

1 **Common Services for**  
2 **Borrowers**

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4 **Section M**

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6 **Evaluation Factors for**  
7 **Award**

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9 **Guide**

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13 **4 April 2003**

**Source Selection Information -- See FAR 2.101 and FAR 3.104**

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## PREFACE

### Why Use this Guide?

This guide and template were extensively rewritten to address the need for Air Force Materiel Command (AFMC) solicitations to better define and communicate the basis for the integrated assessment and the determination of best value in our formal source selections--those conducted in accordance with Air Force Federal Acquisition Regulation Supplement (AFFARS) 5315.3 Source Selection. "Best value" encompasses a range of selection techniques that allow the Government to make an award decision based on those criteria deemed most important to assure the successful and affordable satisfaction of the end state vision requirement(s). Through this continuum, the relative importance of cost or price and other factors varies. (See FAR 15.101) This guide and template will help you to refine and focus your evaluation factors and basis for award in formal source selections, identify the relative priorities for tradeoffs, and, when necessary, provide clear statements for the treatment of desired features or capabilities that exceed a solicitation's requirements. In addition, this guide will help you identify the relative priorities of acquisition costs, life-cycle costs, and, when necessary, budget constraints.

### What this Guide will Answer

Specifically, this guide and template will help you prepare Section M, Evaluation Factors for Award, for solicitations in support of competitive source selections. The guide will help you answer such questions as:

- What goes in Section M?
- How do you determine the basis for a source selection decision?
- What evaluation subfactors should you use?
- How do you determine the "discriminators" for a program?
- How does Section M track with Section L and other source selection and solicitation documents?
- How do you address the risks inherent in the proposed effort during source selection?

### What's in this Guide/Template?

This is a practical "how-to" instructional reference tool to help you prepare Section M. It is designed in a modular format, so the reader can concentrate on specific areas of key interest while skipping those that are familiar. It all starts with the template, with *hidden text* throughout to guide your decisions about what information to include. Then comes an accompanying guide. The guide is paragraph-numbered to match the template.

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1 Paragraphs that are self-explanatory or that are adequately explained by the hidden text  
2 within them are listed in the guide followed by "N/A" for the sake of completeness.

3  
4 A description and overview of Section M is presented in Chapter 1 of the guide to  
5 provide a general sense of its important components. The second chapter provides help  
6 in developing the Requirements Capability subfactors. Finally, there are chapters on  
7 related topics, such as how Section M fits with other parts of the solicitation, "do's and  
8 don'ts," and references and approvals.

9  
10 For most acquisition integrated product teams (IPTs), the most difficult part of writing  
11 Section M is developing the Requirements Capability factor (or, more specifically, its  
12 subfactors). This is by far the most substantive and critical portion of the section. Along  
13 with the hidden text in the template, Chapter 2 offers help in this endeavor.

14  
15 Another real challenge is making sure Section M tracks to and is consistent with other  
16 parts of the solicitation, especially Section L. All of Chapter 3 is devoted to describing  
17 the interrelationships among the documents key to the acquisition and among the  
18 sections of the solicitation and how these must track to one another.

19  
20 In addition to this guide and template and your center source selection experts, your  
21 counterparts in industry can and will help you formulate strategies, define  
22 requirements, and draft documents. Good definition and communication are greatly  
23 enhanced by involving industry early in the process and providing access to documents  
24 related to the source selection to ensure as much communication as possible regarding  
25 the Government's requirements.

### 26 27 **Acquisition Reform Initiatives**

28 There are many ongoing acquisition reform initiatives that may impact your acquisition.  
29 Please be sure to research these initiatives and abide by applicable standards.

### 30 31 **Keeping Current with Policy Changes**

32 As you prepare your Section M, ongoing policy changes may affect the procedures  
33 described in this guide, so please see your Acquisition Support Team (AST) or your  
34 Contracting Policy/Clearance branch or division for additional information and  
35 assistance.

# SECTION M GUIDE

## CHAPTER 1 - DESCRIPTION AND OVERVIEW

### 1. What is Section M?

Section M, "Evaluation Factors for Award," forms the basis for evaluating offerors' proposals and is the only section of the solicitation that communicates to offerors the criteria the Government will use to make the best value award decision.

### 2. Why do you need one?

Besides the obvious (it's required by the FAR under the Uniform Contract Format), it helps you reach a solid, supportable source selection decision.

#### 2.1 Better Proposals

By understanding what's really important to the Government, offerors are better able to respond clearly to the Government's needs and make intelligent trade-off decisions during proposal preparation, giving emphasis to those things the Government has identified as most important. All proposals are measured against these same criteria.

#### 2.2 Basis of Source Selection Decision

The Government decision maker, or Source Selection Authority (SSA), must use the solicitation criteria to select an offeror. Section M sets out these criteria. You'll often hear the term "discriminators" used when discussing Section M. Discriminators are significant aspects of a program that are expected to distinguish one proposal from another, thus having an impact on the ultimate selection decision. By using criteria which act as discriminators, the source selection team can provide the SSA with an evaluation report that distinguishes among competing proposals in those areas the Government believes are most important. This facilitates selecting the offeror(s) most likely to deliver the best value to the Government, to perform the resulting contract(s) successfully, and to satisfy the Government's requirements. The integrity and fairness of the source selection process are directly linked to the source selection team and SSA strictly following Section M.

### 3 Overview of Section M

Guidance for the solicitation provisions can be found in the Federal Acquisition Regulation (FAR) and its supplements. If you have a question regarding which provisions apply to your acquisition, talk with your Acquisition Support Team (AST) or Contracting Policy branch. Note that the SSA is responsible for making the integrated assessment and best value decision. It is important to recognize that the lowest priced offer does not automatically "win" - the proposal that represents the best value is the

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1 “winner.” In many circumstances where the requirement is clearly definable and the  
2 risk of unsuccessful performance is minimal, "best value" may equate to the lowest  
3 priced offer from a responsible source. In situations where the requirement is less  
4 definitive, substantial development work is required, or the risk of unsuccessful  
5 performance is greater, technical or past performance considerations play important  
6 roles in the best value source selection decision.  
7

