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Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** C.M.P. Corporation

**File:** B-242606

**Date:** June 7, 1991

W.D. Stovall for the protester.

Millard F. Pippin, Department of the Air Force, for the agency.

John Formica, Esq., and John Brosnan, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

### **DISCUSSION**

Notwithstanding the General Accounting Office's conclusion that the agency's evaluation was in part not reasonably based, the procuring agency properly determined that the protester's proposal for computer hardware maintenance was unacceptable and not in the competitive range where the protester acknowledged in its response to a deficiency report that it did not fully understand the requirements of the solicitation and its technical proposal failed to show compliance with certain solicitation requirements concerning the maintenance of a spare parts inventory.

### **DECISION**

C.M.P. Corporation protests the exclusion of its proposal from the competitive range under request for proposals (RFP) No. F08635-90-R-0495, issued by the Department of the Air Force for computer hardware maintenance at Eglin Air Force Base, Florida.

The protester argues that its proposal was improperly downgraded for alleged deficiencies in the areas concerning spare parts and engineering changes. While, for the reasons set forth below, we are unable to agree with all of the agency's grounds for removing C.M.P. from the competitive range, we do find that its decision to exclude the protester from the competitive range was a reasonable one.

The RFP, which was issued on August 3, 1990, contemplated the award of a firm, fixed-price contract for a 1-year base period with four 1-year options. The work solicited includes maintenance of the Base's computer equipment, relocation of the equipment, and installation of applicable engineering

changes issued by the equipment's original equipment manufacturers (OEM).

The solicitation required that the contractor stock and maintain a local off-site spare parts facility consisting of all items that are contained in the OEMs' commercially available spare parts kits for each type of device to be maintained under the contract at a 90 percent level, and maintain a backup inventory of spare parts so that any part not available at the local facility could be delivered within 1 day. The RFP specified that local inventories must be replenished no later than 4 days from the date of consumption and stated that only new OEM parts or OEM parts of equal quality be used in making repairs. The solicitation required government approval in every instance where the use of other than OEM parts is proposed by the contractor. Further, the RFP stated that the contractor was required to provide on-site equipment field modifications based upon engineering changes released by the OEMs.

The solicitation provided that award would be made to the firm whose offer was determined, consistent with the source selection criteria, to be most advantageous to the government, with technical evaluation factors more important than price. The solicitation listed, in descending order of importance, the following technical evaluation factors: (a) specific experience; (b) compliance with the specifications; (c) diagnostic capabilities; (d) spare parts; (e) engineering changes; (f) personnel; and (g) management factors. Under the spare parts factor, the solicitation stated that proposals would be reviewed to determine if the offeror is able to show the logistical ability and financial capability to stock and maintain a spare parts inventory. The RFP explained that under the engineering changes factor, proposals would be evaluated to "determine whether or not the offeror has clearly indicated the ability to obtain and apply OEM's engineering changes (ECs)."

Ten proposals were received by the October 16 closing date. The proposals were evaluated, and although the agency found that C.M.P.'s proposal was unclear as to whether it complied with a number of the solicitation's provisions, C.M.P.'s proposal, along with seven of the ten received, was included in the competitive range. Deficiency reports (DR) and clarification requests (CR) were issued by the agency to each competitive range offeror. C.M.P. received three DRs and four CRs, with one DR requesting information concerning C.M.P.'s approach to the maintenance of a spare parts inventory, and one CR addressing the installation of engineering changes.

After evaluation of the responses to the DRs and CRs, the agency concluded that C.M.P.'s proposal was technically

unacceptable because it was deficient in the areas of spare parts and engineering changes. In this regard, the evaluators concluded that C.M.P.'s spare parts "concept" was unacceptable and that the firm's proposal did not commit it to supply all the required engineering changes. C.M.P., as well as three other offerors, were subsequently informed by the agency that their offers had been excluded from the competitive range.

The protester argues that its proposal was fully compliant in the areas of spare parts and engineering changes and thus should not have been eliminated from the competitive range.

The evaluation of proposals and the resulting determination as to whether an offeror is in the competitive range are matters within the discretion of the contracting activity, since it is responsible for defining its needs and for deciding on the best methods of accommodating them. Smith Bright Assocs., B-240317, Nov. 9, 1990, 90-2 CPD ¶ 382. In reviewing an agency's evaluation, we will not reevaluate the technical proposals but, instead, will examine the evaluation to ensure that it was reasonable and in accordance with the solicitation's evaluation criteria. Id.

We have reviewed the evaluation record, including C.M.P.'s proposal, and while we find that the agency's conclusion with regard to the portion of the protester's proposal concerning the installation of engineering changes is not supported by the record, we conclude that the agency's elimination of C.M.P.'s proposal from the competitive range was reasonable.

#### SPARE PARTS

The agency found that C.M.P.'s proposal was unclear concerning the required establishment of a local spare parts inventory at a 90 percent level and the maintenance of a backup spare parts inventory. It therefore issued a deficiency report requesting that C.M.P. discuss its spare parts plan in conformance with the solicitation's statement of work (SOW). In response, the protester stated that it would establish a repair/depot center in the Eglin area with a spare parts inventory sufficient to meet the solicitation requirements, including the 90 percent stock level. C.M.P. added that this facility would be directly supported by its Huntsville, Alabama facility, which in turn would be "sub-supported" by its Texarkana, Texas, Fredericksburg, Virginia, and Newington, Virginia facilities. The protester also explained that for machines of limited production or "older, hard to find machines," it would "locate and purchase whole units for field replacement and/or use as 'test beds' to repair bad parts." C.M.P. added that it would take it "30 days to fully understand the needs of this contract," and that the "cash flow

from Eglin will . . . finance the replenishment of stock and technical materials."

