

DECISION

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

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FILE: B-211922; B-211922.2 **DATE:** February 2, 1984

MATTER OF: Robert E. Derecktor of Rhode Island, Inc.;
Boston Shipyard Corp.

DIGEST:

1. Protests that Navy source selection officials were required to consider Defense Contract Audit Agency audit reports on each cost proposal are denied. Generally, the extent to which proposed costs will be examined is a matter within the contracting agency's discretion. The Defense Acquisition Regulation (DAR) does not mandate the use of such audit material, but rather indicates that such audits are only advisory in nature and final determination is to be made by contracting officer, and there was no indication in RFP that such audits were required. While internal Navy source selection plan contemplated that audits would be performed and considered, the source selection plan was for use and guidance of Navy procurement and source selection officials, does not have force and effect of law and, therefore, provides our Office no basis for invalidating the award.
2. Protests that technical evaluations of proposals were conducted improperly and that award was not made in accord with the evaluation scheme set forth in the RFP are denied. GAO's in camera review of all of the evaluation materials in light of issues raised by protests reveals no basis for finding that agency's evaluation was arbitrary or unreasonable or that evaluation/selection officials abused their discretion. Record supports contracting agency's finding that awardee's proposal was superior to either protester's proposal and that evaluations were performed in strict conformance with evaluation scheme set forth in RFP.
3. Protest that agency should have given preference to protester because it is located in a labor

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surplus area is dismissed in part and denied in part. To the extent that protester contends RFP should have stated preference for labor surplus area concerns in accord with Department of Defense policy, protest is dismissed as untimely because it was filed after closing date for submission of initial proposals. 4 C.F.R. § 21.2 (b)(1) (1983). To the extent that protester contends that it should have been given preference in evaluation of proposals for labor surplus area status, protest is denied because RFP evaluation scheme made no mention of labor surplus area preference and proposals were evaluated in strict conformity with RFP's stated criteria.

4. Protests alleging that awardee's history of late performance should have resulted in a finding of nonresponsibility or in a penalty in the technical evaluation of awardee's proposal are dismissed in part and denied in part. Regarding charges that awardee was nonresponsible, protests are dismissed since GAO no longer reviews an agency's affirmative determination of responsibility, except in circumstances not present in this case. Regarding the technical evaluation, protests are denied because record shows that awardee's late performances on previous contracts were indeed considered under the "Experience" and "Performance" evaluation categories set forth in the RFP.
5. Protest that evaluation of proposals did not consider protester's advantage over awardee because protester's drydock was much closer to berth site for ships to be repaired is denied where record shows that proximity of drydock was considered as part of "Resource Availability" factor listed in RFP and that it was considered a strength of protester's proposal and a weakness of awardee's proposal.
6. Protest that contracting agency improperly downgraded protester's offer in "Cost to Government" and "Cost Realism" areas of evaluation because of lack of documentation to support protester's proposed costs is denied. RFP's directions as to what a cost proposal should contain and how agency would evaluate cost proposals reasonably conveyed to all offerors that supporting documentation was expected and would be used in evaluation of cost proposals.

7. Protests alleging that cost evaluations were arbitrary and capricious are denied. Protesters must carry burden of proving their assertions since GAO does not conduct independent investigation as part of bid protest function. Basically, protesters disagree with Navy's manpower and cost estimates which formed basis for cost evaluations. However, protesters have provided no evidence to show that Navy estimates were erroneous and our review of cost evaluation materials shows that estimates were reasonably computed and evaluations were neither arbitrary nor capricious.
8. Award of a cost-reimbursement contract without discussions was proper where record supports agency's determination that proposed costs were reasonable, three technically acceptable offers were received, awardee was highest rated both technically and on the basis of evaluated costs after thorough cost analysis was performed, and RFP notified all offerors that award on the basis of initial proposals was a possibility.

Robert E. Derecktor of Rhode Island, Inc. (REDRI), and Boston Shipyard Corp. (Boston Shipyard) protest award of a cost-reimbursement contract by the Department of the Navy to General Ship Corp. (General Ship) pursuant to request for proposals (RFP) No. N00024-83-R-8533. The contract is a cost-plus-award-fee contract which calls for General Ship to make repairs and alterations to two Naval Reserve Force FF-1052 KNOX Class Frigates, the USS Miller (FF-1091) and the USS Valdez (FF-1096), over a period of 6 years. The protesters have raised a number of arguments which they believe invalidate the award. However, our review of the record leads us to conclude that all of the protesters' arguments have either been filed in an untimely manner, are not appropriate for our consideration, or are without merit. Accordingly, the protests are denied in part and dismissed in part.

