



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Honeywell Inc.

File: B-225684

Date: June 1, 1987

DIGEST

Where an offeror quotes a price for an unsolicited item in the solicitation's price schedule at the bottom of the list of solicited additive alternate items, the agency cannot assess the price of that unsolicited item in the price evaluation, if the agency is not acquiring the item and the item is not required to satisfy solicitation requirements.

DECISION

Protection Services Division of Honeywell Inc. protests the award of a contract to American District Telegraph Company (ADT) under request for proposals (RFP) No. DACA 05-86-R-0289, issued by the United States Army Corps of Engineers, Sacramento, California, for replacement of the intrusion detection system at Oakland Army Base, California.

We sustain the protest.

The RFP solicited technical proposals and fixed prices for the basic work as well as for additive items. Award was to be made to the lowest priced acceptable offeror, considering those additive items for which there were sufficient funds to acquire. In this case, all solicited additives were awarded.

Three proposals were submitted on September 22, 1986, technical discussions conducted and each proposal was found technically acceptable. Best and final offers (BAFO) were submitted on November 5, 1986.

The additive items, representing eleven additional buildings not covered in the basic price, were separately listed on a portion of the RFP price schedule entitled "Additive Items,"

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along with three additional additive items, closed circuit television (CCTV) systems. The additive items page of the RFP price schedule did not contain specific spaces for pricing CCTV items. However, all of the offerors listed their CCTV prices on that page below their prices on additive No. 11.

ADT, which proposed on the base price, the eleven additional buildings and the CCTV additives, had a total BAFO price of \$780,461. The proposed BAFO price of Pinkerton, the third offeror, was \$932,419 for these same items. Honeywell's BAFO price schedule for these items totaled \$779,315; however, on the price schedule below the additives, Honeywell typed the following quote:

Card Access:	Mag Stripe Cards	1.50 ea. per 1000
	Encoder	3,180.00

An access card encoder is a device that converts access cards into particular codes for physical security systems.

In evaluating Honeywell's proposal, the Corps included the price of the access card encoder and found that Honeywell's total price was \$782,495 (\$779,315 + \$3,180). Therefore, ADT was awarded the contract on December 23, 1986, for the basic work and all additives.

Honeywell protests that the Corps wrongfully included the price of the encoder in the evaluation of its proposal price. Honeywell explains that this item was only an additive alternate item, which could be purchased by the Corps at its option. Honeywell contends that the RFP did not require a card encoder and that its technical proposal did not indicate that an access card encoder was part of its proposed basic system. Since ADT did not propose to supply an access card encoder, Honeywell contends that its proposal was not evaluated on an equal basis, and that it should have received the award as the lowest offeror.

The Corps states that it reasonably assumed that the encoder was part of Honeywell's proposal, inasmuch as Honeywell provided no specific language which qualified or indicated that the encoder was offered only as an alternate item. The Corps notes that the RFP did not solicit or permit the proposal of alternate items.

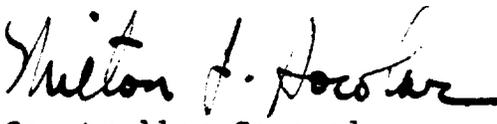
Honeywell's proposed prices for the mag stripe cards and encoder were quoted on the bottom of the list of additive items which the Corps had the option to purchase under the RFP. Therefore, it is clear that Honeywell was offering to supply an access card encoder and card access mag stripe cards at additional specified prices. In this regard, it is notable that although the Corps included the price of the

access card encoder in Honeywell's price evaluation, it did not include in the evaluation any price for the mag stripe cards. It is clear that the encoder was not offered as an alternate proposal, but rather as an additional additive alternate in case the Corps decided it needed an access card encoder to code its own access cards for its security system. The fact that the RFP did not authorize alternate proposals, or solicit prices or allow for the acquisition of an access card encoder is not relevant to the issue of whether the Corps' properly evaluated Honeywell's price proposal.

Furthermore, the RFP did not require an access card encoder, although numerous card reading devices were required. Moreover, our review of Honeywell's technical submission indicates that an access card encoder is not an integral part of its system necessary to meet RFP requirements.

The Corps, in responding to Honeywell's agency-level protest, stated that it assumed the encoder was being offered to satisfy the RFP requirement in paragraph 14.1.16 of the technical specifications. However, the referenced paragraph required "encrypted high line security to communicate with the data gathering panels." Since an access card encoder is not pertinent to meeting the requirements of the referenced paragraph, it is apparent that the Corps unreasonably interpreted Honeywell's price proposal. We note the Corps has not reiterated this argument in its report responsive to the protest to our Office.

In view of the foregoing, we sustain the protest and recommend that the Corps determine the feasibility of terminating ADT's contract and making award of this contract to Honeywell. In this regard, we note that award was made on December 23, 1986, and that performance has not been suspended on the contract. The contract was to be performed in 270 days. If the Corps determines that it is not practicable to terminate ABT's contract, Honeywell is entitled to recover its proposal preparation costs and the cost of pursuing its protest. 4 C.F.R. §§ 21.6(d) and (e) (1986).

for 
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