#### 8 **4. Format and Organization of Section M**

9 Your Section M will consist essentially of solicitation provisions prescribed by the FAR  
10 and its supplements (DFARS, AFFARS, and AFMCFARS), as well as some  
11 "administrative and one-time use provisions" crafted specifically to describe your  
12 evaluation factors and communicate how your source selection decision will be made.  
13 The organization and formatting of Section M will be accomplished by your contract  
14 preparation software (Con-Write, MADES, BCAS, ACPS-GUI, SPS, etc.). The products  
15 resulting from these various automated tools differ somewhat in appearance. These  
16 differences are immaterial. The content of Section M is dependent, not on the software  
17 application used to draft it, but on what you are buying and how you plan to evaluate  
18 offers and select your source. Your center Acquisition Support Team or Contracting  
19 Policy Division will help you determine what provisions are prescribed or  
20 recommended for your situation. Follow the instructions of your contract preparation  
21 application in developing the solicitation provisions for your Section M and use the  
22 Administrative and One-Time Use Provisions in Subsection M-II of this template (M001,  
23 Source Selection, and M002, Evaluation Factors). This guide and your Acquisition  
24 Support Team will help you decide what to put in the provisions. If you do not have a  
25 contract preparation software application, simply follow the format of the template,  
26 which is organized like the Con-Write program.  
27

1 **M-II - SOLICITATION PROVISIONS IN FULL TEXT**

2 Key "Administrative and One-Time Use" provisions in this part of Section M  
3 (provisions M001 and M002) tell the offerors how the overall source selection decision  
4 will be made and describe the evaluation factors, their relative order of importance, and  
5 how they will be evaluated.  
6

7 **M001 SOURCE SELECTION**

8 Section M establishes how the Government will make its selection for award, the  
9 number of awards contemplated, and how the various considerations and criteria  
10 interrelate. The results of the evaluation are considered by the SSA to determine which  
11 proposal(s) represents the best value(s) and should be selected for award(s).  
12

13 **M002 EVALUATION FACTORS**

14 **a. Evaluation Factors and their Relative Order of Importance**

15 The evaluation factors for award relate to program characteristics and are divided into  
16 factors, subfactors, and in certain cases, elements. Except for source selections below the  
17 Simplified Acquisition Threshold or for which Lowest Price Technically Acceptable or  
18 Performance Price Tradeoff methods are used, the factors for Air Force source selections  
19 are mandated by AFFARS 5315.304 as follows:  
20

- 21 Cost or Price (AFFARS 5315.305(a)(1))
- 22 Past Performance (AFFARS 5315.305(a)(2))
- 23 Requirements Capability (AFFARS 5315.305(a)(3)(i))
- 24 Proposal Risk (optional for Basic source selections) (AFFARS
- 25 5315.305(a)(3)(ii))

26  
27 You SHALL specify order of importance in solicitation Section M, Evaluation Factors  
28 for Award. This includes the order of importance of the factors and the Requirements  
29 Capability/Proposal Risk subfactors (and elements, if used).  
30

31 The following example illustrates how you might communicate, through M002 -  
32 Evaluation Factors, the relative importance of the (example) evaluation factors:  
33

34 **a. Evaluation Factors and Subfactors and their Relative Order of Importance**

35 Award will be made to the offeror proposing the combination most advantageous to the  
36 Government based upon an integrated assessment of the evaluation factors and subfactors  
37 described below. Factor 2 (Past Performance) and Factor 3 (Requirements Capability) are of  
38 equal importance and each is individually more important than Factor 1 (Price/Cost), which  
39 is, in turn, more important than Factor 4 (Proposal Risk). Within both the Requirements  
40 Capability factor and the Proposal Risk factor, Subfactors 1 (Load Capacity) and 3

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1 (Unrefueled Range) are more important than Subfactor 2 (Cruising Speed) which is, in turn,  
2 more important than Subfactor 4 (Small/Small Disadvantaged Business Participation).

3  
4 Factor 1: Price/Cost

5 Factor 2: Past Performance

6 Factor 3: Requirements Capability

7 Subfactor 1: Load Capacity

8 Subfactor 2: Cruising Speed

9 Subfactor 3: Unrefueled Range

10 Subfactor 4: Small/Small Disadvantaged Business Participation

11 Factor 4: Proposal Risk

12  
13 **b. Importance of Cost/Price**

14 FAR 15.304(e) requires you to specifically state the relative importance of cost or price  
15 as compared to the non-cost factors.

16  
17 **c. Factor and Subfactor Rating**

18 The text of the Section M Template describes the ratings that will be assigned to each  
19 factor, subfactor, and element, if used, in accordance with AFFARS 5315.305. For each  
20 Requirements Capability subfactor (or element, if used), you MUST include a proposal  
21 risk rating.

22  
23 **d. Cost or Price Factor**

24 Cost or price to the Government will be evaluated in all source selections. AFFARS  
25 5315.305(a)(1) and provision M0002 of the template provide guidance in determining  
26 what cost to the Government will be the most useful measure of affordability in a given  
27 situation. These sources will also help you to describe how you intend to evaluate the  
28 cost/price factor.

29  
30 **(1) Purposes of Cost/Price Evaluation (Sub-paragraph not in Template)**

31 Cost/price is evaluated for two purposes.

32  
33 **(a)** the cost/price factor is evaluated to determine the anticipated cost/price to  
34 the Government associated with the particular proposal and if that cost/price is  
35 reasonable.

36  
37 **(b)** for cost type contracts (and some fixed price type contracts-see FAR 15.404-  
38 1(d)), proposal costs/prices are evaluated for their realism to determine the  
39 offeror's understanding of solicitation requirements and risks associated with its  
40 proposal. [See Paragraphs (4) and (5) below].

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The way the Cost/Price factor is evaluated depends on contract type.

**(2) How Cost/Price is Evaluated (Sub-paragraph not in Template)**

The Cost/Price evaluation usually begins with an explanation of how cost to the Government will be evaluated. Examples:

- (a)** cost/price of the basic effort only
- (b)** basic plus all options
- (c)** down select portions priced as Not-to-Exceeds
- (d)** life cycle costs, unit costs, etc.

Evaluation of cost/price will be based on a defined quantity (such as a "Best Estimated Quantity") if variable quantities are involved.

1       **(3) Cost/Price Evaluation - Cost Type Contracts (Sub-paragraph not in Template)**

2       The evaluation would be relatively simple if all of our contracts were Firm Fixed  
3       Price (FFP) - you would just compare the proposed prices. However, in cost type  
4       contracts, the proposed price is usually an offeror's best estimate of what the  
5       costs are anticipated to be. What the Government will actually pay by the end of  
6       such a contract will be based on actual costs during performance, and these can  
7       substantially overrun the original estimated cost. Therefore, in source selection,  
8       you need to make your best estimate of what you expect an offer to actually cost.  
9       If you disagree with the offeror's assessment of what the anticipated cost of  
10      performance will be, then you must consider this difference during your  
11      evaluation. You do this by computing the Government's estimate of Probable  
12      Cost (PC). PC computation is discussed below. For cost type contracts, this PC is  
13      then used as the evaluated cost/price during source selection.

