



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Material Sciences Corporation

File: B-253966

Date: November 5, 1993

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preparation of the decision.

DIGEST

1. Protest that agency evaluated only one of two proposals submitted by the protester is denied where the record shows that the only difference between the two proposals was the additional subcontractor work that was proposed in the protester's "optional" proposal; the agency evaluated all aspects of the "optional" proposal; and the agency's evaluation of the "optional" proposal included the evaluation of the "base" proposal.
2. Protest that agency failed to perform a cost/technical tradeoff between protester's "base" proposal and awardee's technically superior, higher cost proposal is denied where the record establishes that the protester had no reasonable chance of receiving award on the basis of its lower cost, but significantly inferior and marginally acceptable, "base" proposal.

DECISION

Material Sciences Corporation (MSC) protests the award of a contract to Hercules Aerospace Company (HAC) under request for proposals (RFP) No. N60921-92-R-0031, issued by the Department of the Navy for advanced carbon-carbon (C-C) composite analysis. MSC contends that the agency failed to evaluate its lower cost proposal, and, thus, failed to perform a cost/technical tradeoff.

We deny the protest.

The RFP, issued on August 21, 1992, contemplated the award of multiple cost-plus-fixed-fee contracts for three tasks.¹ Section L of the solicitation advised offerors that their proposals under task 1 should demonstrate the following: (1) ability to perform computer analysis and modeling of thermal performance of advanced C-C composites needed for the thermal doubler or equivalent component; (2) capability for analysis of C-C spacecraft structures and C-C material modeling; and (3) that necessary analytical resources are available and that an experience base exists on the influence of joints on the thermal conductivity of the system. The contract for task 2 was for spacecraft component fabrication and the contract for task 3 called for development, assembly and testing of the thermal management system.

Section M of the RFP listed the following evaluation factors in descending order of performance: technical approach, corporate experience and facilities, and personnel and management. Two subfactors under the technical approach factor were system integration and technical resources. The solicitation advised offerors that although estimated cost would not be numerically scored, it would "receive less consideration than technical competence." The solicitation stated that award would be made to the firm that offered the best value.

Eight offerors, including MSC and HAC, submitted proposals for the task 1 effort. After its initial evaluation, the agency determined that three proposals were within the competitive range, namely, MSC's marginally acceptable proposal, HAC's acceptable proposal and the acceptable proposal of another offeror (offeror A).

Discussions were held with the offerors. One of the items addressed in the agency's discussions with MSC concerned the firm's intention to subcontract for certain data collection services. The proposed subcontract was for work not included in the RFP's statement of work, specifically, assembling and correlating data in addition to the data to be provided by the Navy under the contract. According to MSC, it "planned a modest effort for this task in order to provide the vehicle for obtaining the latest material properties as well as interface property definition." MSC further stated that it proposed that the subcontract effort be considered an "optional task" to be negotiated with the subcontractor when testing is required. Subsequently, the

¹The protester has not objected to the agency's evaluation of proposals submitted under tasks 2 and 3; therefore, our decision is limited to a discussion of task 1.

agency requested best and final offers (BAFO) from the competitive range offerors.

In its BAFO, MSC stated that its cost for the "base" task 1 effort was \$110,078 and that its "option" cost, which consisted of the cost of subcontracting the data collection work, was an additional \$43,619, for a total of \$153,697. After its evaluation of MSC's BAFO, the agency agreed with MSC's statement, in its discussion response, that the subcontractor could provide valuable thermal properties and thermal conductivity tests, and thus could play an important role in MSC's task 1 work. Consequently, the agency concluded that an evaluation of MSC's proposal should include an assessment of the proposed subcontractor work. In effect, the agency determined that of the two approaches submitted by MSC, the technically superior and higher cost "optional" proposal represented MSC's best chance of being selected.

The agency ultimately determined that award to HAC was in its best interest. This decision was based on the agency's conclusion that HAC's proposal, which scored 57 more points than MSC's "optional" proposal, was technically superior to MSC's proposal, and lower in cost (\$128,090) than MSC's proposal including the subcontractor work.² This protest followed.

MSC contends that the agency's decision to make award to HAC was improper because the agency did not separately consider MSC's lower cost "base" proposal or conduct a cost/technical tradeoff between the "base" proposal and HAC's proposal. In response, the agency argues that MSC's "base" proposal was so technically inferior to its "optional" proposal and HAC's proposal that the agency would not have made award to MSC despite its lower cost. The agency states that since HAC's proposal was significantly superior to both of the protester's proposed approaches, the agency properly determined that HAC's proposal offered the best value.

