

Mr. Becker



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

Decision

Matter of: Coastal Carolina Maintenance, Inc.
File: B-261546
Date: June 12, 1995

DECISION

Coastal Carolina Maintenance, Inc. protests the Department of the Navy's determination to exercise an option in contract No. N62470-92-D-5583. The contractor is Madison Services, Inc., the successor-in-interest to the original awardee, Service Technicians, Inc.

The solicitation was originally issued as an emerging small business set-aside for a base period with several option periods. Service Technicians received the award and began performance in April 1993. In October 1994, Service Technicians was sold to Madison Services, a large business. Pursuant to a novation agreement Madison Services was recognized as Coastal's successor-in-interest on the contract. Coastal Carolina contends that because the original solicitation was issued as an emerging small business set-aside, allowing Madison Services, a large business, to continue performance through the exercise of contract options is improper.

There is no regulatory or statutory requirement that a small business contractor retain throughout contract performance its small business status. See Vantex Serv. Corp., B-251102, Mar. 10, 1993, 93-1 CPD ¶ 22; 13 C.F.R. § 121.904. Moreover, contract options are valuable government rights, 46 Comp. Gen. 434 (1966), which are not extinguished by a change in status of the contractor. Thus, we have held that the government may exercise options in contracts awarded under the section 8(a) program even though the contractor would no longer be eligible for program participation during the option years. See Gallegos Research Corp.-Recon., B-209992.2; B-209992.3, Nov. 21, 1983, 83-2 CPD ¶ 597, and in contracts where a large business is the successor-in-interest to a small business set-aside contractor. See Vantex Serv. Corp., *supra*. Accordingly, this protest does not set forth a legally sufficient basis for objecting to the Navy's actions.

The protest is dismissed.

Ronald Berger
Ronald Berger
Associate General Counsel

063845/154487