14  
15      **(4) Assessment of Realism (Sub-paragraph not in Template)**

16      For cost type (and some fixed price type) contracts, realism is assessed to ensure  
17      the offeror understands the magnitude and complexity of the effort. This  
18      includes an evaluation of the extent to which the offeror's proposed costs  
19      indicate a clear understanding of and sound approach to meeting the solicitation  
20      requirements. The results of this assessment may be considered as proposal risk.  
21      When it is appropriate to assess price realism for fixed-price type contracts (FAR  
22      15.404-1(d)), you perform a cost/price realism analysis (CPRA) to determine  
23      technical, cost, and/or schedule risks. For cost-reimbursement contract types,  
24      you use the results of the CPRA not only as a risk assessment tool, but also to  
25      generate the PC that will be used to evaluate the probable cost to the  
26      Government (the cost/price factor) if the proposal were selected for award.  
27      Where cost models are used by the Government to arrive at the PC, the offeror  
28      should have access to such models (except for proprietary information related to  
29      ownership and data rights of the model originator, if applicable) to assist in  
30      substantiating the realism of the proposed costs. Offeror cost models used to  
31      support proposed costs should be made available to the Government evaluators  
32      as part of the cost/pricing information submitted by the offeror.

33  
34      **(5) Probable Cost (PC) (Sub-paragraph not in Template)**

35      Proposed costs (and, in certain circumstances, prices) are evaluated for realism to  
36      identify proposals which are significantly over- or under priced compared to the  
37      Government's estimate of the true probable costs of performance based on the  
38      proposed technical approach. The Government is trying to preclude awarding to  
39      an offeror proposing an unrealistically low cost which cannot be substantiated as  
40      credible. This situation is particularly undesirable in flexibly priced contracting,

1 (i.e. cost reimbursement) where there is a great potential for cost overruns. For  
2 cost type contracts, the Government uses its estimate of the probable cost of an  
3 offer as the evaluated cost. Buy-ins are also a concern in fixed-price type  
4 contracts, but these proposals must be evaluated (under the cost/price area) at  
5 the proposed contract prices. Cost/price realism may still be assessed, however,  
6 for FPI and, in exceptional cases, other fixed-price contracts in order to determine  
7 whether the offeror understands the complexity and scope of requirements.  
8 Significant differences between the PC and offered price may be considered  
9 under the Proposal Risk factor. However, the Government may not adjust the  
10 offered price under the Cost/Price factor in source selections for fixed-price  
11 contracts. The SSA should, nevertheless be made aware of the magnitude of the  
12 difference between the PC and the offered price.  
13

14 **(6) Computing the PC (Sub-paragraph not in Template)**

15 The Government prepares a PC by quantifying technical proposal risks into  
16 dollars and adding or subtracting these amounts to/from the proposed  
17 costs/prices and by factoring in additions or deletions based on audit or other  
18 assessments. Estimated profit or fee is included in computing the PC. For CR  
19 contracts, this final number (PC) is used as the evaluated cost/price of the offer  
20 for source selection purposes. For FPI contracts however, while computing a PC  
21 for assessing cost realism and the offeror's understanding of the contract  
22 requirements, the Government must use the offered pricing arrangement in  
23 evaluating the Cost/Price factor. Any significant departure from the PC may be  
24 reflected under the Proposal Risk factor. See FAR 15.404-1(d)(3) for use of cost  
25 realism analysis on competitive fixed-price incentive contracts and other  
26 competitive fixed-price-type contracts.  
27

28 **e. Past Performance Factor and Performance Confidence Assessment**

29 Past Performance is a mandatory evaluation factor in all Air Force Basic, Median, and  
30 Agency source selections. This factor must be at least as important as the most  
31 important non-cost factor. This means that neither the Requirements Capability factor  
32 nor the Proposal Risk factor can (individually) carry more weight than the Past  
33 Performance factor. The rating for this factor is the Performance Confidence  
34 Assessment. See AFFARS 5315.305(a)(2), the Air Force Source Selection Procedures  
35 Guide, and provision M0002 of the template.  
36

37 The past performance evaluation is a structured treatment of present and past  
38 performance. It is a confidence measure that assesses the offeror's present and past  
39 work record in order to assess the offeror's probability of successfully performing the  
40 proposed effort.

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2  
3 **(1) PRAG (Sub-paragraph not in Template)**

4 Performance Confidence is assessed by the Performance Risk Assessment Group  
5 (PRAG), which is chaired by an experienced, senior level individual and consists  
6 solely of Government personnel. The PRAG's evaluation and confidence  
7 assessment decisions will focus on how well the offeror is expected to perform  
8 the proposed effort in terms of the Requirements Capability subfactor and cost.  
9 The PRAG's integrated Performance Confidence Assessment is a single rating, at  
10 the factor level. It is the PRAG's responsibility to analyze the data collected,  
11 determine its relevancy, and to perform an independent past performance  
12 evaluation. For information on how to establish a PRAG, how it operates, the  
13 forms that are used, and how the evaluation is made and reported, see AFMC  
14 Pamphlet, 64-113, Volume I, PRAG Guide. AFMC Contractor Performance  
15 Assessment Reports (CPARs) are available to the Government evaluation team.  
16 Dialogue with the U.S. Navy, U.S. Army, U.S. Marine Corps, or other  
17 Government agencies may be necessary through the use of personal contact to  
18 the appropriate program manager, contracting officer, or Administrative  
19 Contracting Officer (ACO) listed in the Past Performance Volume. Submission of  
20 past performance information may be requested as early as 15 days after  
21 issuance of solicitation.  
22

23 In assessing Performance Confidence, the PRAG must perform an independent  
24 determination of the relevancy of the past performance information obtained. In  
25 considering how relevant an offeror's present or recent past performance history  
26 is to the instant acquisition, the PRAG may assign relevance ratings or categories,  
27 such as the following:  
28

- 29
- 30 • VERY RELEVANT: Present/past performance programs involved the  
31 magnitude of effort and complexities which are **essentially** what this  
solicitation requires.
  - 32 • RELEVANT: Present/past performance programs involved less magnitude  
33 of effort and complexities, including **most** of what this solicitation requires.
  - 34 • SEMI-RELEVANT: Present/past performance programs involved much less  
35 magnitude of effort and complexities, including **some** of what this solicitation  
36 requires.
  - 37 • NOT RELEVANT: Did not involve any significant aspects of above.  
38

1 The PRAG may consider the relevancy an offeror's performance in aggregate,  
2 rather than on an effort-by-effort basis. For example, an offeror's work on three  
3 present or recent past efforts may represent only "Semi-Relevant" effort.  
4 However, if all three efforts are/were performed concurrently (in part or in  
5 whole) and are assessed in aggregate, the work may more accurately reflect a  
6 "Very Relevant" effort.

