

DECISION

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

FILE: B-222023

DATE: May 14, 1986

MATTER OF: La Pointe Industries, Inc.

DIGEST:

Technical evaluation of proposal in a negotiated procurement is based on the content of the proposal. Demonstration of alleged technical capability through both a preaward survey and protest submissions will not overcome agency's determination that proposal was technically unacceptable and outside the competitive range. Therefore, agency properly excluded proposal from competitive range once it determined that the proposal's deficiencies were such as to require a new proposal in order to be acceptable.

La Pointe Industries, Inc. (La Pointe), protests the rejection of its proposal under request for proposals (RFP) No. N00163-85-R-1285, issued by the Naval Avionics Center, Indianapolis, Indiana (Navy), for a second source for procurement of standard airborne UHF/VHF radios. Offers were solicited for a firm, fixed-price contract.

La Pointe contends that its exclusion from the competitive range was improper because, notwithstanding the Navy's contrary opinion, a Defense Contract Administration Services Management Area (DCASMA) preaward survey found La Pointe technically qualified and recommended an award to La Pointe. La Pointe argues that it did not include more information in its technical proposal because of an RFP imposed 60-page limit on the length of technical proposals. Finally, La Pointe contends that the Navy used evaluation criteria beyond those listed in the RFP in establishing the competitive range.

We deny the protest.

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BACKGROUND

The radios have been purchased from one manufacturer since 1977. The instant procurement is to qualify a competitor (second source) for future procurements. The awardee is required to show its ability to manufacture two different radio parts.^{1/} The demonstration consists of successful completion of all three phases of the RFP's statement of work.^{2/} In order to validate the technical data package accompanying the RFP, the Navy manufactured the two parts itself. The Navy evaluators, therefore, had actual experience in the manufacture of the two parts.

THE RFP

The RFP, as amended, states that, even though the contractor must successfully complete the first and second phases, the Navy will focus on the offeror's perceived ability to successfully complete the "development phase." The phrase "development phase" is not otherwise defined; however, under the RFP, offerors apparently understood it to mean the third (production) phase which required an understanding of all three phases collectively. Offerors were advised that technical and schedule/management factors were significantly more important than cost. Under the technical criteria, the manufacturing capability subcriteria stated that proposals would be judged on:

^{1/} The parts are a receiver-transmitter and a controller. Both parts appear to consist of multi-layer printed circuit cards (called printed wiring boards in the RFP) with numerous surface mounted components (computer chips and electronics) densely packed together.

^{2/} The three phases are: (1) Familiarization, building several copies of the two parts by assembling pieces from Navy provided kits; (2) Qualification, the awardee orders all pieces and builds from scratch 10 each of the two parts; and (3) Production, the awardee produces from 200 to 400 each of the two parts.

"The extent to which the offeror, through his previously demonstrated capabilities and resources, e.g., facilities and manpower, will be able to, (1) implement pilot production, (2) execute a production volume . . . , and (3) the offeror shall demonstrate existing capability to manufacture equipment similar to the . . . [Navy radio] in volumes of 40 per month."

The record shows that on August 6, 1985, offerors were told at a preproposal conference that proposals had to include all information necessary to evaluate their companies in light of the evaluation criteria. The RFP warned offerors that the information in the proposal might be verified by on-site inspections and that the inspections would become part of the evaluation.

EVALUATION

The Navy received and evaluated 10 proposals. La Pointe's proposal was initially found to lack certain factual data on past performance. The Navy asked DCASMA to conduct a "capability survey" concerning four areas of La Pointe's recent past performance: on-time delivery of contract items; types of deviations and waivers requested, number of product rejects; and cost overruns. DCASMA was further requested to check La Pointe's technical, production and quality assurance capability. DCASMA interpreted the Navy's request as a request for a preaward survey and proceeded to furnish the survey. DCASMA found La Pointe satisfactory in all respects and recommended a "complete award." Despite the DCASMA finding, the Navy evaluators arrived at a contrary conclusion regarding La Pointe's technical acceptability.

The Navy's evaluation found the following principal deficiencies in La Pointe's proposal: (1) failure to show facilities capable of full scale production of complex equipment; (2) failure to show personnel experienced in the full scale production of complex equipment; (3) failure to demonstrate an understanding of the required manufacturing technology; (4) failure to demonstrate an organizational structure appropriate for the task; and (5) failure to demonstrate a design engineering capability to further develop the current radio's design.

La Pointe was eliminated from the competitive range after the Navy concluded that the above deficiencies would require a major rewrite of La Pointe's proposal. Six higher ranked proposals remain in the competitive range and award has been withheld pending resolution of the protest.

