



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

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Matter of: Suddath Van Lines, Inc.; The Pasha Group

File: B-274285.2; B-274285.3

Date: May 19, 1997

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G. Jerry Shaw, Esq., and Susan E. Shaw, Esq., Shaw, Bransford & O'Rourke, for PHH Relocation, an intervenor.

Edward L. Williamson, Esq., Department of the Army, for the agency.

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DIGEST

Agency reasonably selected the awardee's technically superior, higher-priced proposal for award where it was reasonably determined that the proposal's technical advantages justified the payment of a price premium and the stated evaluation methodology provided that the technical evaluation factors were significantly more important than price in selecting the proposal most advantageous to the government.

DECISION

Suddath Van Lines, Inc. and The Pasha Group protest the award of a contract to PHH Relocation under request for proposals (RFP) No. DASW01-96-R-0091, issued by the Defense Supply Service-Washington, Department of the Army, for the Army's transportation services "pilot" program for the acquisition of transportation and relocation management services for domestic and international personal household goods shipments from Hunter Army Airfield, Georgia. The protesters basically challenge the agency's evaluation of their proposals and the award to PHH, a higher technically rated, higher-priced offeror.

We deny the protests.

The Army's transportation and relocation management pilot program will test whether commercial business practices can be successfully applied during the military relocation process. The objectives of the pilot program are to improve the quality of life for Army personnel and their families during the relocation process and to provide a single transportation and relocation management point of contact

to the military member and his/her family who have received permanent change of station orders.

The RFP was issued on June 14, 1996, on an unrestricted basis for commercial transportation and relocation management services under Federal Acquisition Regulation (FAR) Part 12¹ and contemplated the award of a firm, fixed-price requirements-type contract for the base year and two 1-year option periods. Under the RFP, the contractor is required to furnish all services necessary to accomplish the management and movement of outbound (domestic and international) household goods, mobile homes, and boats. The contractor will be compensated for providing transportation management services. In providing standard commercial relocation management services, *e.g.*, homefinding assistance and other referral relocation services, the contractor will receive no compensation from either the Army or the military member. The member, however, will be responsible for paying for services resulting from the contractor's referral.

The RFP stated that the award would be made to the offeror whose proposal was most advantageous to the government, technical evaluation factors and price considered. The RFP contained an evaluation scheme in which the relative importance of the five technical evaluation factors (worth a total of 100 points) and their respective subfactors was listed as follows:

¹The Army conducted a market survey in accordance with the policy statement at FAR § 12.101(a) to determine if commercial relocation services were available and the standard commercial practices associated with such services. PHH was one of several private firms contacted during the Army's market survey to provide such information. One individual participating in the market survey was the eventual chair of the five-member technical evaluation panel (TEP). At the time of the market survey, the RFP had not been issued and no source selection documents were in existence. We denied the protesters' request for a limited hearing to "interrogat[e]" the TEP chair since there was no evidence in the record to support the protesters' allegations that the chair's "*ex parte* contacts [during the market survey] may well have influenced the decision of the [c]hairperson of the TEP, may have 'poisoned the well[,] and may have influenced other members of the TEP.'" Market research is encouraged under the FAR, and there is nothing inherently wrong with contracting officials, who will participate in the subsequent procurement, conducting such research. FAR § 12.202(a); FAR Part 10.

Factor 1--Operations (total 30 points)

- A. Overall plan for providing the specific tasks listed in the statement of work (8)
- B. Plan for accommodating fluctuating workload and short notice response (5)
- C. Implementation and transition plan (2)
- D. Ancillary relocation services (10)
- E. Customer support; intransit visibility; automation capability (5)

Factor 2--Quality and service (total 30 points)

- A. Plan for measuring customer satisfaction (10)
- B. Quality control program for carrier performance and selection (10)
- C. Evidence of claims experience in 1995 (10)

Factor 3--Experience and past performance (total 20 points)

- A. Experience with Federal government clients and the JFTR/JTR (Joint Federal Travel Regulation--Army military entitlements/Joint Travel Regulation--Army civilian entitlements) (5)
- B. National and international transportation management services experience (5)
- C. National and international relocation management services experience (10)

Factor 4--Staffing and organization (total 10 points)

- A. Staffing plan for performing the services identified in the statement of work (10)

Factor 5--Small and disadvantaged business (total 10 points)

- A. Plan that describes the use of small businesses and small disadvantaged businesses (10)

The RFP stated that an offeror's price, which would be evaluated in accordance with the price evaluation model described in the RFP, would not receive a point score, and that the technical evaluation factors were significantly more important than an offeror's price.

