

**SOURCE SELECTION DECISION
MANAGEMENT AND OPERATION (M&O) OF THE
NATIONAL RENEWABLE ENERGY LABORATORY
REQUEST FOR PROPOSALS (RFP) NO. DE-JP36-98GO10337**

On March 4, 1998, I established a Source Evaluation Board (Board) to solicit and evaluate proposals for a management and operating contract for the National Renewable Energy Laboratory (NREL) at DOE facilities in Golden, Colorado. On September 24, 1998, I met with the Board and was briefed on the Board's evaluation of the offerors' proposals. This document provides a brief history of the competition and my selection decision.

Submission of Proposals

A notice was published in the Commerce Business Daily on April 30, 1998 which stipulated that sources wishing to receive a notice of posting of the RFP on the Internet should submit a written request. A total of 72 organizations expressed an interest in the RFP as reflected by Internet inquiries. No preproposal conference was held; however, two presolicitation meetings were held; one in Golden, Colorado and one in Washington, DC. Draft versions of the evaluation criteria and Statement of Work were posted on the Internet prior to the meetings and public comment was requested on both documents. All comments received, either orally or in writing, were considered in developing the RFP.

The RFP was issued on June 11, 1998. Site visits were scheduled and completed by June 20, 1998. Three amendments to the solicitation were issued. The first amendment added the past performance reference information format at Attachment 2 to Section L of the RFP and was issued on June 18, 1998. The second amendment, issued on July 17, 1998, answered questions raised by potential offerors about the RFP. The third amendment was issued on July 22, 1998 to change the date for completion of oral presentations from August 24 to August 31, 1998.

Offers were received from three firms on July 30, 1998, the closing date. Oral presentations were conducted with those firms between August 12 and August 19, 1998.

Evaluation Procedures

Section M specified the evaluation criteria and methodology for the award of the contract. The RFP also established three qualification criteria, which provided:

1. The offeror must accept all Federal Acquisition Regulation and Department of Energy Acquisition Regulation Terms and Conditions set forth in the model Contract (Sections A through J of the RFP).
2. The offeror must accept, as of the date of Contract award, the transfer or assignment, and assume future responsibility and accountability, of all existing commercial and regulatory

obligations of the predecessor Contractor, including permits and licenses, subcontracts, purchase orders, and other agreements.

3. The offeror must agree to fully cooperate with other Contractors in order to achieve an orderly transition, be fair to incumbent employees while maintaining a productive and flexible work force, and minimize the cost of transition and impacts to DOE programs. Agreement with this requirement includes complete acceptance of the provision found in Section H of the RFP entitled "Work Force Transition And Management."

In addition to the qualification criteria, Section M set forth five technical and management evaluation criteria and subcriteria that were to be point scored. Further, Section M stated that the technical and management proposal was to be of significantly greater importance than the cost proposal. Section M also provided the relative order of importance of each technical and management criterion/subcriterion, as follows:

| | | |
|-----|---|-----|
| (1) | Management Approach | 50% |
| (2) | Environment, Safety, and Health | 5% |
| (3) | Management and Organization | |
| | 3a. Management Team | 25% |
| | 3b. Organization | 10% |
| (4) | Corporate Experience and Past Performance | 5% |
| (5) | Transition Plan | 5% |

Regarding cost, Section M stated that cost would be evaluated with respect to the reasonableness and realism of the proposed costs, including the proposed cost for the transition period, the adequacy of the offeror's financial systems, and the magnitude of the proposed fee discount factor. Cost was not point scored.

Section M provided that an award would be made to the offeror whose proposal is determined to be the best value to the Government. It was stated that a best value decision could reflect the Government's willingness to accept other than the lowest cost and fee, if the perceived benefits of the offer with the higher cost and fee merit the additional cost and fee. The cost and fee discount factor could be a determining factor if two or more proposals are determined to be otherwise substantially equal.

The RFP also notified offerors that the Government intended to evaluate proposals and award a contract without discussions. Offerors were advised that their initial offers should reflect their best offer. The RFP provided for both a written proposal and an oral presentation by each offeror.

Evaluation of Proposals

Proposals were received from the following firms:

Midwest Research Institute (MRI) - MRI, a non-profit organization, proposed with two subcontractors. The subcontractors teaming with MRI were the non-profit Battelle Memorial Institute and the for-profit Bechtel National, Inc. Both subcontractors will be contributing key personnel to the contract effort.

