



Comptroller General  
of the United States

1127172

Washington, D.C. 20548

# Decision

**Matter of:** General Crane & Hoist, Inc.

**File:** B-258819

**Date:** February 21, 1995

Gary K. Russell for the protester.  
Cynthia S. Guill, Esq., Department of the Navy, for the agency.  
Robert C. Arsenoff, Esq., and John Van Schaik, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

## DIGEST

Protest against an award to offeror which submitted a technically superior, higher-priced proposal is denied where solicitation permitted such an award and where awardee's proposal was reasonably determined to be technically superior to protester's.

## DECISION

General Crane & Hoist, Inc. protests the award of a contract to Westmont Industries under request for proposals (RFP) No. N62472-91-R-1467, issued by the Department of the Navy for the design, fabrication, assembly, delivery, installation and testing of replacement hoist drive mechanisms for cranes located at Naval Stations in Puget Sound, Washington, and Pearl Harbor, Hawaii.<sup>1</sup> General Crane alleges that its proposal was not properly evaluated and that, as the offeror submitting the low-priced technically acceptable proposal, it should have received the award.

We deny the protest.

The RFP provided that award would be made to the offeror whose proposal represented the best value to the government considering technical factors and price which were to be weighted equally. The RFP further reserved the right to the government to make an award on the basis of other than the

<sup>1</sup>The replacement hoist drive mechanisms which are the subject of the RFP are intended to provide a fail-safe brake system to supplement the normal brakes of the cranes.

lowest-priced offer. Three equally weighted technical factors were listed: technical approach; management plan; and corporate experience.

The technical approach factor was comprised of six subfactors including a requirement for a description of an offeror's design approach for the hoist drive mechanisms with drum brake systems and a description of an offeror's quality assurance (QA) plan. The management plan factor was comprised of four subfactors including a requirement for a demonstration of a feasible approach for controlling and managing the project (e.g., lines of authority, including the QA function, within the prime contractor and between the prime contractor and any subcontractors). The corporate experience factor required the submission of a record of recent past performance with an emphasis on technical experience with drum brake systems.

Six offers were received and three were determined to be unacceptable and not capable of being made acceptable. The remaining three--from General Crane, Westmont and another offeror--were determined to be unacceptable but capable of being made acceptable. Oral and written discussions were conducted and each of the competitive range offerors submitted a revised technical proposal. The evaluators found that all three proposals were technically acceptable and ranked Westmont's proposal first and General Crane's proposal third.

With regard to technical approach, Westmont was found to have a well-established in-house QA program headed by a QA manager who reported directly to the firm's CEO and whose duties and responsibilities were separate from those of its program manager. This approach was found to be superior to General Crane's, which involved a QA subcontractor who was to report to the protester's program manager, who did not have QA experience listed in his resume. In sum, the evaluators believed that General Crane's approach presented a greater risk because the responsible program manager might sacrifice quality in order to meet a contract schedule.

With regard to management plan, Westmont's proposal was found to be superior to General Crane's because the awardee planned to perform all work with its own employees while the protester planned to subcontract out the majority of critical efforts under the contract. The evaluators expressed concern that General Crane's plan presented greater risks because of the need to coordinate and control a number of subcontractors. In this respect, the evaluators noted that General Crane's proposal did not reflect any unusual effort or unique approach to ensure that all subcontractors would be aware of problems that could affect the schedule; rather the proposal merely specified that

General Crane would communicate weekly with its subcontractors and visit them on a monthly basis.

With respect to corporate experience, Westmont was found to have specific experience in the design, manufacture, and installation of disc and drum brakes while the evaluators noted that General Crane's description of its contract history did not indicate that the firm or its subcontractors had such experience.

On September 28, 1994, award was made to Westmont in the amount of \$3,037,908. The award was made on the basis that Westmont's proposal represented the best value to the government and that the technical superiority of its proposal outweighed the price differential between Westmont and General Crane (1.9 percent, or \$55,667), and between Westmont and the third competitive range offeror (1.3 percent, or \$38,494).<sup>2</sup>

General Crane alleges that the comparative evaluation of its proposal and Westmont's proposal was unreasonable, overly subjective and not in accordance with the evaluation criteria set forth in the solicitation. General Crane also submits that, since it submitted the low-priced technically acceptable offer, it was entitled to the award under the terms of the solicitation.

Determining the relative merits of competing proposals is primarily a matter of agency discretion which we will not disturb unless the record shows that the exercise of discretion lacked a reasonable basis or was inconsistent with the solicitation's evaluation criteria. Tritech Field Eng'g, Inc., B-255336.2, Apr. 13, 1994, 94-1 CPD ¶ 261. A protester's mere disagreement with an agency's evaluation does not render that evaluation unreasonable. Id.

In addition, contrary to General Crane's assertion, agencies are not required to make awards to offerors submitting low-priced technically acceptable proposals unless the solicitation so provides, Sabreliner Corp., B-242023; B-242023.2, Mar. 25, 1991, 91-1 CPD ¶ 326, and, as was the case here, agencies may make cost/technical tradeoffs between competing proposals. TRI-COR Indus., Inc., B-252366.3, Aug. 25, 1993, 93-2 CPD ¶ 137. The propriety of a tradeoff turns not on the difference in technical rankings per se but on whether the selection official's judgment concerning the significance of that difference was reasonable and consistent with the evaluation criteria. Id.

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<sup>2</sup>General Crane's final price was \$2,982,241 and the third offeror's price was \$2,999,414.

General Crane has, at best, established that it disagrees with the evaluators and the source selection official who adopted their findings, and in the significance they attached to the differences between its proposal and Westmont's.

With respect to the perceived differences in QA approach, we find it reasonable (and consistent with the technical approach factor which calls for a description of an offeror's QA system) for the evaluators to be concerned about how independent the QA manager is from the program manager in order to minimize the risk of sacrificing quality concerns for the need to meet a schedule. General Crane does not specifically address this issue and only generally asserts that it has considerable QA experience and that its QA system is good.

Likewise, we find rationally based the Navy's determination that a high degree of subcontracting presents a greater performance risk than total in-house performance. Further, it is consistent with the management plan factor which stresses the need to have clear lines of authority and adequate control over subcontractors--the latter having been the subject of discussions with General Crane. Information Spectrum, Inc., B-256609.3; B-256609.5, Sept. 1, 1994, 94-2 CPD ¶ 251; Hercules Engines, Inc., B-246731, Mar. 19, 1992, 92-1 CPD ¶ 297. General Crane merely disagrees with the agency's conclusion and states that the degree of subcontracting it proposed is within industry norms.

Finally, the experience subfactor stressed technical expertise with drum brake systems. A review of the competing proposals confirms that Westmont listed specific experience with such systems while General Crane did not. General Crane does not specifically dispute this finding but stresses that it has considerable crane construction experience. Again, this generalized disagreement does not provide a basis for concluding that the agency's comparative evaluation of the two proposals was unreasonable.

In conclusion, the record supports the agency's evaluation and cost/technical tradeoff. Accordingly, the protest is denied.

  
 Robert P. Murphy  
 General Counsel