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DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548**

FILE: B-197260

DATE: August 13, 1980

MATTER OF: Tracor Marine, Inc.

~~Request for~~
Reconsideration

DLG04853

DIGEST:

Prior decision is affirmed upon reconsideration. Allegation that awardee did not comply with solicitation requirement that contractor perform significant portion of work is without merit where agency contends contractor will perform 50 percent of requirement. Contention that prior decision will permit offerors to propose unrealistically low prices and then subcontract during performance to recover expenses is denied as prior decision concluded awardee proposed realistic prices based on price analysis.

Tracor Marine, Inc. (Tracor), has requested reconsideration of our decision, Tracor Marine, Inc., B-197260, June 23, 1980, 80-1 CPD 439, which denied Tracor's protest against the award of a contract to the General Offshore Corporation (GOC) by the Naval Surface Weapons Center.

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Tracor contended that the Navy had conducted an inadequate cost or price analysis in determining the realism of GOC's proposed costs. We found a rational analysis of costs had been performed by the Navy to determine the reasonableness and realism of the proposed costs. Further, since it was impossible to predict the amount of subcontracting that would be necessary because of the quick response time required and the uncertainty as to whether a contractor's facilities would already be committed when a task order was issued, we found it reasonable for the Navy to evaluate costs based on in-house rates quoted by offerors.

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Tracor states that our decision listed the technical scores of GOC and Tracor, 968.1 and 977.3, respectively, incorrectly and showed GOC as receiving the higher score. The two scores were transposed inadvertently in the decision. But this did not affect the outcome as alleged by Tracor since, as noted in the decision, the technical proposals were considered technically equal and cost became the determining factor.

Tracor contends that the Navy's award action and our decision failed to consider the impact of paragraph 1.1 of section "F" of the solicitation which reads as follows:

"It is considered to be in the best interests of the Government that significant portions of the work under this contract to be performed by contractor personnel vice [sic] subcontracts."

In its protest Tracor alleged that GOC would have to subcontract 90 percent of the work under the contract. The Navy responded that Tracor had vastly overstated the amount of GOC subcontracting by over one-half. Tracor argues now that whether 50 percent or 90 percent will be subcontracted, this amount must be considered significant and, therefore, GOC was not responsive to the solicitation requirement.

We believe Tracor has misread the intent of paragraph 1.1. If GOC performs 50 percent of the contract, or even a somewhat smaller percentage, we believe that would have to be considered a significant portion of the work and, therefore, acceptable under the terms of the solicitation.

Tracor also argues that since we approved the manner in which proposals were evaluated based on in-house rates quoted by an offeror without regard to subcontracting, an offeror could propose a particular labor category at \$1 per hour and then during performance subcontract the work and recover cost plus indirect expenses.

We believe Tracor has missed a basic premise of our decision. There was no showing that GOC grossly underpriced any item and the Navy, following its price analysis, concluded that the GOC prices were realistic. Therefore, we do not foresee the problem which Tracor has alleged will result from our decision.

Tracor states our decision did not address its contention that the Navy failed to include in its analysis of GOC's prices the daily fixed fee for boat and aircraft charter, which would have increased GOC's overall cost. These boat charter daily fixed fees ranged from \$15 to \$110 per day depending upon the vessel's size and the aircraft charter fees were \$5 to \$60 per hour based on the type of aircraft.

The Navy in its response to the protest stated that aircraft charter rates given by GOC contained all the fixed costs that could be determined. With regard to the vessel charter, the Navy report is unclear as to whether the daily fixed fee was included or not. However, even adding the fees to GOC's proposed cost, GOC's cost proposal remains low by a substantial amount.

Finally, Tracor restates its argument concerning GOC's reduction in cost in its best and final offer and the failure of the Navy to investigate such a reduction to ascertain if it was reasonable. As Tracor has not shown any error of fact or law in the prior decision, but merely expresses disagreement with the holding, this issue will not be discussed.

The prior decision is affirmed.



For The Comptroller General
of the United States