



Comptroller General
of the United States

Washington, D.C. 20548

Ms. Gilhooley

Decision

Matter of: Litton Industries, Inc.

File: B-236720

Date: December 26, 1989

DIGEST

Selection of the awardee on the basis of its overall technical superiority and low risk, notwithstanding its higher price is not objectionable where selection is adequately explained in the evaluation documents and has not been shown to be inconsistent with the established evaluation factors.

DECISION

The Applied Technology Division, Litton Systems, Inc. (ATD), protests the award of a contract to Hughes Aircraft Company Radar Systems Group under request for proposals (RFP) No. N0019-88-R-0044, issued by the Naval Air Systems Command for the AN/ALR-67 Advanced Special Receiver (ASR). The ASR is an advanced airborne radar/missile warning and counter-measures system controller for the F/A-18, AV-8B, F-14A/D and the A6-E/F aircraft. The primary military functions of the ASR are to acquire, identify, prioritize and display threats automatically in a very high pulse density environment. ATD contends that the source selection was not in accordance with the RFP's evaluation criteria.

We deny the protest.

The RFP solicited proposals on a fixed price, incentive basis, for the full scale engineering and development (FSED) of the ASR, a service test model option and two options for production quantities. The RFP listed four evaluation areas, in descending order of importance, which would be used for source selection: (1) technical, (2) cost (3) integrated logistics support (ILS) and (4) management. Risk was to be assessed for the technical, ILS, and management areas. Offerors were advised that the technical area was slightly more important than cost and cost was more important than ILS or management; ILS and management were equal. Within the technical area, the following factors were listed in descending order of importance: (a) design,

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(b) compatibility, and (c) engineering and production disciplines. The cost area consisted of three factors: FSED costs (including FSED option and government investment costs), production option costs, and life cycle costs listed in descending order of importance. The RFP further advised that the Government intended to select the proposal giving the best value to the Government, all factors considered.

The Navy received four proposals, including ATD's and Hughes', by the February 6, 1989, closing date. As the result of the evaluation of initial proposals, all four were included in the competitive range. Written and oral discussions were conducted and all four offerors submitted best and final offers by July 26. Hughes' proposal was selected for award on the basis that it offered the best value to the government, all factors considered.

In its initial protest letter of August 25 to our Office, ATD argued that it should have been selected for award since it submitted a technically acceptable proposal at a substantially lower price than that proposed by Hughes. According to ATD, its extensive experience as the Navy's primary radar warning receiver contractor must have resulted in its submission of an acceptable proposal as good or better than other offerors. ATD noted that the RFP evaluation criteria indicated that technical was slightly more important than cost. On that basis, ATD contended that since its technical proposal was fully acceptable, and its price was significantly lower than Hughes; its overall offer was more advantageous than Hughes' thus entitling it to contract award.

As the agency points out, the RFP did not provide for award on the basis of lowest price. We have consistently recognized that in a negotiated procurement, there is no requirement that award be made to the firm offering the lowest price unless the RFP specifies that price will be the determinative factor. Federal Elec. Int'l, Inc., B-232295.2, Dec. 21, 1988, 88-2 CPD ¶ 610. Here, the RFP stated that the Government intended to make a selection on the basis of the proposal giving the best value to the Government, all factors considered. The RFP specifically cautioned prospective offerors that "the lowest priced offeror may not be chosen, if award to a higher priced proposal affords the Government greater overall benefit. In such a case, the superiority of the successful offer in areas other than price would justify the added expenditure." Thus, the source selection authority had the discretion to determine whether the technical advantage associated with Hughes' proposal was worth its higher price.

Agency officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results. Thus, cost/technical trade offs may be made subject only to the test of rationality and consistency with the established evaluation factors. PECO Enters., Inc., B-232307, Oct. 27, 1988, 88-2 CPD ¶ 398. Moreover, where, as here, a source selection official does not specifically discuss the technical/price trade off in the selection decision document, this does not affect the validity of the decision if the record shows that the agency, in consideration of the relative technical merit of the awardee's and the low-priced protester's proposals, reasonably decided that the higher priced awardee's proposal was worth the additional cost. McShade Gov't. Contracting Servs., B-232977, Feb. 6, 1989, 89-1 CPD ¶ 118.