ANALYSIS

Proposal evaluation and competitive range determinations are matters within the contracting agency's discretion because it is responsible for identifying its needs and the best methods of accommodating them. Joule Technical Corp., B-197249, Sept. 30, 1980, 80-2 C.P.D. ¶ 231. It is each offeror's responsibility to show, in its proposal, that its offer will meet the contracting agency's stated needs and we will not question the contracting agency's evaluation of a proposal unless it is shown that the agency's determination was unreasonable. Ecological Consulting, Inc., B-208539, Feb. 14, 1983, 83-1 C.P.D. ¶ 151. Where, as here, the proposal is excluded from the competitive range primarily because of informational deficiencies we consider: the extent to which the RFP called for detailed information; whether the omissions indicate a lack of understanding of the requirement; and whether curing the deficiencies would require an entirely new proposal. We also look at the number of offerors remaining in the competitive range and the potential cost savings afforded by the rejected proposal. Marvin Engineering Co., Inc., B-214889, July 3, 1984, 84-2 C.P.D. ¶ 15.

We find La Pointe's exclusion from the competitive range proper. The RFP seeks specific information regarding an offeror's capabilities and resources and how these capabilities and resources will be applied to the task at hand. Based on the record, we cannot say that the Navy acted unreasonably in excluding La Pointe from the competitive range in this instance. For example, in the manufacturing capability subitem La Pointe indicated that its engineers would work with production management ". . . as contractually specified." The Navy wanted more detail. We agree with the Navy's contention that it is incumbent on the offeror to demonstrate its understanding of the equipment complexities and manufacturing technology required by detailing its selected technical approach in its proposal.

Also, with regard to the design engineering capability subitem, the offerors were required to show, through their resources, facilities and personnel, their capability to perform engineering design and development testing, make proposed engineering changes, and incorporate sophisticated design modifications (such as electronic counter-counter measures, a feature of the next generation radio system) into future upgrades of the radio. The agency evaluators found that La Pointe did not demonstrate adequate design engineering capability for the future electronic counter-counter measures upgrades in its proposal. In this regard, the agency states that the offer showed little depth in the engineering department and that La Pointe failed to show that its engineers had the required design experience. The Navy specifically noted that none of the equipment that La Pointe had previously manufactured had the density and complexity of the required radio. Moreover, La Pointe's prior manufacturing experience had involved equipment in the latter stages of development where presumably most of the design changes had already been incorporated. Finally, the Navy noted the absence of any other evidence indicative of the required capability such as relevant publications, patents or research by La Pointe engineers. La Pointe argues in its protest that it had such capability and that the preaward survey indicates this experience. However, we think that the Navy reasonably found that the necessary experience was not discussed in detail in La Pointe's proposal and, as a result, concluded the proposal was deficient in this regard.

During this protest, La Pointe has attempted to demonstrate a knowledge of the technical aspects of the procurement considerably beyond that shown in its proposal. Nevertheless, the Navy was required to evaluate the proposal as submitted and, as submitted, La Pointe's proposal is sufficiently vague as to indicate either a lack of understanding or a failure to adequately address the RFP's requirements. It is not enough to repeat the fact that La Pointe has 49 years of experience building similar equipment. Thus, we find reasonable the Navy's conclusions that, in order to adequately address the cited deficiencies in the necessary detail, a new proposal would be required. Informatics, Inc., B-194926, July 2, 1980, 80-2 C.P.D. ¶ 8. Moreover, we do not find the deficiencies in La Pointe's proposal were caused by the 60-page limit on the length of technical proposals.

Regarding La Pointe's contention that the DCASMA survey in some manner cured the deficiencies in its proposal, we have held that information developed during the course of a preaward survey is no substitute for information that should have been included in an offeror's technical proposal. Joseph L. DeClerk and Associates, Inc., B-220142, Nov. 19, 1985, 85-2 C.P.D. ¶ 567.

La Pointe also argues that the Navy downgraded La Pointe's offer for not meeting an alleged requirement for vapor phase reflow equipment used for soldering. The Navy's initial rejection of La Pointe's offer mentions the lack of vapor phase reflow equipment several times as illustrative of La Pointe's lack of technical acceptability. The Navy report states that Navy technical personnel viewed vapor phase soldering as a critical technology in manufacturing the radio and that it was their opinion that an experienced manufacturer would recognize this fact. Notwithstanding the above, the Navy's conference comments show that the use of vapor phase technology was "not an absolute go-no-go requirement," and that the flaw in La Pointe's proposal was not the lack of vapor phase technology so much as La Pointe's failure to specifically address the issue of soldering and provide the Navy with what it considered to be the best solution. This failure resulted, in part, in its low rating for manufacturing capability.

We therefore conclude that La Pointe properly was excluded from the competitive range and we deny the protest.

for Seymour Efron
 Harry R. Van Cleve
 General Counsel