Eleven firms, including Suddath and Pasha, both carriers, and PHH, which would subcontract for carrier services,² submitted initial proposals by the closing time on August 21. The proposals of five firms, including the protesters and PHH, were included in the competitive range. Following two rounds of written discussions, each offeror submitted a best and final offer (BAFO). For the protesters and PHH, the technical portions of their BAFOs were assigned the following points:

²To the extent the protesters object that PHH was not a carrier, we point out that there was no requirement in the RFP that an offeror be a carrier in order to be eligible for award. In fact, the RFP defined a "carrier" as "those household goods movers with which the prime [c]ontractor has established a subcontractor relationship." PHH, as the prime contractor, will subcontract with carriers, an approach which is in accordance with the terms of the RFP.

	PHH	Suddath	Pasha
Factor 1	28 points	21 points	21 points
Factor 2	24 points	25 points	22 points
Factor 3	20 points	18 points	12 points
Factor 4	10 points	9 points	8 points
Factor 5	10 points	7 points	9 points
Total	92 points	80 points	72 points

For each technical evaluation factor and subfactor, the points assigned were supported by narratives of the strengths and weaknesses/deficiencies in each offeror's technical proposal.

PHH's total evaluated price was approximately 18 percent higher than Suddath's total evaluated price and approximately 31 percent higher than Pasha's total evaluated price.

Considering the points assigned to each offeror's proposal, the evaluators' narratives of the strengths and weaknesses/deficiencies in each offeror's proposal, and each offeror's price, the contracting officer, who served as the source selection authority, determined that the proposal of PHH was technically superior to the proposals of Suddath and Pasha and represented the most advantageous proposal to the government. In this regard, the contracting officer believed that PHH, as compared to Suddath and Pasha, demonstrated in its proposal a greater understanding of the RFP requirements and a greater commitment to satisfying the objectives of the pilot program, that is, improving the quality of life for Army personnel and their families during the relocation process and providing a single transportation and relocation management point of contact to the military member and his/her family. Accordingly, the contracting officer awarded a contract to PHH, a higher technically rated, higher-priced offeror.

Technical Evaluations

Suddath and Pasha challenge the evaluation of their proposals, basically contending that the evaluators unreasonably downgraded their proposals by failing to assign the maximum number of points to their proposals for various technical evaluation factors and subfactors. The protesters object that the evaluators assigned the maximum number of points to PHH's proposal for many of the same evaluation factors and subfactors. Simply stated, the protesters argue that their proposals should have been considered essentially technically equal to PHH's proposal.

In reviewing an agency's evaluation of proposals, we will only question the agency's evaluation where it lacks a reasonable basis or is inconsistent with the stated evaluation criteria for award. Conrex, Inc., B-266060.2, Feb. 7, 1996, 96-1 CPD ¶ 46 at 2. Here, our review of the record, including the technical evaluations and the protesters' and PHH's proposals, shows that the evaluations of the protesters' and PHH's proposals were reasonable. In other words, we think the evaluators reasonably determined that the proposals of Suddath and Pasha were not technically equal to PHH's proposal. In this regard, it is clear from the record that the protesters' proposals were reasonably downgraded because their proposals generally contained limited, less detailed discussions of the RFP requirements, while PHH demonstrated its understanding of the RFP requirements through its more detailed and specific discussions of these requirements. In fact, in their comments on the agency's administrative report filed in response to these protests, Suddath and Pasha concede that "PHH's proposal is stated in greater detail." The protesters also did not demonstrate the degree of commitment to satisfying the objectives of the pilot program as did PHH. To illustrate these points, we will discuss three technical evaluation subfactors--ancillary relocation services, quality control program, and past experience--for which the protesters object to the downgrading of their proposals in comparison to PHH's proposal.

Ancillary Relocation Services

Under technical evaluation subfactor 1D for ancillary relocation services, the RFP required an offeror to describe the standard commercial relocation and referral relocation services that it would offer to the military member at no additional charge to either the Army or the member. The RFP required an offeror to provide a plan for offering ancillary relocation services, to provide the number of years it has offered each of the services, and to indicate whether these services would be geographically limited. Suddath and Pasha each received 6 out of a possible 10 points for this subfactor, while PHH received the maximum score of 10 points.³

³While the protesters question the authority of the Army to provide military members and their families with no-cost ancillary relocation services, the protesters do not point to any statute or regulation which prohibits the solicitation of such services. In our view, these no-cost ancillary relocation services are reasonably related to transportation and relocation services, the costs of which the government is authorized to pay. We note that even if technical evaluation factor 1D were not part of the RFP's evaluation scheme, PHH still would have been higher technically rated than either of the protesters.