Both protesters have attempted to obtain from the Navy under the Freedom of Information Act information concerning, among other things, the evaluations of technical and cost proposals. The Navy has denied the protesters' access to most of the documents related to the evaluation process, but has provided all of the requested material to our Office for our review. Due to the proprietary nature of much of this

material and because the Navy has denied much of the protesters' Freedom of Information Act claims, we have reviewed all of the material in camera in light of the protest issues raised, but our discussion in this decision is necessarily limited. See, for example, Texstar Plastics Company, Inc., B-201105, September 18, 1981, 81-2 CPD 223.

The first issue raised by the protesters concerns whether the Navy evaluated proposals and made award to General Ship in accord with the evaluation criteria set forth in the RFP. Essentially, each protester contends that its proposal was improperly evaluated and that a proper evaluation would have revealed that its proposal demonstrated that it could perform the work in a manner which would be most advantageous to the government. Each protester also contends that the Navy improperly failed to consider the results of Defense Contract Audit Agency (DCAA) reports the Navy had requested on each offeror's cost proposal in contravention of the Navy's own Evaluation and Source Selection Plan designed specifically for this procurement.

At the outset, we point out that it is neither our function nor practice to conduct a de novo review of technical proposals and make an independent determination of their acceptability or relative merit. The evaluation of proposals is the function of the procuring agency, requiring the exercise of informed judgment and discretion. Our review is limited to examining whether the agency's evaluation was fair and reasonable and consistent with the stated evaluation criteria. We will question contracting officials' determinations concerning the technical merits of proposals only upon a clear showing of unreasonableness, abuse of discretion, or violation of procurement statutes or regulations. KET, Inc., B-190983, December 21, 1979, 79-2 CPD 429. Our review of an agency's evaluation of the cost realism of proposals is subject to the same standard of reasonableness. Reliability Sciences, Incorporated, B-205754.2, June 7, 1983, 83-1 CPD 612; Vinnell Corporation, B-203806, August 3, 1982, 82-2 CPD 101; Moshman Associates, Inc., B-192008, January 16, 1979, 79-1 CPD 23.

DCAA AUDIT REPORTS

The protesters both contend that the Navy was obligated to consider the results of DCAA audits performed on each cost proposal at the Navy's request. Both protesters argue that the Navy's Evaluation and Source Selection Plan for this procurement, which was released to the protesters pursuant to the Freedom of Information Act, directed

evaluators to "Incorporate DCAA input into the cost analyses." The Navy argues that REDRI filed this issue of its protest more than 10 days after REDRI received the Evaluation and Source Selection Plan in response to its Freedom of Information Act request and, consequently, that this issue of REDRI's protest is untimely under section 21.2 (b)(2) of our Bid Protest Procedures (4 C.F.R. part 21 (1983)). However, since this same issue was raised in a timely manner by Boston Shipyard, we need not consider the Navy's argument that REDRI filed this issue in an untimely fashion. See M&M Services, Inc.; EPD Enterprises, Inc., B-208148.3, B-208148.4, May 23, 1983, 83-1 CPD 546.

The Navy admits that these DCAA audit reports would have been helpful in analyzing the cost realism of each offer. However, the Navy reports that the audits were not considered by the Cost Realism Team because the DCAA audit material was not available for all three offerors' proposals at the time the Cost Realism Team completed its review of the cost proposals and, in order to treat all offerors fairly, no DCAA audit material was considered. The Navy points out that, in accord with Defense Acquisition Regulation (DAR) section 3-801.2(d) (Defense Acquisition Circular No. 76-16, August 1, 1978), the contracting officer is responsible for the final pricing decision and any audit reports or pricing recommendations made by others are to be considered advisory only. The Navy contends that the contracting officer's decision not to consider DCAA input was proper and his reliance on the Cost Realism Team recommendations was reasonable.

