



National Security and
International Affairs Division

B-256067

January 7, 1994

The Honorable A. J. Herberger
Administrator
U.S. Maritime Administration

Dear Admiral Herberger:

We are reviewing the Maritime Administration's (MarAd) management of the Ready Reserve Force (RRF). As part of this review, we completed a survey of the latest selection of 12 Roll-on/Roll-off ships for the RRF. These ships will provide 1.6 million square feet of additional deck space for surge requirements--increasing the fleet's Roll-on/Roll-off cargo capacity by 40 percent.

We concluded that MarAd purchased an excellent mix of ships that should provide significant military utility at a reasonable cost¹ to meet the needs recommended by the Department of Defense's 1992 Mobility Requirements Study. However, we also believe that for future acquisitions, a clearer, more comprehensive request for proposals could save MarAd both time and money and increase the probability of acquiring ships with the most suitable characteristics and capabilities.

As you know, 44 ships were originally offered. These ships provided MarAd officials with a wide range of choices, and we believe your staff did a commendable job in evaluating their differing capabilities. The 12 ships MarAd selected were among the lowest cost ships. However, six ships were among the highest technically rated ships,² whereas the remaining six were among the lowest.

¹As of December 1993, MarAd estimates total acquisition cost for the 12 ships to be \$363.6 million.

²Numerical ratings were given for the various ship characteristics considered most suitable for inclusion in the RRF.

We discussed with your staff our observations concerning the acquisition process and possible revisions to the request for proposals for future ship purchases. They generally agreed with our observations and are already taking steps to improve the language in the draft request for proposals. We based our observations on the effect bid protests had on the 12-ship acquisition. For example, during the acquisition process, 5 offerors filed a total of 11 bid protests with our bid protest unit. We sustained eight protests and denied two. (One offeror withdrew its protest before we issued a decision.)

The initial protests questioned the required characteristics and capabilities of the ships MarAd wanted to procure, while the latter protests questioned MarAd's evaluation of specific ships. As a result of these protests, MarAd (1) changed some of the specifications to allow ships with less-desirable characteristics and capabilities to compete, (2) delayed the selection process by several months to await the outcome on the initial protests, and (3) will have to pay an estimated \$500,000 to two offerors whose protests were upheld because proposal language was unclear and incomplete.

We believe that the request for proposals for future ship purchases should more fully describe all of the capabilities and characteristics that the RRF ships must have to perform their mission. Such an improved request for proposals could (1) help expedite the acquisition process, (2) reduce MarAd's workload by limiting detailed analyses and physical inspections only to those ships that meet all of the minimum specified requirements, (3) reduce the potential number of bid protests, and (4) limit the possibilities of an unfavorable ruling at bid protest proceedings.

We also discussed with your staff our observation that additional criteria should be developed for assessing a ship's military capability and utility. For example, although the ease of loading and off-loading cargo is a very important capability, this particular characteristic was not a specific evaluation criterion. This factor has a direct bearing on the amount of time needed to load and off-load cargo. For example, both MarAd and transportation terminal officials agreed that ships with internal ramps are preferable to ships equipped solely with elevators; however, the evaluation plan gave equal scores to both ramps and elevators based on load capacities.

Crew size and availability are also important in terms of efficient, economical, and timely ship operations. Certain types of ships, such as those with steam

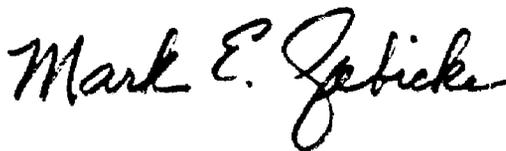
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engines, require a larger crew to operate and may require individual skills that will be difficult to find because as the number of steam-powered ships continues to decline, there will be fewer mariners with steam-related skills. Although the request for proposals specified that diesel engines were preferred, the solicitation did not specify that the preference was partly due to the availability of crews. MarAd officials said that crewing factors were considered during the selection process; however, the size and availability of crews were not specific selection criteria that received weighted scores.

We plan to monitor the development of the next request for proposals for additional RRF ships as we continue our work addressing maintenance and crewing issues associated with the RRF.

Copies of this letter are being sent to the Secretary of Transportation and to the Assistant Secretary of Defense (Program Analysis and Evaluation). If you have any questions, please call me on (202) 512-5140 or Brenda Farrell on (202) 512-3604. Major contributors to this portion of our work were William J. Rigazio and James Driggins.

Sincerely yours,



Mark E. Gebicke
Director, Military Operations
and Capabilities Issues

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