Science Applications International Corporation (SAIC) NREL, Inc. - SAIC NREL, Inc., a for-profit organization, proposed with two other for-profit contractors. The subcontractors teaming with SAIC were Allied Signal, Inc. and Arthur D. Little Enterprises, Inc. Both subcontractors will be contributing key personnel to the contract effort.

Sustainable Energy Solutions, LLC (SES) - SES proposed as a for-profit Limited Liability Corporation consisting of three for-profit companies. CH2M HILL Companies, LTD. is the majority member and SRI International Inc. and Thermo Electron Corporation are minority members. All organizations proposed contributing key personnel to contract performance.

As provided in the RFP, the Board reviewed the proposals to determine if any were so grossly or obviously deficient as to not merit further evaluation. The Board determined that all of the proposals submitted were capable of further evaluation. In addition, the Board determined that all three proposals met the qualification criteria.

After submission of written proposals, each offeror made an oral presentation to the Board. The Board evaluated the written proposals and the oral presentations in accordance with the evaluation factors set forth in the solicitation. Subsequent to the evaluation of technical and management proposals, the Board evaluated cost with the assistance of a Cost Analyst, who reviewed the cost proposals against the cost factors set forth in Section M of the RFP.

The RFP informed offerors that DOE intended to award without discussions. The Board determined that all proposals provided a firm basis upon which to conduct a full and fair evaluation of the proposals. There is sufficient information contained in the proposals to make an informed decision for award without conducting discussions.

The Board reviewed each offeror's Organizational Conflicts of Interest (OCI) representations, finding no evidence of an OCI for any offeror.

Accordingly, I have accepted the Source Evaluation Report prepared by the SEB as a sound basis for a selection decision. I consider the evaluation and findings of the SEB, as presented in the Source Evaluation Report, to be thorough and consistent with the evaluation criteria set forth in the solicitation.

Selection

Based on the information contained in the Source Evaluation Report, which was presented to me on September 24, 1998, my review of the proposals, my attendance at all of the oral presentations, and my own independent judgement, I, as the Source Selection Official, in accordance with Section M of the RFP, select the Midwest Research Institute team, which includes MRI, Battelle, and Bechtel, to perform the management and operating contract for the National Renewable Energy Laboratory in Golden, Colorado, because the MRI team provides the best overall value to the Government. My decision is based on the MRI team having the clearly superior proposal. The MRI team had the highest rated technical proposal by a significant margin at an evaluated cost (i.e., proposed cost of transition, adequacy of financial systems, and magnitude of the fee discount), that is substantially the same as, or lower than, the evaluated cost of the other offerors. The MRI team's proposal was evaluated as good as, or better than, every other proposal on each technical and management factor and subfactor.

When judged against the technical and management evaluation criteria, all proposals received represent adequate approaches for the individual management philosophies proposed. However, the MRI team's proposal offered the most advantageous combination of approach, leadership, and effective organization to manage and operate NREL and meet the requirements of the Statement of Work. The MRI team's management approach was judged exceptional because it balanced the needs of NREL between research and facilitating deployment, while offering a sound approach to accomplishing all work requirements as set out in the Statement of Work. The MRI team's proposal clearly provides the best approach in terms of operational effectiveness. The MRI team's approach meets or exceeds all RFP requirements. Its management team and proposed organization provides the highest probability for successful operation of NREL. In addition, MRI's Corporate Experience and Past Performance was judged exceptional and they also proposed a transition plan that will provide a logical and efficient transition. Further, the MRI team was the only offeror that had no rating for any criterion or subcriterion below "Acceptable," based upon its strengths and weaknesses.

In addition to technical and management considerations, cost was also a consideration in my decision. The cost portion of the Board's report addressed the adequacy of the offerors' financial systems. The reasonableness and realism of the proposed costs, including the proposed cost for the transition period, and the magnitude of the fee discount factors were also evaluated and the data was included in the cost portion of the Board's report. Fee discount factors were proposed by all offerors. The factors, when considered against the differences in fee for for-profit and non-profit contractors, result in the MRI proposal offering the lowest fee. The transition costs proposed by each of the offerors were considered reasonable. I find that all offerors' financial systems were adequate. In conclusion, the MRI's team proposal offers the second lowest estimated transition cost and the greatest overall fee discount to DOE.

OCI was also a consideration in my selection decision. Upon review of the OCI disclosure statements submitted by all offerors, I hereby determine that no offeror has a current or potential conflict.

In summary, based on my review and assessment of all proposals in accordance with the specified evaluation criteria, I hereby select the MRI team proposal for award of a contract as it offers the best overall value to the Department of Energy.

Janet M. Anderson 30 Sept 98
Janet M. Anderson Date
Source Selection Official