We agree with the Navy's position on this issue of the protests. We are unaware of any regulation which requires that source selection officials consider DCAA audit reports (or the reports of any other agencies) in evaluating offered prices or analyzing costs, and the protesters have cited none. As the Navy points out, in accord with DAR § 3-801.2(d), audit reports used in connection with cost/price analysis are only advisory and the final determination is to be made by the contracting officer. Moreover, the RFP indicated that "Cost to Government" and "Cost Realism" would be considered, but did not require the contracting officer to solicit or consider the views of DCAA in evaluating offers. While the Navy's Evaluation and Source Selection Plan did indicate that DCAA input was to be incorporated into the cost analyses, that document was apparently prepared by the Navy and intended for the use of Navy officials only. It was designed to serve as an internal instruction to procurement and evaluation officials involved in this procurement and does not provide our Office

any basis for questioning the validity of this award since an internal agency guideline does not have the force and effect of law. See, for example, Timeplex, Inc., General Datacomm Systems and Bowmar/ALI, Inc., B-197346, B-197346.2, B-197346.4, April 13, 1981, 81-1 CPD 280, where we held that even the allegation of a violation of a Department of Defense directive did not provide a basis for challenging an award. See, also, Florida TelCom, Inc., B-200430.2, October 28, 1981, 81-2 CPD 352. Moreover, we have recognized that the extent to which proposed costs will be examined is generally a matter for the contracting agency's discretion. See Applied Financial Analysis, Ltd., B-194388.2, August 10, 1979, 79-2 CPD 113. Here, the record shows that the Navy's Cost Realism Team conducted an in-depth analysis of each offeror's cost proposal in the two cost subcategories set forth in the RFP evaluation scheme and the source selection officials utilized the results of those analyses in deciding to award to General Ship. We find nothing improper in this approach and, therefore, the protests are denied on this issue.

TECHNICAL EVALUATIONS

Concerning the technical evaluation of proposals, while we may not properly discuss any of the evaluation material with specificity due to the Navy's insistence that this material not be released outside the government, we have reviewed the Evaluation and Source Selection Plan, the individual evaluators' scoresheets and the narratives accompanying them, and the acquisition manager's memorandum and supporting rationale in favor of the award to General Ship. For each category and subcategory listed as a factor in the RFP's evaluation scheme, the Evaluation and Source Selection Plan further listed a number of subfactors which were to be considered by evaluation officials. Our review shows that these subfactors were reasonably related to the RFP's criteria and the selection plan as a whole was totally consistent with the evaluation scheme set forth in the RFP. Furthermore, the individual scoresheets and narratives show that evaluators carefully considered all facets of the proposals in accord with the RFP criteria. Based upon our review of all of the evaluation material, we are unable to disagree with the Navy's determination that General Ship's proposal was superior to the proposals of either protester.

The protesters have cited very few specific areas in which they allege the evaluations were erroneous. We will respond to those that have been raised, however, within the constraints imposed by the proprietary/source selection sensitive nature of the material presented for our confidential review.

REDRI contends that source selection officials neglected to take into account the fact that REDRI is located in a labor surplus area. REDRI cites the government's policy of encouraging the award of contracts with firms in labor surplus areas as support for its argument that it should have been given some degree of preference for its labor surplus status in the evaluation/award process.

Our Office has consistently held that a solicitation must clearly inform all offerors of the evaluation factors to be used so that all offerors are treated fairly and equally and are provided a common basis for submission of proposals. Data 100 Corporation, B-194924, December 19, 1979, 79-2 CPD 416. Thus, it would have been improper for the Navy to have considered REDRI's labor surplus area status since the solicitation was not a labor surplus area set-aside and no mention of labor surplus area preferences was made in the RFP's evaluation criteria. See J.F. Pitre Cleaning Corporation, B-208032, July 27, 1982, 82-2 CPD 85; see, also, System Development Corporation, and International Business Machines, B-204672, March 9, 1982, 82-1 CPD 218. Further, to the extent that REDRI contends that this solicitation should have been set aside or otherwise accorded a preference for labor surplus area offerors, the protest is untimely. Under our Bid Protest Procedures, a protest based upon an alleged impropriety in a solicitation which is apparent before the closing date for receipt of initial proposals must be filed before the closing date for receipt of initial proposals in order to be considered on the merits. 4 C.F.R. § 21.2 (b)(1) (1983). Here, the protest was not filed until after award had been made. See J.F. Pitre Cleaning Corporation, supra.

Both protesters contend that General Ship has a history of late performance on Navy ship repair contracts for ships of this size and, therefore, General Ship should have been penalized in the evaluation process or found to be nonresponsible and ineligible for award. The Navy argues that this issue was raised in an untimely manner by REDRI. However, since the same issue was timely filed by Boston Shipyard, we need not consider the Navy's timeliness argument. See M&M Services, Inc.; EPD Enterprises, Inc., supra.

