

DECISION



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

FILE: B-219428, B-219440 **DATE:** *October 17, 1985*

MATTER OF: Hoboken Shipyards, Inc.; Perth Amboy
Dry Dock Company

DIGEST:

1. Protests that combining overhauls for three ships under one procurement unnecessarily restricts competition are dismissed as untimely under our GAO Bid Protest Regulations because they were filed after the date set for receipt of proposals. Alleged improprieties should have been apparent to protesters from the solicitation and any protest based on alleged improprieties apparent from the face of the solicitation must be filed prior to the closing date set for receipt of proposals. 4 C.F.R. § 21.2(a)(1) (1985).
2. The Navy was not required to delay its cost evaluation and award decision in order to incorporate Defense Contract Audit Agency reports which were requested and then canceled when the Navy decided to use information available on contractors' current audited forward pricing rates to assist in formulating each proposal's "cost to the government" evaluation factor. The extent to which proposed costs will be examined is generally a matter within the contracting agency's discretion, and when cost data is required, the contracting officer may use special forward pricing rates prescribed in an existing advance agreement to assist in determining the reasonableness of the proposed costs.
3. Protests that evaluation of proposals for cost realism was conducted improperly and contrary to the evaluation scheme set forth in the solicitation are denied. GAO's in camera review of all of the evaluation materials reveals no basis for finding that selection officials abused their discretion, and cost realism analysis which compared agency cost estimates to proposed costs and which was

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completed in accordance with the solicitation scheme and source selection plan was reasonable.

4. Award of a cost-reimbursement contract on the basis of initial proposals was proper where the solicitation included a notice that award might be made on the basis of initial proposals without discussions, no discussions occurred, and the number of competitively acceptable proposals which were thoroughly evaluated for cost realism support the agency's determination that there was adequate competition resulting in a reasonable price.
5. GAO will not object to an evaluation on the ground that the agency spent insufficient time conducting the evaluation, where the evaluation was fair, reasonable, and consistent with the stated evaluation criteria.
6. Protester's allegation of procedural prejudice which prevented a fair evaluation by source selection officials is denied. GAO will not attribute arbitrariness or bias to source selection officials on the basis of inference or supposition alone. Where, as here, there is no probative evidence of actual prejudice to the protester or arbitrariness on the part of any source selection officials, the protester's allegation is speculative and the protester has not met its burden of proof.
7. Protester's general allegation that the proposed awardee will not be able to perform the contract in accordance with all of its terms either relates to the proposed awardee's responsibility (before award) or is a matter of contract administration (after award) that is within the purview of the contracting agency and is not encompassed by our bid protest function.

Hoboken Shipyards, Inc. (Hoboken), and Perth Amboy Dry Dock Company (Perth Amboy), protest the Naval Sea Systems Command's (NAVSEA) proposed award of a contract for the Atlantic Fleet AE Class Vessels Phased Maintenance Program to Coastal Dry Dock and Repair Corporation (Coastal) under request for proposals (RFP) No. N00024-85-R-8511, a total

small business set-aside geographically restricted to the Earle, New Jersey homeport area. The protesters have raised a number of arguments which they believe invalidate the proposed 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.

Initially we note that the protesters have had to rely heavily on information disclosed pursuant to our Bid Protest Regulations because they have not yet received a formal debriefing and the Navy has restricted access to certain information concerning evaluations of technical and cost proposals. Although the Navy has denied the protesters' access to most of the documents related to the evaluation process, it has provided all of the requested material to our Office for review. Due to the proprietary nature of much of this material 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. Lear Siegler, Inc.--Reconsideration, B-217231.2, May 30, 1985, 85-1 C.P.D. ¶ 613 at 4.

BACKGROUND

NAVSEA issued this solicitation on March 26, 1985, to ship repair firms in the Earle, New Jersey, homeport area as a total small business set-aside for a Phased Maintenance Program for three AE Class vessels. The solicitation called for award of a cost plus award fee contract for requirements in fiscal year 1985 to prepare for work to be performed on the USS NITRO (AE 23) in fiscal year 1986, with options for all other contract requirements over a 5-year period, including preparation and work on the USS SURIBACHI (AE 21) and the USS BUTTE (AE 27). Offerors were to submit proposals which would be evaluated in the following categories, listed in descending order of importance: management capability; cost; technical approach; and resource availability. Each category also listed evaluation factors in descending order of importance. The solicitation also advised offerors that the government reserved the right to make award on the basis of initial proposals without holding discussions with the offerors. The due date for receipt of initial proposals was set for May 28, 1985.