The agency points to C.M.P.'s statement that it would take it 30 days to understand the requirements of the contract as evidence of the protester's lack of understanding or unwillingness to comply with the solicitation's SOW. The agency also states that C.M.P.'s proposed use of four locations for its backup spare parts inventory, and explanation that the cash flow from the contract would finance C.M.P.'s replenishment of its spare parts inventory, caused C.M.P.'s logistical and financial capabilities to be considered a high risk area. Finally, the agency concludes that C.M.P.'s proposal deviated from the solicitation requirement that only new OEM parts or OEM parts of equal quality be used by stating that old, hard to find machines may be repaired with used parts.

While the protester argues generally that it understands the agency's needs in the spare parts area and that its proposal, as amended, clearly demonstrated that understanding, as well as its commitment to comply with all of the agency's requirements, we have reviewed the record and do not find the agency's contrary conclusion to be unreasonable.

By stating that "[i]t will take C.M.P. 30 days to fully understand the needs of the contract," the protester explicitly acknowledged that it does not fully understand the solicitation's requirements concerning spare parts. Further, in light of the protester's statement that the cash flow from the contract would finance the replenishment of its spare parts inventory, we believe that the agency acted reasonably in downgrading C.M.P.'s financial capability to stock and maintain a local spare parts inventory, an area which the RFP specifically stated would be assessed. We also find reasonable the agency's conclusion that the protester's statement concerning the repair of old, hard to find machines, made in its response to the deficiency report, showed that the protester might deviate from the solicitation requirement that only new OEM parts or their equivalent be used. Although here the protester points to a section in its initial proposal where it stated that "C.M.P. will only use new OEM parts or parts of equal quality in making the necessary repairs" as evidencing its compliance with the solicitation requirement, the agency was entitled to evaluate the technical proposal on the basis of the apparent change to C.M.P.'s approach to the repair of old, hard to find machines introduced by C.M.P. in its response to the deficiency report. Since an offeror has an obligation to submit a proposal that clearly and fully demonstrates the technical compliance of its proposed approach, we do not find the agency's determination that C.M.P.'s proposal was technically unacceptable with regard to

the spare parts requirements to be unreasonable. See Halter Marine, Inc., B-239119, Aug. 2, 1990, 90-2 CPD ¶ 95.

#### ENGINEERING CHANGES

In its initial proposal, C.M.P. stated that it would "install any safety or operationally mandatory" engineering changes released by the manufacturers. The agency concluded that this approach deviated from the solicitation requirement that the contractor install all engineering changes released by the manufacturers, not just safety or operationally mandatory ones, and requested that C.M.P. clarify the installation of engineering changes "in conformance with the SOW." The protester responded that it would install all engineering changes issued.

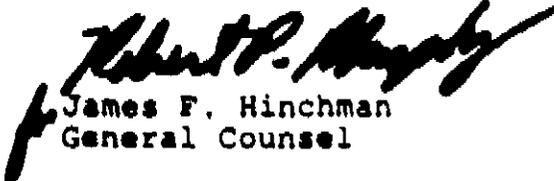
Although in its notification to the protester that it had been eliminated from the competitive range, the agency stated that C.M.P.'s proposal was deficient with regard to the installation of engineering changes, the record does not reveal, and the agency does not explain in its report, why C.M.P.'s proposal as clarified was deficient. Rather, the agency refers to statements made by C.M.P. in pursuit of its protest, and contends that because these statements appear to conflict with the solicitation requirements and C.M.P.'s approach to engineering changes as provided in its proposal, the protester does not have a clearly defined approach to the installation of engineering changes.

A technical evaluation must be based on the information submitted by the offeror with its proposal. Madison Servs., Inc., B-236776, Nov. 17, 1989, 89-2 CPD ¶ 475. Where, as here, it appears that the proposal itself shows compliance with the RFP requirements, it is not appropriate in our view for the agency to justify its contrary conclusion by referring to statements made by the protester during the course of its protest. As the agency has provided no explanation as to why C.M.P.'s proposal as clarified was deficient, we conclude that the record does not support the agency's view that C.M.P.'s approach to the installation of engineering changes was technically unacceptable.

Nevertheless, in view of C.M.P.'s acknowledgment in its proposal that it did not have a full understanding of the solicitation's spare parts requirements, our determination that the agency reasonably found C.M.P.'s spare parts plan deficient, and the fact that C.M.P.'s total price was significantly higher than three of the more highly rated competitive range proposals, we conclude that the agency's elimination of

C.M.P.'s proposal from the competitive range was reasonable as it is unlikely that C.M.P. would have a reasonable chance for the award. BioClean Medical Sys., B-239906, Aug. 17, 1990, 90-2 CPD ¶ 142.

The protest is denied.

  
James F. Hinchman  
General Counsel