General Ship's past performance relates primarily to the Navy's determination that General Ship was responsible. Our Office does not review an agency's affirmative determination of a prospective contractor's responsibility

unless fraud is alleged on the part of procurement officials or the RFP contains definitive responsibility criteria which have allegedly been misapplied. Propper Manufacturing Company, Inc., B-206193, February 3, 1982, 82-1 CPD 86. Neither of these exceptions is applicable in the present case. Accordingly, to the extent that the protesters question General Ship's responsibility, the protests will not be considered. However, we note that General Ship's past late performances were properly considered as part of the technical evaluation as related to the subfactor entitled "Performance" in the "Experience" category. In fact, it appears that General Ship's rating in this category may have suffered as a result, but this was counterbalanced by other aspects of the "Experience" evaluation. Therefore, to the extent that this issue is related to the evaluation of General Ship's experience under the RFP criteria, the protests are denied.

REDRI contends that its offer was most advantageous to the government because it has a unified facility located directly adjacent to the berth sites of the two ships to be repaired, whereas General Ship's facilities are split and are some 75 miles away from the berth sites. REDRI contends that this factor was a significant advantage which was not considered by the evaluators in their technical evaluation of proposals.

This portion of REDRI's protest is denied. Our review of the individual evaluators' scoresheets shows that two of the evaluators specifically gave REDRI extra credit for the proximity of its facilities to the berth sites and the third evaluator gave REDRI an approximately equal rating to the other evaluators in the "Facilities" subfactor under "Resource Availability" which was listed in the RFP as an evaluation criterion. Thus, REDRI's drydock was considered a strength of its proposal. Moreover, the record shows that the evaluators considered General Ship's facilities location to be a weakness in its offer. These evaluations were clearly conducted within the RFP's stated scheme.

COST EVALUATION

Both protesters contend that the Navy improperly evaluated cost proposals and deducted points because, in the evaluators' opinions, the protesters' estimates for manpower and various other costs were too low. REDRI specifically charges that the Navy evaluators improperly rated REDRI's proposal low because REDRI did not submit sufficient backup material to support all of its cost estimates. In this regard, REDRI cites specific directions contained in the RFP

as support for its argument that backup material was not required to be submitted to support cost estimates. Alternatively, REDRI contends that the RFP's directions concerning the material to be provided in cost proposals were, at best, ambiguous and that it should not have been penalized for its interpretation, since it was a reasonable interpretation of these ambiguous directions.

We are not persuaded by the protesters' arguments that the Navy erred in its analyses of cost proposals. Therefore, as discussed below, this portion of the protests is denied.

Attachment 2 to section "L" of the RFP described what was required to be included in each offeror's cost proposal and, generally, informed all offerors how the Navy would evaluate the cost proposals to arrive at a total cost category score. Attachment 2 required offerors to submit a Department of Defense Form 633 (DD Form 633), for use in procurements when submission of current cost or pricing data is required, and offerors were required to certify that all cost or pricing data were accurate, complete and current. Offerors were required to provide the Navy with cost estimates in a number of areas (for example, direct labor costs), as well as a total estimated cost. Attachment 2 directed that:

"Any significant costs that are included somewhere other than the appropriate work item (e.g., in overhead, with services) should be identified and the location of the costs given."

The attachment then provided that:

"For the below listed work items the offeror should also submit complete supporting data for the estimates provided above. This data should include work scope, a list of material, use of overtime, cost estimating relationships, manhours by craft and any assumptions affecting these estimates. For these items, and for purposes of evaluation only, the offeror should combine preparation and accomplishment manhours and costs."

The attachment then listed 40 specific work items for which offerors were to submit estimates of their costs.

REDRI argues that the above-quoted language created a clear distinction between cost estimates required in certain

areas of the proposal and the 40 specific work items. Thus, REDRI concludes that it only needed to provide supporting data "for the estimates provided above" where significant costs were included "somewhere other than the appropriate work item"; for the 40 specific work items listed, REDRI argues that no supporting data needed to be supplied. The Navy contends that a reading of the entire attachment 2 makes it clear that supporting documentation was required for all 40 work items and that the cost analyses would consider the quality of supporting data provided.