Four small business firms submitted proposals. In accordance with the Source Selection Plan, the Contract Award Review Panel evaluated the offerors' technical

proposals while the Cost Realism Team reviewed the cost proposals of the offerors. During the evaluation period NAVSEA asked the Defense Contract Audit Agency (DCAA) to prepare reports on the cost portions of each proposal.^{1/} NAVSEA subsequently canceled this request on June 28, 1985, when it determined that DCAA audit reports would not be critical to the cost evaluation because relevant rate information was available from the Supervisor of Shipbuilding, Conversion and Repair, United States Navy, Brooklyn (SUPSHIP Brooklyn) which provided verification of each contractor's current audited forward pricing rate.^{2/} These rates were then used instead of DCAA figures in the Source Selection Plan's formula for determining "cost to the government."

After the Contract Award Review Panel and the Cost Realism Team had completed their evaluations, weights were applied to the scores and a ranking of offerors was prepared by using the total weighted scores for all factors and categories. Coastal received the highest number of points overall as well as the highest number of points in each of the technical categories. Although Coastal did not offer the government the lowest proposed cost or evaluated projected cost, its cost proposal was determined to be fair and reasonable. Based on Coastal's overall high score, superior technical scores, and reasonable evaluated projected cost, the Procuring Contracting Officer recommended to the Source

^{1/} According to NAVSEA, when DCAA is asked to do a routine audit on proposals, the two major tasks expected to be performed by DCAA are: (1) to validate that the contractor has an accounting system suitable for a cost type contract (this information may be used in determining a contractor's responsibility but is not used in evaluating cost proposals); and (2) to review labor rates and overhead rates (this information is one element used in developing the "cost to the government" factor score in the RFP's cost category).

^{2/} Negotiation of a forward pricing rate agreement between a contractor and the government enables the government to have specific information on certain of the contractor's rates (e.g. labor, indirect) available for use during a specified period in preparing contract cost estimates. See Federal Acquisition Regulation (FAR), 48 C.F.R. § 15.809 (1984).

Selection Authority, called the Acquisition Manager, that Coastal be selected--on the basis of its initial proposal-- as the successful offeror. The Acquisition Manager concurred with the findings of the evaluation panels and accepted the recommendation of the Procuring Contracting Officer for award of the contract. In so deciding it was determined that there was no need for discussions, and, in fact, no discussions were held with any of the offerors. On June 28, 1985, the Procuring Contracting Officer notified the offerors of the proposed award to Coastal, whereupon Hoboken and Perth Amboy filed their individual protests with this Office.

COMBINATION OF THREE OVERHAULS IN ONE CONTRACT

The protesters contend that the Navy's use of the Phased Maintenance Program in this case unduly restricts competition in that the use of one contract for overhaul of all three AE Class vessels effectively eliminated all competition on two of the three vessels and established a "de facto" sole source procurement for the latter two overhauls.

Under our Bid Protest Regulations, any protest based on alleged improprieties apparent from the face of an RFP must be filed prior to the closing date for receipt of proposals. 4 C.F.R. § 21.2(a)(1) (1985). Since the deadline for receipt of proposals in this procurement was May 28, 1985, the protests against NAVSEA's procurement approach, which were filed on July 1 and July 3, or more than a month after the date for receipt of proposals, are untimely under our Bid Protest Regulations and are therefore dismissed.

DCAA AUDITS

Both protesters contend that NAVSEA failed to evaluate proposals in accordance with the evaluation procedures set forth in the RFP and the Source Selection Plan because DCAA audits were not completed and were not considered in either the cost analysis or the determination of the apparent successful offeror. NAVSEA contends that it was not required to consider the results of DCAA audits which were still in process at the time the cost analysis was completed since relevant rate information needed to evaluate and score each offeror's "cost to the government" was readily available from SUPSHIP Brooklyn. NAVSEA explains that although the Source Selection Plan did not require the evaluators to consider DCAA reviews as an integral part of the source selection process, the DCAA audits were requested initially

as a matter of routine to acquire rate information to assist in evaluating each offeror's "cost to the government" score. However, the Procuring Contracting Officer had available current audited forward pricing rates as agreed upon by each contractor and SUPSHIP Brooklyn and NAVSEA relied upon this information to develop the "cost to the government" scores.