The evaluators considered as a strength of Suddath's proposal its no-cost destination package to help the military member and his/her family get better acquainted with their new living area. Among other things, the package would include information about the area's geography, climate, local government, taxes, economy, housing, schools, medical facilities, banks, cultural and recreational activities, shopping, and mass transit systems. The evaluators believed that Suddath's destination package indicated the firm's eagerness and willingness to educate the military member about the new geographic area, thereby facilitating a smooth relocation. Suddath offered to provide a utility connection service whereby it would arrange for new utility connections, including the payment of required deposits for which it would be reimbursed by the military member. Suddath also offered to provide no-cost home finding assistance, mortgage counseling, rental assistance, and job search assistance. Suddath has offered these services for more than 30 years and would impose no geographic restrictions.

The evaluators, however, downgraded Suddath's proposal for this subfactor because Suddath's plan for providing ancillary relocation services lacked specific details and structure. In this regard, Suddath basically described its destination package in a few sentences, listing general categories for which information would be furnished, but without providing elaboration, such as defining the specific services and indicating how and when a particular service would be offered. In addition, Suddath indicated for the services involving home-finding assistance, mortgage counseling, rental assistance, and job search assistance that it would provide the military member with a list of contact names and phone numbers when requested, but the member, as opposed to Suddath, would be responsible for making the direct contact to arrange for the particular service. The evaluators believed that such an approach failed to meet the objective of the pilot program to improve the quality of life for the military member and his/her family by reducing the number of activities for which the member would be responsible during the relocation process.

The evaluators considered as a strength of Pasha's proposal the variety of no-cost ancillary relocation services it would provide, e.g., closing services, destination services, home marketing and sales services, mortgage services, rental finding and management services, and temporary housing services. Pasha would impose no geographic restrictions. The evaluators, however, downgraded Pasha's proposal because its plan, basically written in "bullet" format, lacked details addressing how the services would be offered and the extent of each service. It also appeared to the evaluators that Pasha would be more reactive in addressing problems than proactive in anticipating potential problems and taking actions to avoid such problems.

The evaluators were impressed with the thoroughness and level of detail of PHH's plan for providing five relocation management services--marketing assistance, property management, home finding for renters, home finding for buyers, and mortgage assistance. For each of these services, PHH provided detailed

descriptions of the services, including specific elements of the various services and the requirements and expectations associated with using these services. PHH stated that while it would offer these services at no additional cost to either the Army or the military member, if the service providers imposed a service charge, the member would be responsible for payment to the extent PHH was unable to get the charge waived or reduced. Under PHH's plan, the move consultant would make the initial contact with the military member and explain the service. PHH would offer these services in [deleted] geographic areas. Any services provided would be evaluated by the military member, with PHH using the evaluation as a basis for determining compensation and performance ratings for the move consultant. The evaluators also favorably viewed PHH's commitment to ensuring a greater number of direct deliveries of household goods by extensively coordinating with family housing offices. Taken together, the evaluators believed that through its relocation management services plan, PHH showed its commitment to reducing costs for the military member and to improving the overall quality of life for the member.

While the protesters' proposals for providing ancillary relocation services can reasonably be characterized as acceptable, these proposals contained some weaknesses based on a lack of sufficient supporting details. More specifically, Suddath's and Pasha's proposals failed to provide specifics about the services the firms would provide and how they would successfully provide these services. In contrast, PHH's proposal was significantly more thorough and detailed and demonstrated the firm's strong commitment to improving the relocation process for the military member.

Quality Control Program

Under technical evaluation subfactor 2B, an offeror was required to describe its quality control program for carrier performance and selection. Out of 10 possible points, Suddath received 7 points, Pasha received 9 points, and PHH received the maximum score of 10 points.

In its proposal, Suddath generally described its quality control program as one based on the requirement that its carriers submit past performance information showing their ability to satisfy the government's quality standards. Suddath also would evaluate, on a semi-annual basis, its carrier network to review the level and quality of performance of its carriers and their agents. As part of this evaluation process, Suddath would survey military members about their relocation experiences, with the member's level of satisfaction being the primary indicator of the level and quality of a carrier's performance. The evaluators believed that Suddath's quality control program would result in the firm's use of only quality service providers.

