

DECISION**THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548**

FILE: B-185996

DATE: July 13, 1976

MATTER OF: Morris Guralnick Associates, Inc.

61123

97941

DIGEST:

No validity found in protester's contentions that incumbent contractor was given unfair advantage and consideration because agency initially attempted sole-source procurement, then extended incumbent's existing contract during period of competitive procurement, and finally awarded contract to incumbent at price in excess of other offerors. Where record shows that evaluation of proposals was in accordance with established criteria and reasoned judgment of evaluators, such evaluation being responsibility of contracting agency will not be disturbed unless shown to be arbitrary or without reasonable basis.

Morris Guralnick Associates, Inc. (MGA), protests the award of a contract for naval architectural and marine engineering services to M. Rosenblatt & Son, Inc. (Rosenblatt), under request for proposals (RFP) N00123-76-R-0007, issued by the Naval Regional Procurement Office, Long Beach, California. MGA contends that the incumbent contractor, Rosenblatt, was given unfair advantage and consideration in the evaluation of proposals.

A revised RFP for the required services was issued on July 28, 1975, and included in section "D" the evaluation criteria for award, in declining order of importance, as follows: (a) experience and educational background of assigned personnel; (b) company experience and capability; (c) the management plan; and (d) cost/fee. While 13 sources were solicited, only six firms responded and submitted offers. Of the six, three were determined to be within the competitive range and were requested to submit best and final offers and were advised of the areas of technical deficiency in their proposals.

Revised proposals were received from each of the remaining offerors. The revisions to the technical proposals were forwarded

to the requiring activity for further analysis and evaluation. The total technical scores of the three offerors (based upon 90 percent possible) were 80.18 for Rosenblatt; 67.91 for MGA; and 63.23 for the Stanwick Corporation. When the achieved ratings for the cost factors were added to these technical scores, the total ratings became 88.45 percent, 77.17 percent, and 74.23 percent, respectively. Based upon these results it was determined to award the contract to Rosenblatt.

The protester, by letter dated March 2, 1976, states as follows: (1) the Government initially attempted to award a new contract to an incumbent contractor on the basis that the required expertise and capability were available only from one source; (2) at the time of the attempted award, the Government was aware, through recently submitted proposals, that the required expertise and capability were available from the protester and others; (3) when MGA expressed an interest in the procurement, a competitive procurement which consumed a period of almost 1 year was initiated; (4) during the period of the procurement, the incumbent contractor continued to perform services under an existing contract; and (5) the procurement was concluded with the award of a new contract to the incumbent at a price which was approximately 60 percent over the price proposed by another qualified offeror.

The Naval Supply Systems Command (NSSC), by letter dated May 4, 1976, essentially admits the factual accuracy of MGA's statements (1) through (4) and explains that the reason the procurement was not initially competitive was that the Naval Regional Procurement Office, Long Beach, had been originally advised by the requisitioning activity, the Naval Ship Weapons Systems Engineering Station, Port Hueneme, that to its knowledge the only firm capable of performing the effort was the incumbent, Rosenblatt. Upon learning of the protester's interest in participation in the procurement and a review of its qualifications, it was determined that a competitive procurement was possible. Accordingly, the original sole-source procurement was canceled and a competitive procurement was undertaken.

The NSSC also explains that the use of the incumbent under an extension of its then-current contract was necessary, as the incumbent was the only contractor then available to perform those services on short notice, and the services were required on a continuing basis.

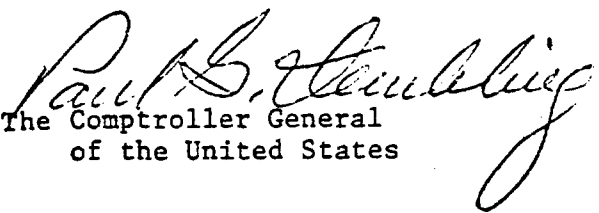
Finally, the NSSC states that MGA's statement (5) rests on a misunderstanding of the true dollar value of the various offers. NSSC also states that MGA's offer of \$249,568.67 did not include

estimates of \$85,000 for material and \$30,000 for travel and other direct costs, which estimates were established by the requiring activity and provided in the letters requesting best and final offers to each of the three offerors in the competitive range. When those costs are added, MGA's offer becomes \$364,568.67 and the difference between the offer of Rosenblatt of \$399,095, which included those costs, and MGA is \$34,526.33, or less than 9 percent.

This Office has recognized the importance of analyzing proposed costs in terms of their realism since, regardless of the costs proposed, the Government in a cost-reimbursement contract is bound to pay the contractor's actual and allowable costs. See Bell Aerospace Company, 54 Comp. Gen. 352 (1974), 74-2 CPD 248; 50 Comp. Gen. 390 (1970); B-178445, October 4, 1973; B-152039, January 20, 1964. It is incumbent upon the agency to exercise judgment as to whether the costs submitted are realistic. Bell Aerospace, *supra*; Raytheon Company, 54 Comp. Gen. 169 (1974), 74-2 CPD 137. 50 Comp. Gen., *supra*; B-178445, *supra*; B-174003, February 10, 1972. Moreover, GAO will not second-guess a cost realism determination unless it is not supported by a reasonable basis. See Dynalectron Corporation, 54 Comp. Gen. 562 (1975), 75-1 CPD 17, affirmed 54 Comp. Gen. 1010 (1975), 75-1 CPD 341; Management Services, Incorporated, 55 Comp. Gen. 715 (1976), 76-1 CPD 74.

Furthermore, the RFP stated that "cost/fee" would be the least important criterion for award. It appears that proposals were evaluated according to the criteria stated in the RFP and that the incumbent, Rosenblatt, scored well enough technically to overcome its lower "cost/fee" score and still obtain the highest total rating. On the basis of the record before us, we cannot conclude that the incumbent contractor was given unfair advantage and consideration or that the proposals were evaluated in an arbitrary fashion. See Houston Films, Inc., B-184402, December 22, 1975, 75-2 CPD 404.

Accordingly, MGA's protest is denied.


For The Comptroller General
of the United States