However insightful or helpful the DCAA audits may have proven to be had NAVSEA allowed for their completion, it is clear that the Navy was not obligated to consider the results of the DCAA audits so long as the current audited forward pricing rates for each contractor were used by the Navy. Federal Acquisition Regulation (FAR), 48 C.F.R. § 15.805-5(a)(1) (1984) provides that when cost data are required the contracting officer shall request a field pricing report--such as the DCAA review requested in this case--except in the case where information available to the contracting officer is adequate to determine the reasonableness of the proposed cost. In the present case, the current audited forward pricing rates agreed upon by each contractor and SUPSHIP Brooklyn are specifically recognized by the Department of Defense's Supplemental Acquisition Regulations (DOD FAR SUPP 15.805-5(a)(1)(v)) as an example of the type of information obviating the requirement for a field pricing report.

The solicitation contained no requirement for DCAA audits and 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 here. Rather, we view the use of audit reports in connection with cost/price analysis as advisory and within the discretion of the contracting officer who retains the responsibility for the final determination on proposed costs. Neither protester has shown that the contracting officer's decision to use forward pricing rates supplied by SUPSHIP Brooklyn to assist in determining "cost to the government" was clearly erroneous, and we find nothing improper in this approach. See Booz, Allen & Hamilton, 63 Comp. Gen. 599, 602 (1984), 84-2 C.P.D. ¶ 329 at 5.

COST EVALUATIONS

Hoboken contends that award of this contract was made without full consideration of the cost realism requirements of the solicitation and that if the Navy did not perform an independent evaluation of "cost realism" to take the place

of the DCAA audits there could be no reasonable basis for the contract award. As discussed below, we find that the Navy conducted a reasonable cost evaluation which included a detailed analysis of cost realism, and the RFP's directions as to what a cost proposal should contain reasonably conveyed to all offerors what was expected and what would be used in evaluating cost proposals for cost realism.

Section M of the RFP listed three evaluation factors related to the cost category, in descending order of importance, and noted their relative importance to the other evaluation factors. These factors are: cost realism; cost to the government; and cost data support. Attachment 1 to Section L of the RFP set forth instructions concerning information to be included in the offeror's cost proposal and the manner in which the government was to evaluate cost proposals. It provided that the notional work specification package was to be used as the basis for the offeror's proposed estimated cost for each (ship) availability or advance planning line item. Offerors were required to provide: estimating rationale; summary cost data tracing the cost of each individual work item to the total proposed cost; and sample cost data worksheets supporting estimates for all work items.

In addition, Attachment 1 to Section L of the RFP provided the government's method for cost evaluation as follows:

"5.3 Cost Evaluation

The Government will perform a technical analysis and review of the offeror's cost data, including comparison to the Government estimate for the specification work package. This analysis will be performed both on a sample of the work items and on the offeror's total proposal including all options. Additionally, the cost proposal will be compared to and verified against the offeror's manloading projections in the technical proposal. As a result of this analysis, the Government will make adjustments to the offeror's proposed costs in order to develop an estimate of the projected cost to the Government. The offeror's cost proposal will be evaluated and scored in three areas.

"5.3.1 Cost to the Government

The lowest projected cost to the Government will be considered most favorable. The projected cost to the Government for each other offeror will be compared to the lowest projected cost to the Government and considered less favorable by an amount proportionate to the ratio derived from that comparison.

"5.3.2 Cost Realism

Cost realism is determined through analysis of the gross amount of adjustment made by the Government in developing the projected cost to the Government. The Government will evaluate adjustments made both to a sample of work items and to the offeror's total cost proposal. The offeror whose proposal requires the least adjustment will be considered most favorable. An offeror who significantly underestimates (or overestimates) costs on part or all of the proposal will be considered less favorable. The score may be adjusted downward for major adjustments found to be necessary in the "Cost to Government" analysis and for discrepancies between manhours in the technical proposal and the cost proposal.

"5.3.3 Cost Data Support/Estimating Methodology

The offeror's proposal will be evaluated on the quality and sufficiency of the supporting data provided, and on the basis of tracability of the proposed labor hours and material costs to the technical proposal. Additionally, the quality of the estimating techniques employed, including use of historical cost data from previous jobs, and the justification for assumptions made concerning labor rate and overhead base/expense projections will be evaluated."