In its proposal, Pasha generally described its quality control program as one based on the monitoring of a carrier's performance through, for example, the relocated members' completion of customer satisfaction surveys for which results would be tracked and presented to the carrier on a quarterly basis. Pasha stated that problems would be addressed immediately and that carriers would be suspended after two warnings due to poor service. The carrier would not be eligible for reinstatement until areas of concern had been suitably addressed and altered. Pasha also described a domestic carrier procedures guide and a guide for international shipping requirements. The evaluators favorably viewed Pasha's formal quality control program.

In its proposal, PHH described in detail its quality control program which was based on strict carrier service and quality guidelines. For example, PHH stated that to even be considered for subcontracting opportunities, a carrier must maintain a minimum service satisfaction rating of [deleted] percent. PHH also stated that when service issues are identified with a specific carrier, a face-to-face meeting will be scheduled to discuss the issue and remedial actions. The carrier will be subject to a formal probation plan and schedule, and during this period, the carrier's limited performance will be closely monitored. If the carrier successfully meets or exceeds the service requirements, it will be reinstated, and its performance will continue to be monitored to ensure no further lapse in service. Carriers which do not improve will no longer be considered eligible to subcontract with PHH. PHH also will review the historical performance of its carriers, with the objective of rewarding those carriers which show continuous quality service improvement and growth. The evaluators believed that PHH demonstrated that it had a solid quality control program and was committed to considering the military member's views concerning the quality of service provided.

While the evaluators did not note any weaknesses in any of the offerors' quality control programs, we think the evaluators reasonably assigned a higher score to PHH's proposal than to Suddath's or Pasha's proposal because PHH provided more details concerning its quality control program and procedures than did either of the protesters. Based on the additional information furnished by PHH, including its emphasis on more proactive oversight of its carriers, the evaluators were more confident that PHH would subcontract with carriers who were capable of providing quality service, thus facilitating a smooth relocation process and minimizing the potential problems associated with a move.

Past Experience

Under technical evaluation subfactor 3A, an offeror was required to describe its past experience with federal government clients to demonstrate the firm's ability to interpret and apply military transportation entitlements based on the JFTR. Out of 5 possible points, Suddath received 3 points, Pasha received 2 points, and PHH received the maximum score of 5 points.

The evaluators considered Suddath's 35 years of experience in providing move management services to military and civilian agencies as a strength. The evaluators, however, were concerned that Suddath did not have sufficient experience in interpreting and applying JFTR entitlements. In this regard, Suddath stated that its personnel "understand the application of [military and civilian] transportation entitlements as addressed in the JFTR. Additionally, [Suddath's] staff will participate in continuing education to keep pace with new amendments and to ensure total compliance with the requirements of the JFTR." While Suddath also noted that it "currently employs a former Army Transportation Officer who has a thorough knowledge of the JFTR and its entitlements," Suddath did not detail in its proposal the actual role this individual would play in performing the contract. Suddath also stated, without elaboration, that it planned to use an on-site representative to ensure complete entitlement counseling of the military member. As evidence of its understanding of and ability to counsel on JFTR entitlements, Suddath cited its recently awarded (less than 1 year) move management contract with a civilian agency under which it is required "to counsel relocating . . . personnel as to their JFTR entitlements." The evaluators, however, were not convinced that less than 1 year of experience demonstrated Suddath's ability to interpret and apply JFTR entitlements.

The evaluators considered Pasha's 38 years of experience in providing transportation services as a strength. However, in its proposal, Pasha admitted that it had "not previously been required to interpret and apply the JFTR transportation entitlements." Pasha stated that it had "become familiar with the entitlements through [its] local moving and storage operations" in a domestic and an international location. Pasha also stated that it had "read various portions [of the JFTR] related to personal property entitlements." Pasha stated that it would seek outside assistance to understand the JFTR. Based on the proposal information, the evaluators could not conclude that Pasha had demonstrated its ability to interpret and apply JFTR entitlements.

