



Decision

Matter of: State Management Services, Inc.; Madison Services, Inc.

File: B-255528.6; B-255528.7; B-255528.8

Date: January 18, 1995

Timothy H. Power, Esq., for State Management Services, Inc., and Christopher Solop, Esq., Ott, Purdy & Scott, for Madison Services, Inc., the protesters.

David W. Croysdale, Esq., and Mitchell W. Quick, Esq., Michael Best & Friedrich, for All Star Maintenance, Inc., an interested party.

Maj. Stewart L. Noel, Office of the Staff Judge Advocate, Department of the Air Force, for the agency.

Sylvia Schatz, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Evaluation of awardee's corporate experience as acceptable was unobjectionable where, even if protester is correct that 8 of 28 listed contracts were performed by an entity which recently had been sold by the awardee, there was nothing on the face of the proposal which would lead agency to question the accuracy of the proposal information, and there is no reason to believe that the awardee's experience rating would have been other than acceptable based on the other 20 listed contracts.

2. Where protester's cost, although relatively high, was determined to be reasonable given the technical approach the firm was proposing, agency was not required to conduct discussions with the firm aimed at lowering its cost.

DECISION

State Management Services, Inc. and Madison Services, Inc. protest the award of a contract to All Star Maintenance, Inc. under Department of the Air Force request for proposals (RFP) No. F64605-93-R-0019, issued as a total small business set-aside for military family housing (MFH) maintenance services. The protesters primarily argue that the evaluation of the proposals was improper.

We deny the protests.

The RFP, issued on September 13, 1993, contemplated the award of a firm, fixed-price requirements contract to furnish all personnel, equipment, tools, materials, and supervision necessary to perform MFH maintenance services at the Hickam Air Force Base in Hawaii for a base year with 4 option years. The maintenance services include service calls, change of occupancy maintenance, painting, floor finishing, cleaning, grounds maintenance, roofing, asbestos removal, and disaster repair.

Award was to be made to the responsible offeror whose proposal represented the best overall value to the government based on an integrated assessment of each proposal. The RFP required offerors to submit separate technical and cost proposals. Evaluation of the technical proposals was to be based on the following factors, in descending order of importance: (1) comprehension of technical requirements; (2) experience; (3) customer service; and (4) project management ability. Under the experience factor, the solicitation listed two subfactors, in descending order of importance: (i) company experience in performing MFH contracts; and (ii) experience of key management staff. Under each factor and subfactor, the proposals were to receive a color/adjectival rating--blue/exceptional, green/acceptable, yellow/marginal, or red/unacceptable--and a proposal risk rating. The cost proposals, less important than the technical factors, were to be evaluated for completeness, realism, and reasonableness.

The Air Force received five proposals by the amended December 3 closing date and all proposals, including State's, All Star's, and Madison's (the only ones relevant here), were included in the competitive range. The proposals were evaluated by the technical evaluation team (TET) for technical merit and by the cost evaluation team (CET) for cost. Following written and oral technical and cost discussions with the offerors, best and final offers (BAFO) were requested and received. The agency evaluated these BAFOs as follows:

TECHNICAL	All Star	Madison	State
Comprehension of Technical Requirements	blue; low risk	green; low risk	green; low risk
Experience	green; low risk	blue; low risk	yellow; moderate risk
Company Experience Management Experience	green green	blue green	yellow green
Customer Service	blue; low risk	blue; low risk	green; low risk
Project Management	green; low risk	green; low risk	green; low risk
COST	\$29,369,02 3	\$38,010,66 9	\$26,463,089

The CET concluded that all proposed costs were reasonable, realistic, and complete, since State's and All Star's costs were both below the government estimate of \$36,559,615, and Madison's cost was only 4 percent above the estimate. The source selection evaluation team (SSET) reviewed the CET's cost analysis and the TET's comparative technical analysis and prepared an independent report summarizing this information.

In comparing All Star's and Madison's BAFOs, the SSA determined that although both BAFOs were rated as technically exceptional overall with low risk, All Star's proposal represented the best value because (1) it was rated exceptional under the most important (comprehension of technical requirements) and third most important factors (customer service), while Madison's was rated exceptional under the second (experience) and third most important factors; and (2) Madison's cost was 29 percent (\$8.6 million) higher than All Star's. All Star's proposal also was rated a greater value than State's since, although State's cost was about 11 percent (\$3 million) lower than All Star's, State's proposal was not rated exceptional under any of the technical factors. Noting that the technical factors were more important than cost under the RFP, the SSA determined that All Star's technical superiority outweighed State's lower cost. All Star thus was awarded the contract. These protests followed.

¹Madison also filed a protest with the Small Business Administration (SBA) challenging All Star's small business size status. That protest was denied, but Madison has appealed the denial and currently is awaiting SBA's decision.

STATE'S PROTEST**Experience**

State argues that its initial blue/exceptional rating under the management experience subfactor of the experience factor--for proposing to use the incumbent's personnel--improperly was lowered to yellow/marginal in the BAFO evaluation based on State's failure to guarantee it would perform the contract with the incumbent personnel and provide a backup plan.

We will review a technical evaluation to determine whether it was fair and reasonable and consistent with the stated evaluation criteria. See Space Applications Corp., B-233143.3, Sept. 21, 1989, 89-2 CPD ¶ 255. We find nothing improper in this aspect of the evaluation.