In addition, the Source Selection Plan provided specific implementing instructions for Cost Realism Team evaluators scoring proposals on cost realism, cost to the government, and cost data support.

Under the comprehensive evaluation scheme the cost realism score reflects the gross amount of adjustment made to an offeror's proposal in developing the projected cost to

the government. NAVSEA reports that manhours and material dollar estimates proposed by each offeror were compared to government estimates for each work item. If the offeror's estimate was outside the allowable range of difference from the government estimate (estimating tolerance), certain adjustments were made to the offeror's proposed manhours or material dollar estimates. The extent of adjustment depended on the quality of cost data support provided by the contractor; that is, the better the support, the less the adjustment that was required. NAVSEA further reports that these figures were then used to develop both the cost realism and cost to the government scores, while the labor rates proposed by each offeror were used only in developing the cost to the government score. NAVSEA contends that in this manner it did follow the cost evaluation procedures set forth in the solicitation and did fully consider cost realism.

In a cost-reimbursement contract the risk of loss as the result of a cost overrun is assumed by the government. It is therefore necessary in cost-reimbursement contracting to be aware of the possibility of a buy-in and guard against its occurrence by analyzing proposed costs in terms of realism, since regardless of the costs proposed by the offeror, the government is bound to pay the contractor actual and allowable costs. See Bell Aerospace Company; Computer Sciences Corporation, 54 Comp. Gen. 352, 359 (1974), 74-2 C.P.D. ¶ 248 at 11; and see FAR, 48 C.F.R. § 15.605(d). The evaluation of competing cost proposals requires the exercise of informed judgment which we believe must be left to the administrative discretion of the contracting agencies involved, since they are in the best position to assess "realism" of cost and technical approaches and must bear the major criticism for any difficulty or expenses resulting from a defective cost analysis. Advanced Technology Systems, Inc., B-215124, Mar. 18, 1985, 64 Comp. Gen. ____, 85-1 C.P.D. ¶ 315 at 5. Since the cost analysis is a function of the contracting agency, our review is limited to determining whether an agency's cost evaluation was reasonably based. Triple A Shipyards, B-213738, July 2, 1984, 84-2 C.P.D. ¶ 4 at 5, citing Robert E. Derektor of Rhode Island, Inc.; Boston Shipyard Corp., B-211992; B-211992.2, Feb. 2, 1984, 84-1 C.P.D. ¶ 140 at 11.

We have examined the cost evaluations performed on all of the proposals and conclude that the Navy's cost analysis was reasonable. The cost realism team conducted its cost evaluation of each offeror's cost proposal, which required offerors to submit notional work specification packages

along with estimating rationale, summary cost data and sample cost data worksheets and other documentation. Each offeror's proposed estimates were reviewed and revised by the Cost Realism Team to reflect more realistic estimates incorporating the contractor's current audited forward pricing rates provided by SUPSHIP Brooklyn for determining cost to the government. After the cost realism team completed its evaluation the scores were weighted and offerors ranked on the basis of the total weighted scores for all factors and categories. We find no basis here 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. While we are not at liberty to discuss the Navy's cost evaluation materials and comparative ranking results, we are persuaded after review of all of the material that the Navy's evaluation team members had an understanding of each offeror's proposed costs for the technical approaches proposed and that the Navy's assessments of probable cost to the government were rationally based.

Following a conference on the merits of these combined protests, Perth Amboy and Hoboken contested the Navy's use of the contractors' current audited forward pricing rates provided by SUPSHIP Brooklyn as both unauthorized and irrelevant. Perth Amboy contends that the competitive proposals must be evaluated based solely on the factors specified in the solicitation and the use of forward pricing rates was not stipulated as a basis for evaluation. Moreover, Perth Amboy contends that the Navy used irrelevant rates dating back to 1984 without considering the impact that an award of the phased maintenance contract would have had in absorbing and reducing overhead expenses. Thus, in Perth Amboy's view, the use of these "extraneous rates" in evaluating its cost proposal adversely affected its overall competitive point score and shows that the Navy acted arbitrarily in using such information without holding discussions on the rates with each offeror. Hoboken also contends that the current audited forward pricing rates obtained from SUPSHIP Brooklyn and utilized by NAVSEA in evaluating the offerors' cost proposals have little relevance to the offerors' proposed rates or to the ultimate cost to the government of this five-year contract. Hoboken contends that its 1984 rates would be reduced by 12 percent for the first full year of contract performance in 1986 because it has sold unneeded facilities, consolidated operations, and intends to reduce its costs of performing ship repair work. Noting that its overall competitive score was within

