

Pool



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** White Machine Company

**File:** B-224219

**Date:** January 23, 1987

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### DIGEST

When a contracting agency issues a purchase order to other than the low-priced offeror under a mandatory, multiple-award Federal Supply Schedule contract, the purchase must be fully justified. When the procuring activity reasonably determines that maintenance economy and availability will offset a slightly higher price, the purchase is legally supportable.

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### DECISION

White Machine Company protests a purchase by the National Guard Bureau, United States Property and Fiscal Officer, North Dakota, from Kardex Systems, Inc., under a mandatory Federal Supply Schedule (FSS) contract. White contends that the activity ordered five filing systems featuring vertical carousels at a higher price than its own FSS contract price, in violation of the applicable procurement regulations.

We deny the protest.

On September 15, 1986, the activity was authorized to procure a vertical filing system that was available from either White or Kardex under their FSS contracts. After orally requesting quotes that included transportation and maintenance, the agency determined that the Kardex price was \$49,094.30 on an f.o.b. destination basis and included installation. The protester's price was \$46,233.09 on an f.o.b. origin basis; the activity estimated that freight charges for the protester's system would be \$3,230, with an estimated \$600 additional for installation, for a total of \$50,063.09. White, however, then offered to furnish freight and installation at a cost of

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\$1,585.35. Thus, White's total price was \$47,818.44, or \$1,275.86 less than Kardex's.<sup>1/</sup>

The agency further determined that neither Kardex's nor White's Schedule contract provided for the repair and maintenance of equipment ordered except for White's service for customers within 500 miles of certain cities. However, since the North Dakota user is not located within these service regions, and since the filing system is an electrically operated rotational system, the contracting officer states that he had to consider the economy and availability of maintenance. The contracting officer determined that the cost of a single maintenance call by White would offset the difference in the two firms' prices. This determination was based on information provided in the protester's Schedule contract, as well as the estimate of 2 days time and travel expenses from any of the protester's service facility locations, and was in sharp contrast to a finding that Kardex provided service through a Bismark, North Dakota, retailer.

Purchases from the FSS are governed by the Federal Property Management Regulations (FPMR), which provide that purchases of more than \$500 per line item made from a multiple-award schedule shall be made at the lowest delivered price available under the schedule unless the agency fully justifies the purchase of a higher-priced item. 41 C.F.R. § 101-26.408-2 (1986); see also Federal Acquisition Regulation, 48 C.F.R. § 8.405-1(a) (1986).

In this case, we cannot conclude that the activity's decision to purchase from Kardex was not reasonably based. The activity determined that the cost to the government for a single maintenance call on the protester's equipment would more than make up for the difference in the purchase price between Kardex and White. This determination was based on information gleaned from the FSS contracts, plus the government's estimate of expenses including travel time from White's facility in New Jersey, per diem, and hourly rates in connection with service calls. The activity further determined that Kardex's service personnel, located in the same city, would be able to respond more quickly and more economically

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<sup>1/</sup> The agency compared prices as follows:

White: \$46,233.09	Kardex: \$49,094.30
+ 1,585.35	- 47,818.44
<u>\$47,818.44</u>	<u>\$ 1,275.86</u>

to maintenance requests as they arose. While White now argues that service after expiration of warranties is available through a national network of dealers, the record indicates that the activity attempted to confirm this by calling a toll-free number, but was told that White was still in the process of negotiating a contract for such service.

We have recognized not only that FPMR, 41 C.F.R. § 101-26.408-3(b)(6)(iii), provides that greater maintenance availability should result in long run savings that offset any difference in purchase prices, but also that it is reasonable to assume that a supplier's apparent ability to provide quicker response to maintenance problems as they arise will enhance the government's productivity and performance. Since the agency reasonably articulates its justification for purchasing from other than the low-priced FSS supplier, in part on the grounds of greater maintenance economy and availability, the purchase from Kardex is legally supportable. See National Micrographics Systems, Inc., et al., B-220582 et al., Jan. 9, 1986, 86-1 CPD ¶ 22, aff'd sub nom Canon U.S.A. Inc.--Request for Reconsideration, B-220582.3, Mar. 21, 1986, 86-1 CPD ¶ 281.

The protest is denied.

*for* *Seymour Efron*  
Harry R. Van Cleve  
General Counsel