State's argument is based on a misreading of the evaluation record and is without merit. While one evaluator rated State's initial proposal blue/exceptional under the management experience subfactor, the consensus rating under this factor was green/acceptable--not blue/exceptional--for both the initial and final proposals. Thus, the premise of State's argument--that its BAFO was downgraded--is simply incorrect. Further, it is clear that State's overall yellow rating under the experience factor had little to do with State's rating under the management experience subfactor. Rather, although the TET expressed a concern as to whether State's proposed use of the incumbent management personnel, by itself, was a sufficient basis to conclude that State actually would use those personnel, it is clear that State's yellow rating was based on the firm's limited corporate experience. Specifically, the SSET report states that State's overall yellow rating under the experience factor "reflects the offeror's failure to meet the evaluation standards regarding company experience," as State had performed only three MFH contracts within the past 3 years that were similar in size and scope to the current requirement. The record shows that the agency advised State of this deficiency during discussions. In our view, this aspect of the evaluation was unobjectionable.

State maintains that it should have been advised during discussions that its proposal to use incumbent personnel was not considered a strength. However, discussions are only required to disclose weaknesses, excesses, or deficiencies; there is no requirement that agencies advise offerors of areas that are not considered to be strengths. See generally South Capitol Landing, Inc., B-256046.2, June 20, 1994, 94-2 CPD ¶ 3.

MADISON'S PROTEST

Experience

Madison argues that the Air Force improperly evaluated All Star's proposal under the experience factor by considering prior contracts performed by a different company. Specifically, according to Madison, All Star (Texas), the awardee here, sold part of its company--All Star (California)--in January of 1993; nonetheless, in evaluating All Star's proposal, the Air Force considered eight MFH maintenance projects from between 1985 and 1993 that appear to have been performed by All Star (California). Madison concludes that the awardee's rating of green/acceptable under the experience factor did not accurately reflect its experience or performance risk.

The evaluation of All Star's proposal under the experience factor was unobjectionable. All Star's proposal included a list of 28 prior maintenance services contracts over a 9-year period, most of which were performed on MFH, and there was nothing on the face of the information, or the proposal generally, which called into question whether the contracts had been performed by the offering entity. Generally, an agency may accept an offeror's representation of its experience, unless there is reason to believe that the representations are inaccurate. See Seair Transport Servs., Inc., B-252266, June 14, 1993, 93-1 CPD ¶ 458. In any case, even assuming that Madison's assertion regarding the eight contracts is correct, there is no reason to believe that the agency would have downgraded All Star under this factor from green/acceptable to yellow/marginal (or rated the proposal higher risk), in light of the recency of the divestiture and the 20 remaining contracts listed in the proposal. While Madison also suggests that there is reason to question these contracts, it does not allege or provide evidence that these contracts were not performed by the awardee.

Discussions

Madison argues that the agency failed to hold meaningful discussions with the firm because it failed to specifically advise Madison that its cost was too high in relation to the government estimate. As a result, Madison concludes, it was improperly denied an opportunity to make its cost more competitive.

An agency has no responsibility to inform an offeror that its price is too high unless the government has reason to think that the price is unreasonably high. Warren Elec. Constr. Corp., B-236173.4; B-236173.5, July 16, 1990, 90-2 CPD ¶ 34. The Air Force did not consider Madison's proposed

cost unreasonably high. Rather, the cost analysis memorandum prepared by the agency specifically states that there were "no outstanding deficiencies or clarifications relating to price on any of the offeror proposals" and that all cost proposals were deemed "reasonable, realistic and complete." Madison's cost was only 4 percent above the government estimate, and the agency did not consider this somewhat higher cost to be unreasonable for the technical approach the firm was proposing (the proposal was rated overall technically exceptional). The agency therefore was not required to conduct discussions with Madison aimed at lowering its proposed cost.

Risk Assessment

Madison claims the agency improperly failed to take into consideration the risk inherent in All Star's BAFO due to the fact that its proposed cost for certain line items was lower than would be required to pay the minimum Service Contract Act (SCA) wage rates in the RFP.

The record shows that the agency fully considered this matter in the evaluation. The agency specifically questioned All Star during discussions as to whether its proposed reimbursable labor hour rates were lower than the applicable SCA rates. All Star responded in its BAFO by increasing the costs in question, stating that it fully intended to pay all "mandated wages and fringes." All Star further explained its apparently low costs as being based on savings from anticipated employee efficiencies. Based on this response to the stated concern, we think the agency reasonably could decide that a higher risk rating was not warranted.

Tradeoff

Finally, Madison maintains that the agency conducted an improper cost/technical tradeoff between All Star's and Madison's proposals, since the Air Force merely compared the proposed costs, without comparing the proposals' technical differences, and thus made award based solely on cost. This argument is without merit. A cost/technical tradeoff is necessary only where one proposal is rated higher technically than another, but the other is lower in cost. Since All Star's proposal was both technically superior to

Madison's and offered a lower cost (and as we have found nothing wrong with the evaluation), no tradeoff was required; All Star's proposal represented the best value to the government.

The protests are denied.

\s\ Paul Lieberman
for Robert P. Murphy
General Counsel