In a negotiated procurement, there is no requirement that award be made on the basis of lowest cost or price unless the RFP so specifies. Henry H. Hackett & Sons, B-237181, Feb. 1, 1990, 90-1 CPD ¶ 136. Agency officials have broad discretion in determining the manner and extent to which they will make use of technical and cost evaluation results. Cost/technical tradeoffs may be made; the extent to which one may be sacrificed for the other is governed by the test of rationality and consistency with the established

²The decision also reflected the agency's determination that the technical superiority found in offeror A's proposal did not warrant the significant cost premium associated with it.

evaluation factors, Grey Advertising, Inc., 55 Comp. Gen. 1111 (1976), 76-1 CPD ¶ 325. Award may be made to a higher rated, higher-cost offeror where the decision is consistent with the evaluation factors and the agency reasonably determines that the technical superiority of the higher cost offer outweighs the cost difference. See Oklahoma Aerotronics, Inc.--Recon., B-237705.2, Mar. 28, 1990, 90-1 CPD ¶ 337.

The protester's argument that the agency failed to evaluate its "base" proposal is unpersuasive. Although MSC claims that it submitted two distinct proposals, the only difference between the "base" and the "optional" proposals was the additional subcontractor work for data collection and analysis that was proposed in the "optional" approach. Since the proposals were identical but for the additional subcontractor work, it is clear that the agency's evaluation of MSC's "optional" proposal--which the protester does not challenge--included the agency's assessment of MSC's "base" proposal.

Contrary to the protester's suggestion, the record establishes that there were significant differences between MSC's "base" proposal and HAC's proposal. The agency found MSC's proposal to be marginally acceptable, whereas it concluded that HAC's proposal was "technically high." With regard to the technical resources subfactor, the agency concluded that while HAC's proposal demonstrated that it possesses the software to model the 3-dimensional flow of heat in a thermal doubler--which the agency explains is critical to the success of the program--MSC did not propose to use 3-dimensional software to model the heat flow. As a result of MSC's decision not to use 3-dimensional software, the agency noted, MSC must change the direction of the flow and model it on 1-dimensional software, which is more time-consuming than use of the 3-dimensional software. MSC's "base" proposal also exhibited other disadvantages that were not present in HAC's proposal. For example, the agency noted that under the system integration subfactor, MSC's proposal did not indicate any spacecraft component design experience and MSC's proposed approach for analyzing C-C composites was general. MSC does not challenge these or any other conclusions of the technical evaluation. Given the technical strengths found in HAC's proposal and the technical weaknesses that were present in MSC's proposal, we have no basis to question the agency's determination that HAC's proposal was superior to MSC's proposal.

MSC argues that the agency based the award decision solely on a comparison of HAC's technically superior, lower-cost proposal and MSC's technically inferior, higher-cost "optional" proposal, and failed to make a cost/technical tradeoff between HAC's proposal and MSC's technically

inferior but lower cost "base" proposal. While the record does not contain documentation--other than a reference to MSC's low "base proposal" cost--concerning the agency's consideration of MSC's "base" proposal in the selection decision, we think the record otherwise shows no reasonable possibility that MSC's "base" proposal would have been selected.

It is clear from the record that MSC's "base" proposal had significant weaknesses relative to the awardee's proposal. Thus, any cost/technical tradeoff would have involved choosing between MSC's technically inferior proposal, which did not offer a significant cost advantage (\$110,078 vs. \$128,090 for HAC), and HAC's proposal, which was found to offer important technical advantages as evidenced by the point score difference and the technical evaluators' comments on the technical merits of the proposals.

Under these circumstances, award to HAC was reasonable and, in fact, may have been the only reasonable result. MSC does not explain why its "base proposal" had any realistic chance of being selected in a cost/technical tradeoff; it simply emphasizes that it submitted the lowest cost, technically acceptable proposal. Since the RFP stated, and our review of the record confirms, that technical merit was more important than cost, MSC was not prejudiced by the agency's failure to make an explicit tradeoff between its "base" proposal and HAC's proposal. See Lithos Restoration Ltd., 71 Comp. Gen. 367 (1992), 92-1 CPD ¶ 379 (prejudice is an essential element of a viable protest).

The protest is denied.


for James F. Hinchman
General Counsel