

Mrs. C. W. Melody
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DECISION



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

FILE: B-218025.1, B-218025.2 **DATE:** May 23, 1985

MATTER OF: Omega World Travel, Inc.; Society of
Travel Agents in Government, Inc.

DIGEST:

The Navy is not required to follow procurement procedures to establish a scheduled airline traffic office (SATO) through which to acquire travel services, since establishment of a SATO does not involve a procurement of services within the meaning of the Competition in Contracting Act of 1984.

Omega World Travel, Inc. and the Society of Travel Agents in Government, Inc. (STAG) protest the Navy's plan to establish a scheduled airline traffic office (SATO) to provide travel management services in the Washington, D.C. metropolitan area. A SATO is an office run by a joint venture of air carriers to provide airline ticket reservations and related travel services. The protesters contend that the Navy is required to acquire its travel management services through an agreement to establish a SATO. We deny the protests.

Under a memorandum of understanding (MOU) dated April 6, 1981, the Department of Defense (DOD) and the Air Transport Association agreed to the terms and conditions under which SATOs would operate at military installations. In essence, the SATO agreed to reserve and issue airline tickets, and arrange for hotel accommodations, car rentals and other services related to the air travel. In addition, the SATO would furnish certain management data and reports to the installation in return for which DOD agreed that the military installation would furnish office space and other services related to operating the SATO on the installation. The MOU provides that the SATO arrangement may be terminated by either party on 90 days notice.

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Prior to April 1984, our Office for many years prohibited the use of commercial travel agents to procure official government travel. 4 C.F.R. § 52.3 (1980). During the period when the prohibition was in effect, DOD's practice apparently was to acquire travel management services through the establishment of SATOs at military installations. In April 1984, our Office lifted the prohibition on the use of commercial travel agents. 49 Fed. Reg. 17,721 (1984). As a result, the protesters contend, the Navy may not continue the practice of entering into an agreement to establish a SATO; it now must conduct a competitive procurement to acquire its travel management services. We disagree.

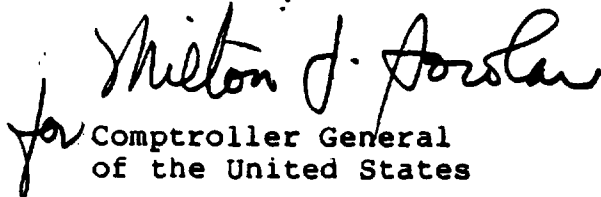
The purchase of travel services provided by the air carriers and other concerns has been exempted from the procurement statutes. See 40 U.S.C. § 481 (1982); Federal Property Management Regulations subpart 101-41.2, 41 C.F.R. subpart 101-41.2 (1984); Joint Travel Regulations, para C2250; Federal Acquisition Regulation § 47.000, 48 C.F.R. § 47.000 (1984). The Competition in Contracting Act of 1984, Pub. L. No. 98-369, title VII, 98 Stat. 1175 (1984), does not affect this exemption. Thus, government agencies generally are free to obtain travel services directly from the providers without using the procedures in the Act and its implementing regulations.

The SATO arrangement is no more than a management vehicle to facilitate the Navy's purchase of travel services which themselves are exempt from the procurement procedures. Using a SATO does not affect the cost of the travel services themselves since the government does not pay the SATO for the management services. The government provides only office space and related services to the SATO, the cost of which would be incurred by the government in any event as general overhead. Thus, the Navy's plan to establish a SATO is not subject to the Competition in Contracting Act. The protests are denied.

We recognize that since the prohibition on use of commercial travel agents was lifted, many government agencies have conducted competitive procurements to establish travel services offices. In addition, under Defense Transportation Program Policy Memorandum 84-6, issued on May 11, 1984, to provide interim policy guidance

regarding selection of travel services systems, the military departments are called on to use competitive procedures as a general rule when establishing travel services offices. Whether the Navy's plan is consistent with the policy set out in the DOD Memorandum, however, is a matter of internal agency policy, not an issue cognizable under our jurisdiction to review bid protests, 31 U.S.C. § 3551 et seq., added by section 2741(a) of the Competition in Contracting Act.

Both protesters claim the costs of filing and pursuing the protests. The Competition in Contracting Act and our Bid Protest Regulations provide for recovery of costs only where a protest is found to have merit. See 31 U.S.C. § 3554(c)(1), as added by section 2741(a) of the Competition in Contracting Act; 4 C.F.R. § 21.6(d) (1985). Here, since we have denied the protests, we also deny the protesters' claims for recovery of costs.


for Comptroller General
of the United States