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Comptroller General
of the United States
Washington, D.C. 20548

Decision

Matter of: Management Systems Designers, Inc.
File: B-244383.3
Date: September 30, 1991

Thomas W.A. Barham, Esq., Arent, Fox, Kintner, Plotkin & Kahn, for the protester.
Paul Daniel, Esq., Ober, Kaler, Grimes & Shriver, for Institute for Systems Analysis, an interested party.
Janet Bertozzi, Esq., Department of the Treasury, for the agency.
Mary G. Curcio, Esq., and Christine S. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Award to offeror with highest combined number of technical and cost points is unobjectionable since procuring agency may use the scores achieved under the technical/cost ratio specified in the solicitation as the basis of its technical cost tradeoff.

DECISION

Management Systems Designers, Inc. (MSD) protests the award of a contract to Institute for Systems Analysis (ISA) under request for proposals (RFP) No. CS-90-029, issued by the United States Customs Service, Department of the Treasury, for technical support services.

We deny the protest.

The RFP, issued on August 1, 1990, anticipated the award of an indefinite delivery/indefinite quantity contract for a base year and 2 option years. The RFP was comprised of seven task areas under which Customs could place orders, and gave a list of the labor categories that would be required for each task area and the estimated number of hours per year per task order that would be required for each labor category. For example, the RFP provided that for Task A, C3I System Support, a project director and a senior systems engineer each would be required to perform 2,000 hours per year. In addition, the RFP gave the estimated cost to an offeror of travel and other direct costs. The RFP also provided the following technical evaluation factors and their weights: Personnel

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Qualifications (45 percent); Corporate Experience (10 percent); Project Organization (10 percent); Facilities and Equipment (10 percent); and Methodology (5 percent).

Offerors were required to submit a technical proposal, and to propose an hourly rate and a total annual cost for each labor category. The RFP provided that for purposes of award the technical factors would be worth 80 percent and cost would be worth 20 percent. The RFP further provided:

"Although numerical ratings may be used as a guide in selection of a contractor, the right is reserved to select a contractor who may not have the highest Numerical rating (technical and cost combined). Although cost cannot be ignored in making contractor selection, award may not be made necessarily to the technically acceptable offeror whose estimate for the cost for performance is lowest. Cost will not be so controlling as to preclude award to an offeror whose cost of performance are higher if the technical superiority of the offer warrants the additional cost involved in the award of the contract to that offeror; however, award may not be made necessarily for technical capabilities that would appear to exceed those needed for successful contract performance."

Customs received 10 proposals in response to the RFP. After the initial evaluation by the Technical Evaluation Panel, four of the proposals, including those submitted by ISA and MSD, were included in the competitive range. Each of the offerors in the competitive range was requested to attend negotiation sessions and subsequently to submit best and final offers (BAFO), which were evaluated and rescored.

The agency scored BAFOs on the technical and cost factors using a point scheme which corresponded to the 80 percent/20 percent technical/cost ratio specified in the RFP. After the reevaluation, ISA was ranked first in technical points; MSD received substantially fewer technical points and ranked last. Concerning cost, MSD proposed the lowest evaluated cost and received the maximum available cost points; ISA proposed the highest evaluated cost and received substantially fewer cost points than MSD. When the technical and cost scores were combined, ISA was ranked first and MSD was ranked third. ISA's total score was more than 15 percent higher than MSD's. Because ISA had the highest combined technical/cost score, the Technical Evaluation Panel recommended that the contract be awarded to ISA. The contracting officer concurred and awarded the contract to ISA. This protest followed.

MSD protests that the award to ISA is improper because the Customs Service failed to perform a technical/cost tradeoff, and instead awarded the contract to ISA solely on the basis of its higher total score.^{1/} MSD argues that because point scores are only guidelines, the fact that ISA's proposal received the highest number of evaluation points does not in itself justify the award to ISA. Rather, asserts MSD, the selection official was required to perform an analysis to determine whether the perceived technical advantage of ISA warrants the substantially higher cost. MSD concludes that because no independent technical/cost tradeoff was performed, the award to ISA is improper. In this regard, MSD asserts that given the substantial cost difference between the proposals of MSD and ISA, the award to ISA cannot be the most advantageous to the government.

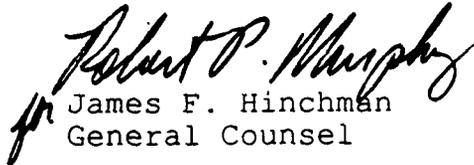
In a negotiated procurement, unless the RFP so specifies, there is no requirement that award be based on lowest cost. A procuring agency has the discretion to select a more highly rated technical proposal if doing so is reasonable and is consistent with the evaluation scheme set forth in the RFP. We will uphold an award to a higher rated offeror with significantly higher proposed costs where the agency reasonably determines that the cost premium was justified considering the significant technical superiority of the selected offeror's proposal. United Telecontrol Elecs., Inc., B-235774.2, Nov. 7, 1989, 89-2 CPD ¶ 433. Even where a source selection official does not specifically discuss the technical/cost tradeoff in the selection decision document, we will not object if the tradeoff is supported by the record. Maytag Aircraft Corp., B-237068.3, Apr. 26, 1990, 90-1 CPD ¶ 430; Todd Logistics, Inc., B-203808, Aug. 19, 1982, 82-2 CPD ¶ 157. We have recognized that use of the points achieved as the result of a cost/technical formula specified in a solicitation is a proper way to perform a cost/technical tradeoff. Morrison-Knudsen Co., Inc., B-237800.2, May 2, 1990, 90-1 CPD ¶ 443; Comarco, Inc., B-225504; B-225504.2, Mar. 18, 1987, 87-1 CPD ¶ 305.

Here, the RFP stated that technical factors would be considered significantly more important than price and assigned the technical factors 80 percent and cost 20 percent.

^{1/} Initially MSD also argued that the agency did not follow the evaluation criteria stated in the RFP, meaningful discussions were not held, and the award to ISA exceeded the fair market price. In its comments to the agency's report, however, MSD did not address the agency's response to these allegations; therefore, we consider MSD to have abandoned these protest bases. See Ross Aviation Inc., B-236952, Jan. 22, 1990, 90-1 CPD ¶ 83.

Even though MSD received the maximum number of points for its lowest cost proposal, ISA's BAFO received the highest overall score when the technical and cost scores were combined. Given the 80/20 technical cost ratio set out in the RFP, the Customs Service's decision to award the contract to ISA based on this higher combined score was rational and consistent with the RFP's evaluation criteria. With regard to MSD's argument that the agency failed to consider whether ISA's technical superiority warranted its additional cost, the agency clearly took cost into account by using the technical/cost ratio formula in the RFP. Morrison-Knudsen Co., Inc., supra. Accordingly, we see no basis to conclude that the agency failed to perform an adequate cost/technical tradeoff to support its decision to award to ISA.

The protest is denied.


for James F. Hinchman
General Counsel