5 percent of the proposed awardee's overall score, Hoboken feels its potential 12 percent reduction in costs might allow it to displace the proposed awardee. The protesters urge that the cost data from SUPSHIP Brooklyn which NAVSEA chose to rely on as "already available" from in-house sources was not adequate to evaluate the "cost to the government" without confirmation from DCAA audits or discussions with the offerors.

Although the protesters argue that the forward pricing data were not current and therefore were not "adequate to determine the reasonableness of the proposed cost" within the meaning of FAR, § 15.805-5(a)(1), supra, we find that Hoboken's projections concerning a 12 percent reduction in its costs is itself speculative when premised on such undocumented conclusions as its savings from the sale of facilities or its intention to perform ship repair work more economically. Thus, while Hoboken has alleged changed circumstances in its corporate financial condition, it has not demonstrated that the cost data provided by SUPSHIP Brooklyn are not adequate to determine the reasonableness of the protester's proposed costs. Furthermore, the protesters have not provided any compelling argument that the DCAA audits had to be completed once they were initiated or that they are in any way superior or even preferable to the cost data already available from SUPSHIP Brooklyn.

It was reasonable for the Navy to use forward pricing data provided by SUPSHIP Brooklyn to formulate labor rates and overhead rates as elements in the "cost to the government" evaluation factor score and to see prior cost experience on repair of AE Class vessels in computing its own estimates for comparison with costs proposed by offerors. DOD FAR SUPP 15.805-5(a)(1)(v), supra, authorizes the use of current forward pricing rate agreements in formulating government cost estimates, and we have specifically approved the use of government cost estimates in evaluating cost realism by stating that evaluated costs rather than proposed costs provide a sounder basis for determining the most advantageous cost proposal. See Prospective Computer Analysts, B-203095, Sept. 20, 1982, 82-2 C.P.D. ¶ 234 at 5. We find no impropriety in the Navy's use of current audited forward pricing rates for each contractor--in lieu of the labor and overhead rates that the DCAA audits would have provided--as an element in the Source Selections Plan's formula for determining "cost to the government." Moreover, Hoboken has done no more than speculate that its proposed costs are more realistic than the government's estimate of costs and has not shown the government's cost formula is

unreasonable. Since the solicitation did not require DCAA audits nor preclude the use of cost data available outside of the proposal in formulating the "cost to the government" evaluation factor, we find that the Navy's development of independent "cost to the government" estimates using current audited forward pricing rates was within the discretion permitted a contracting agency in evaluating cost factors. See Prospective Computer Analysts, B-203095, supra at 5, 6; Dynatrend, Inc., B-192038, Jan. 3, 1979, 79-1 C.P.D. ¶ 4. Therefore the protests are denied on all issues related to evaluation of cost proposals. See Robert E. Derecktor, et al., B-211922, et al., supra at 11, 12.

AWARD WITHOUT DISCUSSIONS

Perth Amboy protests that the Navy proposes to award this contract on the basis of initial proposals rather than conducting discussions with and requesting best and final offers from all offerors in the competitive range. Perth Amboy maintains that to award this contract on the basis of initial proposals without conducting discussions with offerors violates the authorities set forth at 10 U.S.C. § 2304(g) (1982) and FAR, 48 C.F.R. § 15.610(b), as well as the public policy expressed in 41 U.S.C. § 253b(d), as amended by section 303B(d) of the Competition in Contracting Act of 1984 (CICA), Pub. L. No. 98-369, title VII, 98 Stat. 1175, 1179 (1984).

At the outset, we point out that the provisions of CICA apply only to solicitations issued after March 31, 1985. See CICA § 2751(a), 98 Stat. 1175, 1203. Since this solicitation was issued on March 26, 1985, the question concerning whether discussions are required must be examined and resolved consistent with the authority of 10 U.S.C. § 2304(g) and regulations promulgated pursuant to that authority.

