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The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Astronautics Corporation of America

File: B-222414.2, B-222415.2

Date: August 5, 1986

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### DIGEST

1. Agency determination to cancel solicitations had reasonable basis where the procuring activity determined that the item being procured could be obtained under an existing contract option, which was not known to the procuring activity at the time of issuance of the solicitations, and exercise of the option was advantageous to the government.
2. Option was properly exercised where protester's lower price offer under canceled solicitations does not provide a valid cost comparison because it was for a nonapproved item, requiring lengthy and extensive testing, and a life-cycle cost analysis is required to determine the cost of an alternate configuration to agency inventory.

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### DECISION

Astronautics Corporation of America (ACA) protests the Air Force's cancellation of request for proposals (RFP) Nos. F42600-85-R-7651 and F42600-85-R-7995 for central air data computers (CADC) for the F-16 aircraft, and the exercise of an option with the Sperry Corporation (Sperry) for the CADC.

We deny the protest.

The RFP's were issued on July 9, 1985, and on August 28, 1985, for a total of 158 CADC. Both RFP's contained a Restrictive Acquisition Method Code item provision which indicated that Sperry Flight Systems and General Dynamics Corporation were the only approved sources for the CADC's, and listing procedures for firms not listed as approved sources for their products to be qualified. In response to ACA's initial proposal, it was advised that while ACA appeared to have qualified its CADC for Israeli aircraft, ACA was not a qualified source for other F-16 aircraft. Therefore, ACA was asked to provide various technical data with its best and final offer to permit Air Force evaluation of its unit. When ACA learned that it was determined not to be an approved source by the Air Force, it protested the proposed award to Sperry. Subsequently, the Air Force canceled the RFP's and exercised an option for 126 CADC's with Sperry.

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The Air Force stated that after the issuance of the RFP's it discovered the existence of an available Sperry option for the CADC's, under a contract which had been transferred from another procuring activity. This option was available under a 1984 contract which had been competitively awarded to Sperry as the low priced offeror under a procurement in which ACA participated and submitted a higher priced offer. The crux of ACA's protest is that the cancellation and option exercise was improper because ACA's price under the canceled RFP's was lower than the Sperry's option price.

The Air Force correctly points out that in a negotiated procurement, the contracting officer has broad powers to decide whether to cancel a solicitation and need only establish a reasonable (as distinguished from cogent and compelling) basis for the cancellation. Rodgers-Cauthen, Barton-Cureton, Inc., B-220329, Jan. 6, 1986, 86-1 C.P.D. ¶ 11; Dynalectron Corp., B-216201, May 10, 1985, 85-1 C.P.D. ¶ 525. Further, the protester bears the burden of showing that the cancellation is unreasonable. Surgical Instrument Co. of America, B-211368, Nov. 18, 1983, 83-2 C.P.D. ¶ 583.

In this instance, due to an administrative error, the procuring activity was unaware of the existence of the available option at the time it issued the RFP's. After the contracting officer learned of the option availability, he determined that exercise of the option would be less expensive and more advantageous to the government than to continue with the negotiated procurements. This provided the basis for the cancellation and the option exercise.

ACA contends that the option exercise violates the Federal Acquisition Regulation (FAR), § 17.207, Exercise of Options, 48 C.F.R. § 17.207 (1984), which requires, among other things, a determination that exercise of the option is the most advantageous method of fulfilling the government's needs, price and other factors considered. Our Office will not object to such a determination unless applicable regulations were not followed or the determination itself is unreasonable. Delta Systems, Inc., B-218077.2, May 22, 1985, 85-1 C.P.D. ¶ 584. We find that the cancellation was reasonable. See, Business Communications Systems, Inc., B-218619, July 29, 1985, 85-2 C.P.D. ¶ 103.

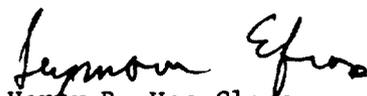
ACA contends that the government could not reasonably find that exercise of the option was advantageous to the government since ACA had offered to supply the CADC's at \$12,400 per unit in its best and final offer under the canceled RFP's, while the option exercise with Sperry is at a price of \$16,155 per unit. The Air Force points out that the determination under FAR, § 17.207(d) is not dependent on price alone; the Air Force indicates that another factor which it considered was that the units were all being acquired for foreign military sales and that the recipient countries have all requested only the Sperry unit.

More significantly, the Air Force asserts that direct comparison of the unit prices is invalid. First, the Air Force correctly points out that ACA is not an approved source for the CADC in United States aircraft. Air Force engineers have determined that it would require 24 months to complete the testing required to so qualify the ACA unit. Also, the Air Force states that a life-cycle logistics cost analysis is required to determine the economic impact of maintaining multiple configurations of the CADC's in its maintenance and supply system. That is, because of configuration differences between the only currently stocked CADC--the Sperry unit--and the ACA unit, there will be additional, as yet uncalculated, costs associated with the stocking and use of the ACA unit.

In our view, the Air Force position is reasonable. Since ACA's unit was not qualified, and would require extensive testing to become qualified, we agree that it does not provide a relevant price comparison, even for an informal market test. While ACA contends that minimal testing is required because of material which it submitted in conjunction with the 1984 procurement, this is not supported by the record. The Air Force performed intermediate performance testing, under which the ACA unit did not pass several of the tests, but the Air Force did not pursue further required testing, including integration or flight testing, after it determined that ACA's offer was not priced competitively. While ACA submitted certain test information, the Air Force determined that the ACA test report was incomplete both with respect to the tests performed and the results obtained. In this regard, we have held that a procuring activity properly may restrict a procurement to an approved source, if nonapproved sources are given a reasonable opportunity to qualify. Vac-Hyd Corp., 64 Comp. Gen. 658 (1985), 85-2 C.P.D. ¶ 2; Pacific Sky Supply, Inc., 64 Comp. Gen. 185 (1985), 85-1 C.P.D. ¶ 53. On the basis of this record, we cannot question the Air Force's technical conclusion that ACA's equipment is noncompetitive on technical grounds. Delta Systems, Inc., B-218077.2, supra.

However, we note that the Air Force has determined that no future purchases will be made until ACA has been advised of the exact qualification requirements needed to qualify its unit. Further, the activity is going to perform a life-cycle logistics cost analysis based on ACA's new lower prices, in order to determine the economic impact of maintaining multiple systems in its inventory.

The protest is denied.

*for*   
Harry R. Van Cleve  
General Counsel