In contrast, although PHH stated that it had "no direct organizational experience in interpreting or applying JFTR allowances" since as a relocation management company, as opposed to a carrier, it was not eligible to participate in the prior military transportation personal property program, it had "more than 12 years experience interpreting and applying the Federal Travel Regulations (FTR) and Joint Travel Regulations (JTR)." PHH listed 14 federal government clients for which it has provided relocation and/or transportation management services. PHH also gave specific examples of relocation services provided to these clients which required it to have extensive knowledge of the FTRs and JTRs. PHH stated that to develop expertise in the JFTRs, it planned to recruit and hire experienced personnel and to conduct in-depth training using experienced outside resources. The evaluators concluded that the JFTRs and the JTRs were similar since both involved transportation entitlements. As a result of this similarity and in light of PHH's past

experience, the evaluators were confident that PHH could satisfactorily interpret and apply military transportation entitlements based on the JFTRs.

Based on the information provided in each proposal, we think the evaluators reasonably concluded that PHH, as compared to Suddath (which provided only a vague description of its limited travel regulation experience and its plan) and Pasha (which conceded that it had no experience with the JFTRs), demonstrated a greater ability to interpret and apply military transportation entitlements in light of its previous experience in interpreting and applying other travel regulations and its plan to employ and train personnel.

Technical/Price Tradeoff

Suddath and Pasha alternatively challenge the contracting officer's price/technical tradeoff which resulted in the award to PHH at a price premium. The protesters contend that in making the tradeoff decision, the contracting officer failed to quantify the value of the technical advantages in PHH's proposal in light of the price premium being paid to PHH.

In a negotiated procurement, where the solicitation does not provide for award on the basis of the lowest-priced, technically acceptable proposal, an agency has the discretion to make an award to an offeror with a higher technical score and a higher price where it reasonably determines that the price premium is justified and the result is consistent with the evaluation criteria. Systems Integration & Dev., Inc., B-271050, June 7, 1996, 96-1 CPD ¶ 273 at 6. In making the tradeoff decision resulting in an award to an offeror with a higher technically rated, higher-priced proposal, there is no requirement that the source selection authority provide an exact quantification of the dollar value to the agency of the proposal's technical superiority. Kay and Assocs., Inc., B-258243.7, Sept. 7, 1995, 96-1 CPD ¶ 266 at 6.

While PHH's evaluated price was approximately 18 percent and 31 percent higher than the evaluated prices of Suddath and Pasha, respectively, we conclude that PHH's proposal was reasonably determined by the contracting officer to be technically superior to the protesters' proposals. More specifically, the contracting officer concluded that PHH provided a solid overall plan for performing the requirements of the RFP, with the plan demonstrating PHH's organizational skills, thoroughness, and attention to detail. Among other things, the contracting officer favorably considered PHH's detailed transition plan, its excellent relocation plan with incentives for military members, its outstanding quality control program for selecting carriers, its extensive knowledge and experience in interpreting and applying entitlement regulations, its significant experience in providing transportation management services, and its outstanding staffing plan. The contracting officer concluded that PHH had demonstrated in its proposal the strongest commitment to satisfying the objectives of the pilot program, that is, improving the quality of life for the military member and his/her family when

permanent change of station orders are received and providing a single transportation and relocation management point of contact to the member. Under the circumstances, where the RFP provided that the technical evaluation factors were significantly more important than price in determining the offeror whose proposal was most advantageous to the government, we have no basis to question the contracting officer's decision to award to PHH, a higher technically rated, higher-priced offeror than either Suddath or Pasha.⁴

The protests are denied.

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⁴Suddath and Pasha argue that PHH's proposal is materially unbalanced, contending that PHH has overstated its prices for the international move line items and has understated its prices for the management line items. In making this argument, the protesters compare PHH's prices to the government estimate and to their own prices for the same line items.

The concept of unbalancing generally applies where bids are solicited and concerns whether an award to the bidder offering the lowest price to the government will in fact result in the lowest price to the government. Human Resource Sys., Inc.; Health Staffers, Inc., B-262254.3 et al., Dec. 21, 1995, 96-1 CPD ¶ 35 at 7. Since the government's primary concern in a negotiated procurement, such as this one, is not with obtaining a contract at the lowest overall price, we will apply the concept of unbalancing only where price is the primary basis for the source selection decision. Id.

Here, the award decision was not based primarily on price, but rather on the technical evaluation factors being considered significantly more important than price in determining the offeror whose proposal was most advantageous and represented the best value to the government. Accordingly, the concept of unbalancing does not apply under the circumstances of this case. As discussed, the contracting officer determined that PHH's technical proposal was superior to the technical proposals of Suddath and Pasha and that this technical superiority justified the payment of a price premium to PHH.