Under 10 U.S.C. § 2304(g), government agencies negotiating procurements in excess of \$25,000 must conduct written or oral discussions with all responsible offerors which submit proposals within the competitive range, price and other factors considered. However, discussions are not required when it can be clearly demonstrated from the existence of adequate competition or accurate prior cost experience with the product that acceptance of an initial proposal will result in fair and reasonable prices, provided that the RFP notifies all offerors of the possibility that award may be made without discussions. Regulations providing agencies with authority to dispense with discussions also add the

requirement that discussions, in fact, have not taken place. FAR, 48 C.F.R. § 15.610(a)(6) (1984).

The present solicitation included a notice that award might be made without discussions and cautioned offerors that their initial offers should contain their best terms from a cost and technical standpoint. NAVSEA further reports that no discussions, either written or oral, were conducted with any of the offerors. Perth Amboy has not alleged that contracting officials engaged in discussions with any offeror concerning this procurement prior to award. NAVSEA considers the proposed award as resulting from adequate competition since competitive proposals were received from four offerors which NAVSEA determined were capable of performing the requirements of the contract. Moreover, consistent with the evaluation criteria set out in the RFP, the Navy determined that although the proposed awardee did not offer the government the lowest proposed cost or evaluated projected cost, its cost proposal was fair and reasonable and the higher proposed cost was worth the proposed awardee's technical superiority.

The circumstances of this procurement meet the exception to the general requirement for discussions, and our review reveals no legal basis to question the Navy's decision not to conduct discussions. True Machine Company, B-215885, Jan. 4, 1985, 85-1 C.P.D. ¶ 18 at 5; D-K Associates, Inc., B-213417, Apr. 9, 1984, 84-1 C.P.D. ¶ 396 at 8, 9. See also, Blurton, Banks & Associates, Inc., B-211702, Oct. 12, 1983, 83-2 C.P.D. ¶ 454 at 5, 6.

TIME ALLOWED FOR COST EVALUATION

In comments filed after a conference on the merits of these protests, Perth Amboy and Hoboken allege that NAVSEA conducted only a " cursory analysis " of cost proposals and could not make responsible evaluations and truly informed decisions on proposals comprising several volumes and hundreds of pages of text, charts, and financial data in just thirty days without discussions. This is especially the case, the protesters contend, since no AE Class vessels have previously been overhauled in the New York area and consequently NAVSEA had relatively little cost data available by which to evaluate the proposals and because there is no prior record of competition from which it could be clearly demonstrated that Coastal's offer will result in a fair and reasonable price.

NAVSEA counters that while the Phased Maintenance Program is a relatively new concept in Navy procurement, ship repair and modernization work on AE Class vessels in the New York area is not. In fact, the USS SURIBACHI (AE 21) is undergoing a regular overhaul at Coastal prior to joining the Phased Maintenance Program. NAVSEA further states that the Navy's prior cost experience with similar repairs and alterations of AE Class vessels establishes that it can accurately assess the costs associated with such repairs. Based upon its prior cost experience, the Navy computed its own estimates for costs and compared all offerors' proposed costs to the estimates. Because the estimates--utilizing the forward pricing data provided by SUPSHIP Brooklyn--are for individual work items and not for a complete overhaul package, NAVSEA concludes that labor and overhead rates are not affected by the class of vessel being worked on, but rather by the contractor's labor mix, overhead expenses and business base. NAVSEA reports that the time required for the selection process was adequate to perform a thorough and reasonable evaluation of technical and cost proposals in accordance with the solicitation and the Source Selection Plan and all offerors were treated equally. Although the evaluation took less time than other phased maintenance programs in which discussions were held, NAVSEA maintains that there was neither any purpose nor any legal requirement to hold discussions.

Our review of the record in this case simply gives no indication that either protester was prejudiced by the pace and duration of the Navy's cost evaluation and overall source selection process. The Navy, not our Office, was in the best position to determine the amount of time necessary to conduct a satisfactory evaluation of proposals in this procurement, and the Navy believes it devoted sufficient time and effort to the evaluation here. Our Office is concerned only with whether the evaluation was fair, reasonable, and consistent with the stated evaluation criteria. See IMODCO, B-216259, Jan. 11, 1985, 85-1 C.P.D. ¶ 32 at 3, 4. We already have found that the evaluation met this standard and that the proposed award without discussions is proper. Furthermore, the protesters' contention that this procurement represents the first phased maintenance program solicitation for the New York area and therefore inadequate costing experience required a longer evaluation period with discussions ignores the Navy's prior cost experience with ship repair and modernization work on AE Class vessels.