In this case, the Navy evaluators found that although ATD's proposal was rated satisfactory in the most heavily weighed technical area, it was considered to be on the low side of satisfactory (approaching marginal) with an evaluated high risk. A number of significant weaknesses were identified in ATD's technical proposal, which caused the Navy to consider Hughes proposal, which had no identified weaknesses, to be significantly technically superior to ATD's proposal.^{1/}

For example, the evaluators found that ATD's architecture did not provide the required monopulse capabilities for the dense pulse environment specified in the solicitation, which could lead to a critical increase in processing time. Due to the lack of monopulse identification capability, the evaluators found the receiver would take considerable time tuning looking for the threat, and retuning across the frequency band in the dense pulse environment made it

^{1/} In its comments on the agency report on the bid protest, ATD cited specific, detailed portions of its proposal that the Navy allegedly had evaluated improperly in finding weaknesses. These challenges to the credibility of the technical evaluation are entirely derived from information provided to the protester by Navy personnel at a debriefing conference held on August 30. If ATD disagreed with the detailed technical evaluation, it should have protested this matter within 10 working days of being apprised instead of awaiting the agency report. See 4 C.F.R. § 21.2(a)(2) (1989); Systems Eng'g Assocs., Corp., B-231597, Oct. 4, 1988, 88-2 CPD ¶ 315. In any case, we obtained agency responses to the protester's post-report comments on these matters. From our review, the agency evaluation of these weaknesses appears reasonable.

unlikely that ATD's system could meet the required reaction time. The Navy reports its concern that retuning could cause the ATD system to miss or misidentify a substantial percentage of threats.

The record also indicates the Navy evaluators' concern with the statement in ATD's proposal that the ASPJ look schedule (another electronics system required on the aircraft) must be predictable to allow alignment of looks with the ASR, as required. According to the Navy, look schedules are inherently unpredictable, and self modifying to the dynamics of the threats in the environment. Thus, the Navy assessed ATD at high risk on this issue.

Navy evaluators also cited as weaknesses the fact that the ATD system could not supply adequate power and control signals to the quadrant receivers, the Bragg cell had never been produced in quantity, as this effort would require, and the software design was not well defined.

In contrast, Navy evaluators found many significant advantages in the Hughes approach, and noted that the design exceeded the specification requirements. There were no weaknesses remaining in the Hughes technical proposal after discussions. Hughes was found on the high side of the "satisfactory" rating with a low risk.

Regarding cost, the source selection evaluation board's report indicated that although Hughes' total evaluated price for FSED and all options was \$39,100,000 greater than ATD's (Hughes \$254.2 million as compared to ATD's \$215.1 million), Hughes price on the basic contract work, the most heavily weighted FSED criterion was \$4.4 million less than ATD's.

From our review of the record, we find that the Navy, in essence, determined that Hughes' proposal provided the best overall value to the government. It was rated technically on the high side of satisfactory with low risk, while ATD was rated on the low side of satisfactory with high risk. High risk, according to the source selection plan, reflected a likelihood of significant serious disruption in schedule, increase in cost, or degradation in performance. Moreover, the other two offerors also had satisfactory technical ratings, with medium risks.^{2/} In view of these relative rankings, and Hughes' lower price on the most heavily weighted FSED cost criterion, we find that the decision to award to Hughes at a total evaluated program cost 18.2

^{2/} ATD has no advantage over Hughes in the lower weighted ILS and management evaluation areas.

percent higher than ATD's was rational and consistent with the evaluation criteria. Accordingly, this portion of the protest is denied.

The protest is denied.

for Seymour Ego
James F. Hinchman
General Counsel