7  
8 If relevance ratings or categories and/or aggregate considerations of relevancy  
9 are contemplated, ensure the Evaluation Factors provision in Section M reflects  
10 the planned approach.

11  
12 The SSA will either assign the factor-level Performance Confidence Assessment  
13 rating based on the assessment reported by the PRAG or task the PRAG to  
14 recommend the rating.

15  
16 **f. Requirements Capability Factor**

17 The Requirements Capability factor will be made up of subfactors and possibly  
18 elements. The Proposal Risk factor will use these same subfactors. Key to a successful  
19 and efficient source selection is to limit the Requirements Capability subfactors (and  
20 elements, if used) to those key criteria that will discriminate among offerors in a best  
21 value decision.  
22

1 **(1) Requirements Capability Subfactors (Sub-paragraph not in Template)**

2 The Requirements Capability subfactors are the key discriminators from among  
3 the end state vision requirements. Each subfactor under the Requirements  
4 Capability factor will receive one of the color ratings defined in AFFARS  
5 5315.305(a)(3)(i), based on the assessed strengths and inadequacies of the  
6 proposal.

7  
8 The Requirements Capability subfactors (and elements, if used) that apply to an  
9 acquisition and their relative importance are within the broad discretion of the  
10 source selection team. However, they must:

11  
12 **(a)** Represent the key areas of importance and emphasis to be considered in the  
13 source selection decision; and

14  
15 **(b)** Support meaningful comparison and discrimination between and among  
16 competing proposals.

17  
18 **(2) Critical Discriminators (Sub-paragraph not in Template)**

19 The main focus is on critical discriminators, which are used to capture  
20 performance or capability requirements and form the basis for assessing each  
21 offeror's ability to meet the Government's needs. Critical discriminators are:

22  
23 **(a)** What are the main risks to the program?

24 **(b)** What are the critical areas where, should the successful offeror not succeed in  
25 this area, the program fails?

26  
27 **(3) Minimize the Number of Subfactors (Sub-paragraph not in Template)**

28 A streamlined source selection organization should strive to minimize the  
29 number of Requirements Capability subfactors (and elements, if used), focusing  
30 on the criteria that will discriminate among offerors in a best value decision.

31  
32 **(4) Narrative Descriptions (Sub-paragraph not in Template)**

33 Provide narrative descriptions of subfactors/elements. Include a discussion of  
34 what will be evaluated along with any unique methods or tools you will use in  
35 conducting your evaluation of the subfactor (or element), to include the use of  
36 oral presentations, demonstrations, etc. Include any threshold and objective  
37 values.

38  
39 Requirements Capability subfactors (and, if used, elements) establish the level an  
40 offeror's proposal must meet in order to be judged acceptable and form the

1 uniform baseline against which each offeror's proposal is compared. Included in  
2 the subfactor (and element, if used) are the minimum performance or capability  
3 requirements against which the offer will be judged. Only those specific program  
4 characteristics significant enough to impact selection decision are included.  
5

1 **(5) Focus on Performance-Based Desired Outcome (Sub-paragraph not in Template)**

2 Requirements Capability subfactors should focus on the performance-based  
3 desired outcome of the source selection and ensuing contract performance, not  
4 the approach to be used by the offeror to complete the contract. Subfactors  
5 should focus only on those areas of performance that meet three tests:  
6

7 **(a)** The subfactor can be defined in terms of expected or promised contract  
8 performance outcome.

9 **(b)** Significant differences in proposals are anticipated.

10 **(c)** Anticipated differences in performance are of sufficient value that the  
11 customer is willing to pay more for the additional performance.  
12

13 **(6) Establish Objective Requirements (Sub-paragraph not in Template)**

14 Whenever possible, objective requirements (desirable, measurable capabilities or  
15 characteristics) above the minimum threshold requirements should be  
16 established to create trade space for the best value assessment. Requirements  
17 Capability subfactors should be written to include the minimum performance or  
18 capability requirements against which they will be evaluated. If "credit" will be  
19 given for performance above the threshold requirement, you must so state.  
20 Further, if more credit will be given for performance above the objective, you  
21 must so state.  
22

23 NOTE: Although the use of thresholds and objectives is encouraged, THERE  
24 ARE NO SEPARATE, UNDISCLOSED, EVALUATION STANDARDS. In the  
25 past, separate evaluation standards were written for the Source Selection  
26 Evaluation Team to use in evaluating the subfactors. Now, these 'standards' must  
27 be included within the evaluation subfactors (and elements, if used).  
28

29 **g. Tradeoffs**

30 The following sub-paragraphs relate to tradeoffs in general and do not correspond to a  
31 particular sub-paragraph in the template.  
32

33 **(1) State How Tradeoffs will be Evaluated**

34 In addition to clearly stating the factors/subfactors/elements that will be used to  
35 evaluate offers and the relative importance of these criteria, it is mandatory to  
36 state in the solicitation Section M how the tradeoffs among them will be  
37 evaluated. This will allow potential offerors to better gauge where to concentrate  
38 their efforts (and dollars) in their proposal preparation. It will also allow the  
39 Government to select from among high quality proposals to achieve a best value

1 decision and award the contract(s) that will successfully meet user requirements  
2 in an affordable manner.  
3

4 **(2) Thresholds, Objectives, and Extras**

5 If provided for in the Evaluation Factors and described basis for source selection,  
6 proposals exceeding threshold/objective requirements in a manner that offers  
7 tangible benefit to the Government may receive higher ratings. Tradeoffs can  
8 include the evaluation of stated objectives (desires or extras) as well as other  
9 items not specifically identified as thresholds (minimums) or objectives. The user  
10 must decide whether or not exceeding objectives has value, and the Government  
11 team must decide and state how they will evaluate performance in excess of  
12 objectives. Likewise, it is important to state if extras that are not on the objective  
13 list will or will not receive credit in the evaluation.  
14

15 **(3) Prioritized Objectives**

16 Objectives can be prioritized or grouped to show those that will receive more  
17 weight than others or that may be considered with equal favor.  
18