Accordingly, this basis for protest is denied.

BIAS IN EVALUATION

The Recommendation for Award, dated June 26, 1985, attached to NAVSEA's report on these protests, included a memorandum executed by the Acquisition Manager on August 2, 1985, to explain an error in the original report. Specifically, the Recommendation for Award indicated that the Chairman of the Contract Award Review Panel, "with the concurrence of the PCO (Procuring Contracting Officer) and legal [counsel]," found Perth Amboy to be technically unacceptable and its proposal incapable of being made acceptable without a complete rewrite of the entire proposal. However, the clarifying memorandum indicates that, in fact, the Procuring Contracting Officer and legal counsel did not concur with the Chairman's recommendation of Perth Amboy's technical unacceptability. The memorandum further shows that all four offerors were considered technically acceptable by the Procuring Contracting Officer and the Acquisition Manager throughout the procurement.

The inconsistency between the Recommendation for Award and the correcting memorandum were discussed at length in the conference on the merits of these protests. Perth Amboy protests that the Chairman of the Contract Award Review Panel's statement in the Recommendation for Award to the effect that Perth Amboy's offer was technically unacceptable had the effect of disqualifying Perth Amboy's offer from serious consideration by the Procuring Contracting Officer and the Acquisition Manager. Perth Amboy then requests that this Office should carefully examine the technical evaluation made of its proposal "and the influence the chairman may have had on the scoring by the evaluators working under him" on the Contract Award Review Panel.

NAVSEA stands by the clear import of the clarifying memorandum, emphasizing that the Chairman of the Contract Award Review Panel did find Perth Amboy's technical proposal unacceptable and incapable of being made acceptable without a complete rewrite, but that the Chairman's opinion was not shared by the Procuring Contracting Officer, legal counsel, or ultimately by the Acquisition Manager, all of whom, throughout the procurement, found all offerors technically acceptable.

Perth Amboy's charge that the Chairman's statement prevented an impartial and fair review by the Procuring Contracting Officer and Acquisition Manager is not supported by any evidence in the record. We see nothing to indicate that Perth Amboy received anything other than a fair and

detailed evaluation on all aspects of its offer. Further, there is no indication that the actual selection officials ever considered Perth Amboy to be other than fully qualified to perform all requirements of the solicitation. Absent any probative evidence of actual prejudice, we find that Perth Amboy's allegation is speculative and, therefore, Perth Amboy has not met its burden of proof. Kisco Company, Inc., B-216953, Mar. 22, 1985, 85-1 C.P.D. ¶ 334 at 5. Moreover, we will not attribute arbitrariness, let alone bias, to source selection officials simply on the basis of inference or supposition. D-K Associates, Inc., B-213417, supra.

QUALIFICATIONS OF PROPOSED AWARDEE TO PERFORM THE CONTRACT

Perth Amboy also contends that NAVSEA has made insufficient efforts to verify the proposed awardee's financial condition as it may adversely reflect on the contractor's ability to perform in accordance with the cost elements of its proposal. Perth Amboy's general allusion to the proposed awardee's qualifications to perform the contract in accordance with all of its terms either relates to the proposed awardee's responsibility (before award) or is a matter of contract administration (after award), that is within the purview of the contracting agency and is not encompassed by our bid protest function. See 4 C.F.R. § 21.3(f)(1) and (5) (1985); Norfolk Shipbuilding & Drydock Corporation, B-218618, May 24, 1985, 85-1 C.P.D. ¶ 604.

PROPOSAL PREPARATION AND PROTEST COSTS

Perth Amboy seeks to recover its costs for filing and pursuing this protest, including attorney's fees, as well as proposal preparation costs. As we have denied the protests, these costs are not recoverable. See Kavouras, Inc.--Reconsideration; B-219510.2, Aug. 30, 1985, 85-2 C.P.D. ¶ ____; 4 C.F.R. § 21.6(d) (1985).

CONCLUSION

The protests are dismissed in part and denied in part.

Harry R. Van Cleve
 Harry R. Van Cleve
 General Counsel