



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

Decision

Matter of: REXWORKS, Inc.

File: B-258755

Date: November 14, 1994

James S. Phillips, Esq., for the protester.
William A. Roberts III, Esq., Howrey & Simon, for
Caterpillar, Inc., an interested party.
Vera Meza, Esq., Department of the Army, for the agency.
Daniel I. Gordon, Esq., and Paul Lieberman, Esq., Office of
the General Counsel, GAO, participated in the preparation of
the decision.

DIGEST

Agency correctly calculated the awardee's total proposed price by deducting the prices for two items that the agency would not be purchasing where offerors were advised in the solicitation that the prices for those items would be evaluated only if the agency decided to purchase them.

DECISION

REXWORKS, Inc. protests the award of a contract to Caterpillar, Inc., under request for proposals (RFP) No. DAAE07-93-R-J064, issued by the Department of the Army. REXWORKS contends that the agency erred in its calculation of Caterpillar's proposed price.

We deny the protest.

The RFP was issued by the Department of the Army's Tank-Automotive Command (TACOM) for high-speed, self-propelled earth compactors and related items, including technical manuals. The RFP calls for a requirements contract for a maximum of 236 compactors.

Among the components of contract line item number (CLIN) 1003, for technical data, were exhibit line item numbers (ELIN) A010 for commercial off-the-shelf manuals and A013 and A014 for two Department of the Army Technical Manuals (DAT manuals), referring to manuals specially drafted to Army specifications. The RFP stated that the government would purchase either the offeror's commercial manuals, if they were found acceptable; or DAT manuals, if the offeror's commercial manuals were not acceptable.

Section M of the RFP indicated that award would be made to the responsible firm offering the lowest-priced, technically acceptable proposal. Section M also explained how each proposal's price would be calculated for evaluation purposes. Of relevance to this protest is the provision indicating that the price at which an offeror proposed to provide DAT manuals would be evaluated only where the offeror did not submit commercial technical manuals which the Army found acceptable.

Both Caterpillar and REXWORKS submitted proposals. As a result of its evaluation of those proposals, TACOM determined that Caterpillar's commercial technical manuals were acceptable; accordingly, in requesting a best and final offer (BAFO) from Caterpillar, the agency stated that the subline items for two of the DAT manuals (ELINs A013 and A014) would not be evaluated or awarded.

With respect to the REXWORKS proposal, the agency determined that one of the proposed commercial manuals was acceptable, but the other was not. As a result, the letter to REXWORKS requesting a BAFO advised that the subline item for one DAT manual (ELIN A014) would not be evaluated or awarded, but that the price for the other (ELIN A013) would be included in calculating the firm's proposed price.

Notwithstanding the limitations concerning which ELIN and CLIN prices would be included in each proposal's total evaluated price, the request for BAFOs also directed each offeror to "price each CLIN and ELIN." Accordingly, in its BAFO, Caterpillar listed a price for every CLIN and ELIN, including the two ELINs (A013 and A014) that the agency had stated would not be evaluated or awarded. As noted above, those ELINs are components of the CLIN for technical data, CLIN 1003, and the inclusion of prices for those two ELINs added \$455,283 to the total price for CLIN 1003. REXWORKS did not price ELIN A014, which TACOM had indicated would not be evaluated; instead, for that ELIN, the protester wrote "Deleted" in its BAFO.

TACOM found both firms' BAFOs technically acceptable. As a result, price became the discriminator between them. In calculating Caterpillar's total evaluated price, the agency included the prices that the offeror had listed for ELINs A013 and A014, resulting in a total of \$33,665,364.09. This was more than the total evaluated price for REXWORKS, which, including the price for ELIN A013 but not for A014, was \$33,643,640.62. Because the protester's overall evaluated price appeared lower, the agency awarded a contract to the protester.

After award, Caterpillar pointed out to TACOM that the agency had erred in calculating that firm's total evaluated price, TACOM agreed that it had erred in this regard. Because excluding the prices listed for ELINs A013 and A014 reduced Caterpillar's total price to \$33,210,081.09, which was lower than the protester's, the agency terminated the contract of REXWORKS for the convenience of the government and awarded a contract to Caterpillar.

REXWORKS contends that the agency's initial calculation of Caterpillar's total price was correct, since it reflected the total price that Caterpillar listed for CLIN 1003. In the protester's view, the agency was required to evaluate prices based on the figures entered for each CLIN, and the initial calculation was correctly based on the figure that Caterpillar listed for CLIN 1003.

The agency responds that it had explicitly advised all offerors that, while they were to list prices for every CLIN and ELIN, certain prices would not be included in the calculation of the total evaluated price. In TACOM's view, what occurred was nothing more than an arithmetical error on the agency's part. Once it became apparent that an error had occurred and that Caterpillar's proposal actually offered the low price, termination of the REXWORKS contract and award to Caterpillar were appropriate.

Our Office will not question an agency's evaluation of proposals unless the agency deviated from the solicitation evaluation criteria or the evaluation was unreasonable. Payco Am. Corp., B-253668, Oct. 8, 1993, 93-2 CPD ¶ 214. Here, TACOM's corrected calculation of Caterpillar's total proposed price was both reasonable and fully consistent with the RFP criteria.

Specifically, the lower, corrected total is plainly the amount that Caterpillar proposed for those line items that the agency indicated it would evaluate. Caterpillar listed prices for ELIN A013 and A014 and included those prices in its listing of the total for all of CLIN 1003 because doing so was required by the agency's direction that offerors price every CLIN and ELIN in their BAFO. All parties, including REXWORKS, understood that each proposal's total price would exclude prices for DAT manuals if the agency had indicated that the offeror's commercial manuals were acceptable. Accordingly, the only way to calculate Caterpillar's total price, consistent with the RFP evaluation criteria, was to ignore the prices listed for ELIN A013 and A014. This was also the only reasonable way to calculate Caterpillar's price, since the Army was not going to purchase DAT manuals from that company.

REXWORKS has offered no plausible argument for adding in prices where those prices represented items that the Army would not be acquiring. The sole rationale proffered by the protester is that Caterpillar included the prices for ELIN A013 and A014 in the total price listed for CLIN 1003. Caterpillar's action in this regard was a reasonable response to the agency's direction to list a price for every CLIN and ELIN, there could be no doubt that under the circumstances the prices for ELIN A013 and A014 were to be excluded from the calculation of Caterpillar's total proposed price. Because that total price, correctly calculated, was lower than that of REXWORKS, award to Caterpillar was proper.

The protest is denied.



fr Robert P. Murphy
Acting General Counsel