance of criteria also may be structured through the use of numerical weights, such as points or percentages. Using the previous example, cost would be "twice as important as performance risk, but half as important as technical approach." A third way to express the relative importance of evaluation criteria is through the use of decision rules. Essentially, a decision rule is a judgmental statement that is used to determine how a criterion will be treated under certain conditions. One way of expressing a decision rule would be "if the management factor is rated less than satisfactory, then

the entire proposal is unacceptable." Of these three possible approaches, the use of a prioritization or trade-off technique provides greatest flexibility for the source selection official when making trade-off decisions between non-cost factors and the evaluated cost/price.

Rating Mechanisms

The FAR does not prescribe one best approach for rating proposals. Accordingly, agencies are free to design rating plans which best meet their needs in light of the facts, circumstances, and requirements of a particular procurement. Typically, numerical, adjectival, or color coding rating schemes have been relied on for proposal evaluations. The key in using a rating system is consistent application by the evaluators. Regardless of the approach selected, supporting narrative documentation should be developed which explains the basis for the ratings, and identifies strengths, weaknesses and discriminators.

Special Considerations for Management and Operating Contract Solicitations

Because of the unique nature of the Department's management and operating contracts, care must be taken to ensure that the evaluation criteria accurately embody DOE's fundamental requirements and expectations for successful management of the facility or site in the future, consistent with contract reform. In the past, solicitations have been structured to reward offerors for past performance and management team experience directly related to the mission of the facility or site (i.e., weapons production).

As the Department undergoes radical change both in the nature of many of its missions and in the way it accomplishes those missions, DOE's requirements for management experience and approaches are different from what was required of offerors in the past. Accordingly, an offeror's direct past management experience and expertise in operating Department of Energy facilities and sites may be less important than experience and expertise in such areas as managing organizations during periods of change, cost containment, innovation, economic development, workforce restructuring, and technology development.