While we agree with REDRI that the RFP is not a model of clarity in this area, we also agree with the Navy that a reading of the entire document makes it clear that the Navy required backup material to be supplied in connection with the 40 work items which were to form the basis for the cost evaluation and that the Navy would consider the supporting documentation, or lack thereof, in evaluating each offeror's cost estimates. Attachment 2, in addition to the above-quoted directions, stated that "The cost category score will reflect the degree of support supplied." The attachment also explained that, in computing the projected cost to the government, Navy evaluators would make adjustments to each offeror's proposal for "individual work items" based upon the degree to which the offeror's proposed cost per work item was consistent with the Navy's estimated cost for that work item. The attachment stated that, if an offeror's estimate differed from the Navy's estimate and was not well supported, the difference would be added to the offeror's estimate to establish projected cost and adjustment dollars. Furthermore, attachment 2 explained that "The Cost Category score will reflect an analysis made by the Navy for each proposal using available information for the items selected for cost evaluation purpose." We think that this statement, combined with the earlier-quoted portions of attachment 2, should have put all offerors on notice that the Navy would consider any and all available supporting information in its cost evaluation for the 40 listed work items as well as for general cost estimates provided. See New England Telephone and Telegraph Company, 55 Comp. Gen. 746 (1980), 80-2 CPD 225. Moreover, we note that the cost or pricing data required by attachment 2 (DD Form 633) also indicated that estimates of costs were to be supplied by contract line item with supporting information suitable for a detailed analysis to be performed. In these circumstances, we conclude that the RFP reasonably conveyed to all offerors the Navy's intent to consider supporting data in evaluation of the estimated costs for the 40 enumerated work items.

Another basis for each protest is that the Navy's estimates of man-hours and costs for various work items were inaccurate and, therefore, the evaluations--which involved comparison of each offer with the Navy estimates--were erroneous, arbitrary, and unreasonable. The protesters request that our Office conduct an independent investigation to ascertain whether the Navy's estimates were accurate and whether the best offeror was selected.

In accord with the RFP, the Navy evaluated each offeror's cost proposal under the evaluation categories labeled "Cost to Government" and "Cost Realism." Essentially, the Navy's Cost Realism Team assessed each proposal by comparing proposed costs to the Navy's own cost estimates to determine if the proposed costs were realistic. The Cost Realism Team also considered the supporting documentation supplied by the offerors with their proposals. Each offeror's proposed costs were adjusted to reflect the costs the Navy expected to incur if that offeror was awarded the contract. Basically, the Navy's assessment under both evaluation categories related to assessment of cost realism.

Our review of cost realism assessments is limited to a determination of whether an agency's cost evaluation was reasonably based and was not arbitrary. Varian Associates, Inc., B-209658, June 15, 1983, 83-1 CPD 658; Vinnell Corporation, supra. Moreover, as previously indicated, the extent to which an agency examines cost proposals is generally a matter within the contracting agency's discretion. Applied Financial Analysis, Ltd., supra.

We have examined the cost evaluations performed on all three proposals and conclude that they were reasonably based. The Navy's estimates for all work items were computed originally by the Supervisor of Shipbuilding, Boston (SUPSHIP). The SUPSHIP estimates were analyzed by the Navy's cost review team in light of proposals and any supporting documentation received in response to the RFP, and the estimates were revised to reflect more realistic estimates. We have specifically approved the use of government cost estimates in evaluation of cost realism. See Prospective Computer Analysts, B-203095, September 20, 1982, 82-2 CPD 234, and cases cited. Additionally, we have approved the use of evaluated costs rather than proposed costs for determining the most advantageous proposal. Prospective Computer Analysts, supra. We have also stated our view that the procuring agency's judgment as to the methods used to formulate the government's cost estimates is

entitled to great weight. Prospective Computer Analysts, supra; Dynatrend, Inc., B-192038, January 3, 1979, 79-1 CPD 4. Our review reveals no basis to question either the Navy's methodology for computing its estimates or the estimates themselves, and the protesters have provided our Office with no real evidence to convince us that the Navy erred in this matter. Our Office will not conduct an independent investigation, as part of our bid protest function, to determine the validity of a protester's assertions. Rather, it is the protester which must bear the burden of affirmatively proving its case. See RCA Service Company, B-208871, August 22, 1983, 83-2 CPD 221; ACMAT Corporation, B-197589, March 18, 1981, 81-1 CPD 206. The protesters have not carried their burden of proof in the present case. While we are not at liberty to discuss the Navy's cost evaluation materials, we are convinced after review of all of the material that the Navy's evaluation team members had a thorough understanding of each offeror's proposed technical approaches and associated costs and that the Navy's assessments of probable cost to the government were rationally based. We find no basis to question the Navy's cost and manpower estimates. Accordingly, we cannot conclude that the cost evaluations were without a reasonable basis or were performed in an arbitrary or capricious manner. Therefore, we deny the protests on all issues related to evaluation of cost or technical proposals.