19 **(4) CAIV (Sub-paragraph not in Template)**

20 While the evaluation of “desires” or “extras” in source selection is not new, there  
21 is increasing emphasis on making tradeoffs among the thresholds and objectives,  
22 and potentially other “extras”, and the costs involved, in order to reach a source  
23 selection decision representing the best overall value to the Government. The  
24 trade off decisions of today are being made in a cost-constrained environment  
25 that often make it necessary to select solutions that are less than 100% technically  
26 superior. When making trade off decisions, performance requirements, fiscal  
27 constraints, and affordability must be taken into account. For many programs,  
28 cost must be an independent variable with responsible cost objectives set for each  
29 program phase. This process, known as “Cost As An Independent Variable” or  
30 “CAIV”, achieves affordability by using CAIV in cost/performance tradeoffs.  
31 Although it is not necessary to state the Government's cost limitations or  
32 objectives in the solicitation, the SSA must consider the limit the Government is  
33 willing to pay, regardless of increased benefit in other factors.  
34

35 **(5) Be Clear (Sub-paragraph not in Template)**

36 The more clearly the Government identifies tradeoffs, taking into account the  
37 proposed technical and business approaches and affordability, the better able the  
38 SSA will be to use sound business judgment in performing the integrated  
39 assessment necessary to achieve a best value decision.  
40

1           **(6) One Approach (an example) (Sub-paragraph not in Template)**

2    One approach regarding tradeoffs is to provide narrative in Section M which discusses  
3    the parameters for tradeoff, and the “bottom-line” regarding those parameters; that is,  
4    how far the Government will go in its consideration of tradeoffs before reaching a limit  
5    beyond which it will not be willing to trade off. One example of this is to identify two  
6    factors, (say a Requirements Capability subfactor and Price) and discuss their  
7    importance relative to each other, or, if equally important, the upper and lower limits of  
8    how much the Government is willing to trade one for the other.

9    **h. Proposal Risk Factor**

10   The Proposal Risk factor is an assessment of the risks associated with an offeror's  
11   proposed approach. This assessment is accomplished at the subfactor level (or element,  
12   if used), with the subfactors (or elements) being the same as for the Requirements  
13   Capability factor. AFFARS 5315.305(a)(3)(ii) and provision M0002 of the template  
14   discuss the Proposal Risk factor.

15  
16   It may be helpful to distinguish between Proposal Risk and Performance Confidence.  
17   In assessing Proposal Risk, we focus on the risks associated with an offeror's proposed  
18   approach to meeting our end state vision requirements. Performance Confidence, on  
19   the other hand, is an assessment of the likelihood of successful performance that is  
20   based on the offeror's history of performance on similar efforts. Both ratings contribute  
21   to our integrated assessment of how effectively and efficiently an offeror might be  
22   expected to meet our end state vision requirements.

1 **CHAPTER 2 - RISK ASSESSMENT AND REQUIREMENTS CAPABILITY SUBFACTOR**  
2 **DEVELOPMENT**

3  
4 **1.0 Risk Acknowledgement**

5  
6 **1.1 Technical, Cost, Schedule Risk**

7 Most programs, by their very nature, involve some degree of technical, cost, and/or  
8 schedule risk. Development and upgrade programs often require tasks to maximize  
9 reliability, minimize maintenance, reduce weight, advance the state-of-the-art, combine  
10 functions, simplify integration, standardize configuration, and to do them all in record  
11 time and at minimum cost. Software developments often include requirements for  
12 sizing, timing, coding, test and documentation that lead to a potential for risk.

13  
14 **1.2 Addressing Risks**

15 If addressing the risks in a program means that you must prolong source selection  
16 while you readjust an inadequate budget, find additional financial and personnel  
17 resources, or renegotiate with the user, then this must be your course of action. Failure  
18 to do so may lead to unfunded cost overruns during program performance or eventual  
19 cancellation of the program. The bottom line is that prospective contractors and  
20 program managers must strive to uncover and address risks as early as possible, so  
21 that, together with the user, the Program Office can make an informed decision on  
22 whether the Government can afford a program, whether a program is worth the  
23 additional costs, and whether it is technically achievable.

24  
25 **2.0 Risk Identification and Assessment**

26  
27 **2.1 Identifying Risks**

28 The basic philosophy behind risk management is to identify those risks that pose the  
29 most serious threat to program success and focus management attention on them. In  
30 source selections, this means focusing on the critical risks in developing Requirements  
31 Capability subfactors.

32  
33 **2.2 Assessment of Risks**

34 Program managers should not rely solely on their own personal skills and experience  
35 and those of the program office team and staff experts to identify, quantify, and  
36 develop plans to manage risk. They should include the users and maintainers--the  
37 experts on the requirement. Industry should be included in the risk identification and  
38 assessment process, since they will frequently point out risks that might not occur to the  
39 Government experts. Industry can provide useful insight when assessing the relative  
40 criticality and manageability of the various risks. Potential offerors are often valuable

---

**Source Selection Information -- See FAR 2.101 and FAR 3.104**

20

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1 contributors. Although it is not necessary to include them at the initial risk assessment  
2 meetings, it is important to include industry into the risk identification process at some  
3 point during RFP preparation. Offerors must also be challenged to identify risk areas  
4 and to propose abatement plans that lessen these risks to acceptable levels. Emphasis  
5 must be placed on the offerors' demonstrated ability to identify and manage cost,  
6 schedule, and technical risks.

### 7 8 **2.3 Risk Analysis Tools**

9 Tools for accomplishing risk analysis vary from informal brainstorming to fairly  
10 sophisticated automated methods. Some of the more formal methods use risk matrices  
11 in the initial assessment that are then updated throughout the life of the program. Some  
12 of the tools apply “Borda” mathematical techniques which are used for producing rank  
13 ordering of risks from highest to lowest, taking into consideration the two key aspects  
14 of risk – the probability of an undesirable outcome occurring or not occurring and the  
15 seriousness of the consequences (impact). Whichever method is selected should include  
16 some basic sequential steps. First and foremost is understanding our requirements and  
17 the relative importance of those requirements. Other steps include identifying salient  
18 program characteristics (e.g. current technology and candidate products), identifying  
19 risks (e.g. technical, political, schedule, financial, etc.), ranking these risks, establishing  
20 risk handling strategies for each identified risk, monitoring progress, and documenting  
21 results.

### 22 23 **2.4 When Should Risk Analysis Take Place?**

24 Risk management analysis does not have to take several days to accomplish. An  
25 analysis can be effectively performed in four to eight hours, provided requirements are  
26 somewhat nailed down. This analysis should be accomplished prior to the team  
27 selecting its acquisition approach and preferably before the requirements are finalized.

### 28 29 **2.5 Rating Risk Impact and Probability**

30 The team works to build consensus regarding those risks, and should focus on the  
31 things that can go wrong on a program or that may present obstacles to success. Impact  
32 and probability are rated separately for each risk. Risk impact ratings are typically  
33 categorized as being critical, serious, moderate, minor, or negligible. Risk probability  
34 ratings are associated with a number from 1% to 100% probability of a risk occurring.  
35 Once identified and ranked, the more serious risk drivers should be carefully managed,  
36 while lesser ones can simply be monitored. Ranking must take into account both the  
37 seriousness of the impact of the event or condition as well as the probability of it  
38 happening. For example, a critical risk with a 50% chance of occurrence is most likely a  
39 lower priority than a serious risk with a 100% probability of occurrence.

1 **2.6 From Risk Assessment to Evaluation Factors**

2 Whichever method is used, the important thing is that risks are identified, assessed, and  
3 ranked according to their impact to the program (considering both probability and  
4 consequences) and that the Requirements Capability subfactors you develop provide  
5 for an evaluation which considers the most critical risks. After all, these Requirements  
6 Capability subfactors will also be your Proposal Risk subfactors and the focus of your  
7 Performance Confidence Assessment. Contact your AST for advice and support.  
8

9 **3.0 Developing the Requirements Capability Subfactors**

10  
11 **3.1 List Key program objectives**

12 Ask members to jot down what they believe are the key points or features of your  
13 program--your key program objectives. Refer to the Statement of Objectives,  
14 performance requirements, Acquisition Strategy Panel (ASP) charts, Program  
15 Management Directive (PMD), or other documents when reflecting on this. Discuss  
16 each other's points and agree on the key features.  
17

18 **3.2. List Discriminators**

19 From your list of key program objectives and critical risks, ask the team to list the real  
20 discriminators for your program. Discriminators are those aspects of a proposal that  
21 will distinguish the capabilities of one offeror from another.  
22

23 **3.3 Draft Subfactors**

24 From this list of discriminators, draft subfactors that communicate the requirement, the  
25 level an offeror's proposal must meet in order to be judged acceptable, and the  
26 measures of merit that will be used to determine how the proposal will be evaluated  
27 and assigned a rating. Include any threshold and objective performance requirements.  
28

1                   **CHAPTER 3 - HOW SOLICITATION DOCUMENTS INTERRELATE**  
2

3   **1.0 What are the key solicitation documents to which Section M must**  
4 **track?**

5  
6   **1.1 Performance Requirements and Objectives Documents**

7 Key Requirements Documents and Objectives Documents (e.g., Statement of Objectives  
8 (SOO), Performance Specifications, and Contract Data Requirements List (CDRL)) tell  
9 what the end state vision requirements are.

10  
11   **1.2 The ITO**

12 The ITO portion of the solicitation Section L tells offerors how to structure their  
13 proposals and what must be included.

14  
15   **2.0 Why do solicitation documents need to track?**

16  
17   **2.1 Examples of Problems**

18 Close tracking among solicitation documents is vitally important to the success of any  
19 source selection. One inconsistent or unclear document can leave the Government  
20 susceptible to delays or protests. Here are examples of how inconsistent documents can  
21 lead to problems:

22  
23   **2.1.1 Incomplete Subfactor**

24 The program office establishes subfactors under the Requirements Capability factor in  
25 Section M but neglects to include in a subfactor the level an offeror's proposal must  
26 meet in order to be judged acceptable on the subfactor, or the applicable threshold and  
27 objective performance requirements. The evaluation team is unable to perform its  
28 function for that subfactor because the evaluation factors can not be changed once the  
29 proposal evaluation has begun.

30  
31   **2.1.2 Inconsistency Between Evaluation Factors and Requirements Documents**

32 The requirements documents failed to task the contractor to perform the work  
33 described in Section M by a Requirements Capability subfactor. This leads to confusion  
34 on the part of the offerors, an inability to satisfy the missing requirement, and an  
35 inability to propose adequately for that subfactor.

36  
37   **2.1.3 Inconsistency Between Sections L and M**

38 Section L does not instruct offerors to provide information necessary to conduct  
39 proposal evaluations of one or more of the factors or subfactors described in Section M.  
40 This leads to delay and additional clarifications during discussions.

---

**Source Selection Information -- See FAR 2.101 and FAR 3.104**

23

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1  
2  
3  
4  
5  
6  
7  
8

**2.2 Prepare, Correlate, Check and Recheck!**

These (and similar situations) predispose the program office to difficulties during source selection or after award. This is why it is so important to check and recheck documents against one another, to prepare documents at the right time and in the right sequence, and to plan enough time to allow the quality of these documents to be built in up-front. You can use the solicitation Cross Reference Matrix as a solicitation correlation tool.

1 **3.0 How must the documents track to one another?**

2  
3 **3.1 Prerequisites to Section M (as well as Section L)**

- 4  
5 a. SOO  
6 b. Performance Specification  
7 c. CDRL  
8

9 When reviewing the SOO, Performance Specification, and CDRL (and their program  
10 risk analysis), the program office team should select those features that are the most  
11 important to the effort (and most likely to discriminate among offerors in the critical  
12 risk areas) and formulate Section M subfactors for them. Each subfactor under the  
13 Requirements Capability factor should include the minimum performance or capability  
14 requirements the offeror must meet to be deemed acceptable, and both threshold and  
15 objective values where appropriate. The subfactor should be worded so that an offeror's  
16 mere inclusion of a topic in its proposal will not result in a determination that the  
17 proposal is acceptable with regard to that subfactor. Instead, the subfactor should be  
18 written to expect a proposal discussion that offers a sound approach and which  
19 describes a system/design which will meet the solicitation's requirements and can be  
20 achieved within the schedule (specified in the solicitation or proposed in the offer).

21  
22 **3.2 Sections L and M MUST Track to One Another**

23 Section L is then written to include proposal instructions, ensuring that the information  
24 necessary to evaluate the factors, subfactors, and elements (if used) is requested and  
25 information that will not be evaluated is not requested. There should be an interactive  
26 flow and feedback among documents, such that changes/improvements to one will  
27 impact the others. Figure 3-1 illustrates how these documents track to one another.