DISCUSSION ISSUE

A final issue raised by both protesters concerns the fact that the Navy awarded the contract to General Ship on the basis of initial proposals rather than conducting discussions with and requesting best and final proposals from all three offerors before deciding which offer was the most advantageous to the government. Both protesters argue that the Navy had determined their offers to be technically acceptable and that their proposed costs were so close to General Ship's proposed costs that discussions were mandated by common sense. In fact, Boston Shipyard points out that its proposed costs were approximately \$6 million less than the costs proposed by General Ship. The protesters cite DAR section 3-805.1(V) (Defense Acquisition Circular No. 76-40, November 26, 1982) as support for their protests. They also cite a number of Navy and DCAA documents which allegedly show that the Navy originally contemplated holding discussions and receiving best and final offers before making award. Moreover, the protesters contend that Navy officials made site visits to each offeror's facilities--allegedly a form of discussions--and, therefore, best and final offers had to be allowed by the Navy.

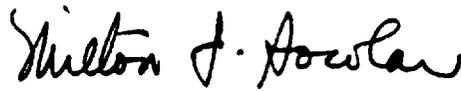
The Navy responds to these arguments by pointing out that, in accord with DAR § 3-805.1, award may be made on the basis of initial proposals in certain limited circumstances, within which it believes the present case falls. The Navy points out that the source selection chairman's opinion at the time of award was that discussions with the two highest ranked offerors would not likely have changed their ranking, that no significant flaws existed in the two highest ranked proposals, and that there was an urgent need for the services being acquired.

In negotiated procurements, discussions are generally required to be conducted with offerors within a competitive range except in certain specified instances. We have held that award may be made without discussions where the record supports the existence of adequate competition or there is accurate prior cost experience with the product or service to ensure that award without discussion will result in a fair and reasonable price, provided that the solicitation advises offerors of the possibility that award might be made without discussions. Center Films, Inc., B-205570, March 25, 1982, 82-1 CPD 285. This exception has been incorporated into the DAR at section 3-805.1(V).

In this case, the RFP (at section "L," clause 10) warned all offerors that award might be made on the basis of initial proposals without any discussions. Moreover, the Navy reports that the site visits by Navy personnel to each offeror's facilities were made before submission of initial proposals and, therefore, no discussions concerning modifications or revisions to initial proposals could have been made. The record also shows that the purpose for the site visits was so that potential offerors could demonstrate the full range of resources available to perform this contract and that potential offerors were notified before the site visits that no discussions would be allowed at the time of the site visit. There is no evidence to support the protesters' claims that discussions were held. The record also shows that General Ship was rated the highest of the three offerors in both the technical aspects and the cost aspects of its proposals after a thorough evaluation was conducted. Even though the proposed estimated costs were fairly close (with Boston Shipyard having an initial \$6 million lower offer), as indicated above, proposed costs are not a valid measure of the likely cost to the government. See Prospective Computer Analysts, supra. After evaluation, Boston Shipyard's cost proposal no longer had a cost advantage when evaluated costs were compared. Furthermore,

REDRI's technical proposal was rated significantly below General Ship's and its evaluated cost was higher than General Ship's. In view of the fact that Navy evaluators believed no significant improvements would result from discussions with General Ship, their decision to award on an initial proposal basis was technically sound. Therefore, all that remained was for the Navy to determine if General Ship's proposed costs were reasonable. As indicated above, the Navy had computed its own estimates for costs and compared all offerors' proposed costs to the estimates; General Ship's proposed costs were determined to be reasonable based upon this evaluation and based upon the fact that three offerors had competed for this award. In these circumstances, we cannot find unreasonable the Navy's decision to award on an initial proposal basis. See Todd Logistics, Inc., B-203808, August 19, 1982, 82-2 CPD 157. Even though Navy/DCAA documents indicate that discussions might have been considered initially, the record fully supports the Navy's ultimate decision not to conduct discussions. Accordingly, the protests are denied on this issue as well.

For the above reasons, the protests are dismissed in part and denied in part.

for 
Controller General
of the United States