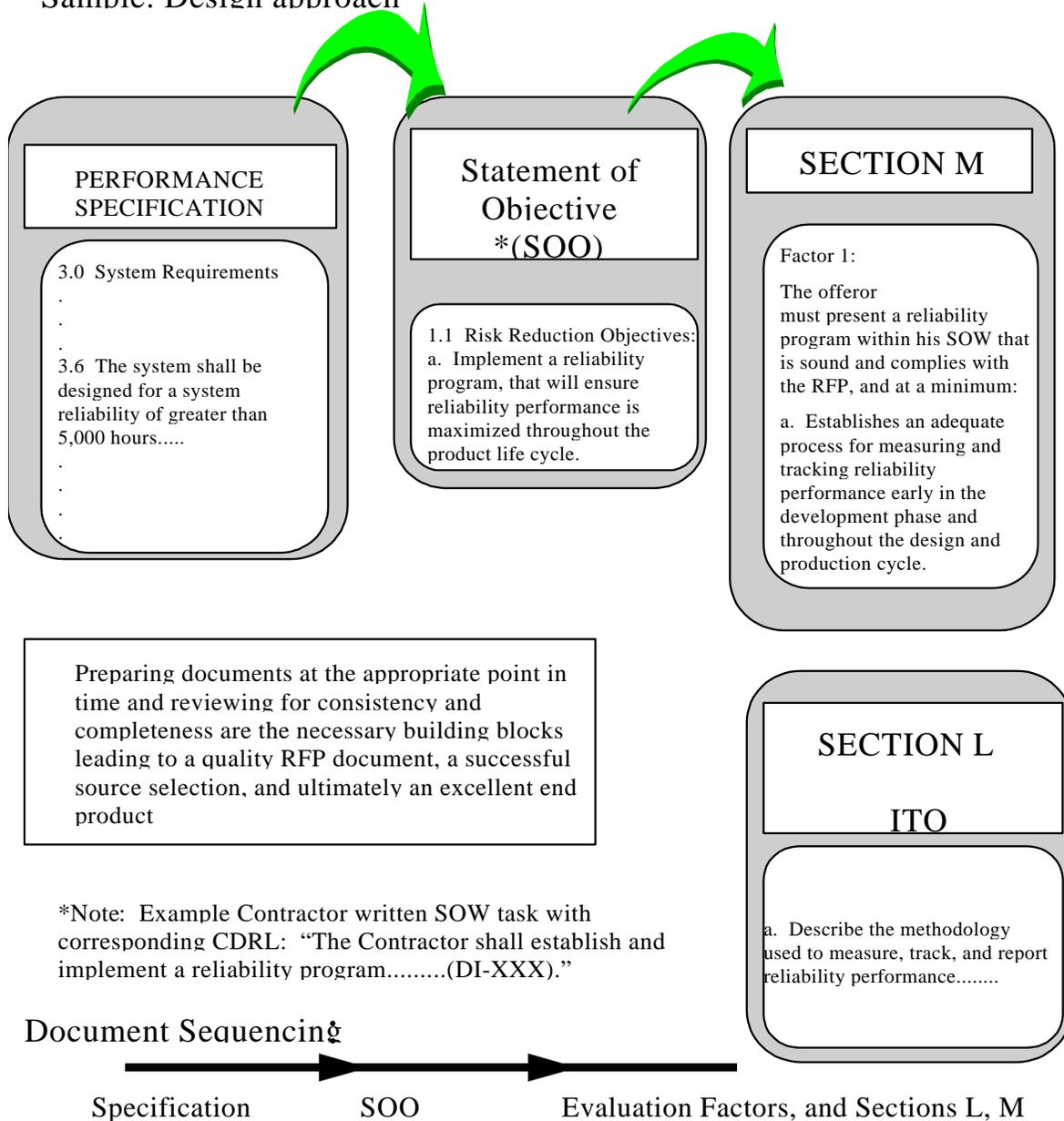
28  
29 **3.3 Electronic Solicitation**

30 When possible, provide the final solicitation electronically (including all sections,  
31 required CDRL forms, price forms, representations and certifications, etc.) to interested  
32 offerors to facilitate their responsiveness and compliance.

1 **Figure 3-1 Tracking Example**

**(Specification, SOO, Section M, Evaluation Factors, and Section L**

Sample: Design approach



2

1                                   **CHAPTER 4 - DO'S AND DON'TS FOR WRITING SECTION M**  
2

3   **1.0 Do's**  
4

5   **1.1 Streamline, Streamline, Streamline!**

6   The more subfactors, (and elements, if used) involved and the more requirements you  
7   squeeze into a subfactor, the more complex and lengthy the evaluation process  
8   becomes. The proposals are more detailed. Evaluation forms must be completed for  
9   each subfactor and element for each proposal submitted. The paperwork can become  
10  staggering if too many subfactors or elements are selected or if they include too much.  
11  Stick to the key discriminators!  
12

13  **1.2 Use your Acquisition Support Team Experts**

14  Contact your or Acquisition Support Team (AST) for assistance. If possible, set up a  
15  joint kick-off meeting. This should always be the first step the program office takes  
16  before beginning work on Section M. The AST will be able to guide the team through a  
17  brainstorming session that will help to identify the key criteria necessary to make a  
18  selection.  
19

20  **1.3 Build Requirements Capability/Proposal Risk Subfactors from Key  
21  Discriminators**

22  Build the Requirements Capability/Proposal Risk subfactors, keeping potential  
23  discriminators in mind. The SSA needs some basis upon which to make a decision. By  
24  using discriminators which distinguish one offeror's strengths, proposal inadequacies,  
25  weaknesses, and risks from another's, the decision-making process is enhanced.  
26

27  **1.4 Write Clear, Concise, and Distinct Subfactors**

28  Write clear, concise, distinct subfactors (and elements, if used). Give a general  
29  description of what the Government will evaluate under each subfactor. Avoid  
30  overlapping among subfactors, since this could lead to double counting (or the  
31  perception of double counting) of a single strength, proposal inadequacy, weakness, or  
32  risk. This clarity is important to offerors, since they rely on Section M in order to make  
33  their trade-offs when preparing proposals.  
34

35  **1.5 Keep Consistency Among Writers**

36  Keep consistency among solicitation document writers. No one understands the system  
37  requirements better than do the people who write the solicitation. By requiring the  
38  same individuals to draft Section M and the evaluation subfactors, as well as the  
39  Specification and SOO, you essentially are "building in" consistency. Regular meetings

1 must be scheduled among solicitation team members to review and discuss drafts. A  
2 "document manager" should be tasked to manage the interface among documents.

### 3 4 **1.6 Use a Cross-Reference Matrix**

5 Use a cross-reference matrix to eliminate inconsistencies. By using a cross-reference  
6 matrix, the program office is able to pinpoint where omissions or inconsistencies have  
7 occurred.

### 8 9 **1.7 Communicate with Industry**

10 Communicate openly, early, and often with industry before the solicitation is released.  
11 This will enable you to obtain feedback on what industry understands the effort to be.  
12 A nightmare scenario is to receive several offers, each of which appears to propose on  
13 an effort that is different from the others. This could result in a long, complicated source  
14 selection that opens the Government to the potential for protest. The program office  
15 must be careful that all firms receive the same information and that communication is  
16 open and fair to all.

### 17 18 **1.8 Solicit Feedback Early**

19 Section M will be reviewed as a part of the coordination of the source selection plan (it  
20 is included as an attachment) and as a part of your overall solicitation review. Do not  
21 wait until the formal review to get feedback on your Section M. Solicit inputs as early as  
22 possible from staff experts and program office personnel. Take the first draft and  
23 disseminate it widely within the program office. Ask the AST and your legal and  
24 technical specialists to review it.

### 25 26 **1.9 Use Your Electronic Bulletin Board**

27 Upload a working draft of Section M onto the electronic bulletin board used at your  
28 center for reading/downloading draft solicitations. Invite interested offerors to review  
29 the document and provide comments. Industry often provides insightful comments on  
30 draft Section Ms.

### 31 32 **1.10 Draft Sections L and M Concurrently**

33 Draft your Section L Instructions to Offerors (ITO) concurrently with your Section M  
34 factors and subfactors. As you are drafting Section M, you will also want to prepare the  
35 portion of the solicitation Section L that provides the information to prospective  
36 offerors on how to structure and what to include in their proposals (the ITO or IFPP).  
37 This will ensure that you are actually asking the offeror to provide the information you  
38 plan to evaluate.

1 **2.0 Don'ts**

2  
3 **2.1 Don't mention it unless you plan to evaluate it!**

4 Don't mention something unless you have a good reason for evaluating it. To illustrate  
5 this point, let's examine the sample below:

6  
7 "Subfactor: Software Engineering - The offeror's structured software  
8 development approach will be evaluated relative to the following:  
9 software architecture; lines of code estimates for software proposed to be  
10 developed, modified and non-developmental software, and productivity;  
11 and software portability."  
12

13 Each specific listed feature should be important for the source selection decision. For  
14 example, if software portability is a requirement but is really not expected to be a  
15 qualitative discriminator among the proposals received, leave it out. Ask yourself how  
16 you will use the information to enhance the comparative evaluation of the acceptable  
17 proposals and if you cannot think of a good answer, omit it. Any proposal that will be  
18 considered for award must first satisfy the minimum requirements of the solicitation.  
19 The "Basis for Award" language in Section M already covers the fact that an offeror  
20 must meet all of the Government's requirements.  
21

22 **2.2 Don't Copy!**

23 Don't copy someone else's Section M. Use this template to help you structure your  
24 Section M, but make sure it focuses on the key discriminators you have identified for  
25 your program and describes how you will evaluate proposals against your subfactors  
26 (and elements, if used) and conduct your integrated assessment. What was critical to  
27 one award decision may be meaningless to another.



1 documentation and, therefore, not releasable under the Freedom of Information Act  
2 (FOIA) unless properly redacted. For other Median source selections, this analysis will  
3 be captured in the decision briefing. The briefing charts (which serve as the  
4 documentation of the proposal analysis results) should be protected like the PAR in an  
5 Agency source selection. Similarly, Basic source selections capture this analysis in  
6 Section III of the Proposal Evaluation Report (PER) and should protect the PER  
7 accordingly. However, in all cases, the SSA is required to summarize the best value  
8 decision in a Source Selection Decision Document (SSDD). The SSDD is completely  
9 releasable or releasable after the redaction of classified information or an offeror's  
10 confidential, proprietary data. Note that the FOIA's exemption for internal memoranda  
11 cannot be used to protect from release any sensitive internal information included in the  
12 SSDD, so care must be exercised in drafting this decision document. The SSDD should  
13 convey to the reader the SSA's best value decision and the major items of interest that  
14 drove that decision. A well written SSDD helps everyone understand how the SSA, in  
15 accordance with Section M, arrived at the source selection decision and can help to  
16 avoid potential protests.

## CHAPTER 6 - REFERENCES AND APPROVALS

### 1.0 References

#### 1.1 FAR 15.3

FAR 15.3 requires, as a minimum, that cost, past performance, and quality be evaluated in every source selection. Subject to certain limitations, the extent of participation of small disadvantaged business concerns in performance of the contract shall be evaluated in unrestricted acquisitions expected to exceed \$500,000 (\$1,000,000 for construction). Cost/price is used to evaluate the cost to the Government if the particular proposal were selected for award. Past performance is an indicator of an offeror's ability to perform the anticipated contract. Quality may be expressed in terms of technical excellence, management capability, personnel qualifications, prior experience, past performance, and/or schedule risk.

#### 1.2 AFFARS 5315.3

AFFARS 5315.3 contains the basic regulatory requirements for AFMC's formal source selections. This source selection policy is augmented by the Air Force Source Selection Procedures Guide. Both are available on the SAF/AQC web page. Together, they provide much more specific guidance on the structure and process of Air Force source selections.

#### 1.3 AFMC Pamphlet 64-113, Volume I, PRAG Guide

AFMC Pamphlet 64-113, Volume I, PRAG Guide provides general guidance on the PRAG and its responsibilities.

#### 1.4 DoD Guide to Collection and Use of Past Performance Information

DoD Guide to Collection and Use of Past Performance Information provides useful guidance on the use of past performance in source selection decisions, including a discussion on relevance.

### 2.0 Reviews and Approvals

#### 2.1 SSET Review

When AFFARS 5315.3 procedures apply, the Source Selection Evaluation Team (SSET) Chairperson and key advisors, or the Source Selection Advisory Council (SSAC) reviews the Section M evaluation factors as part of their review of the SSP.

1 **2.2 Solicitation Review**

2 Solicitation review is required in accordance with AFFARS 5301.90, Clearance Process,  
3 prior to solicitation release.

4

5 **2.3 SSA Approval**

6 The Source Selection Authority (SSA) approves the SSP (including the evaluation  
7 factors) when AFFARS 5315.3 applies.

8