

**DECISION**



6450

R. Martin  
Procell

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

**FILE: B-190331**

**DATE: May 18, 1978**

**MATTER OF: A. B. Dick Company**

**DIGEST:**

1. Protest based on allegation that agency should have purchased protester's equipment from multiple award Federal Supply Schedule (FSS) is denied where initial purchase price advantage of protester is offset by lower maintenance charges of awardee's equipment over useful life of equipment.
2. Allegation that protester was unfairly denied opportunity to compete for delivery orders under Federal Supply Service contracts is without merit where agency did consider protester's equipment.

A. B. Dick Company (ABD) protests award to Addressograph Multigraph Corporation (AM) by the San Antonio Procurement Center (SAPC), U. S. Air Force of delivery orders Nos. F41800-77-89802 and F41800-77-89803 under Federal Supply Service Contract No. GS-005-44985. The delivery orders were issued to AM for offset printing equipment on the basis of a "brand name" sole source justification. ABD challenges the validity of the justification and asserts that its less costly equipment is compatible with and at least comparable to the AM equipment. It further states that it was unfairly denied an opportunity to submit a quotation in spite of assurance from SAPC that it would have an opportunity to compete.

The delivery orders called for 3 automated duplicators, AM Model 2975, 1 platemaker, AM Model 2300MR

and 1 copy system, AM Model 4875. The sole source purchase of the AM 4875 has not been protested by ABD. The equipment involved is listed Federal Supply Schedule (FSS), FSC Part II, Sections A and B, Classes 3610 and 3615. This schedule states that it is mandatory for the Department of Defense to procure its requirements for such equipment from suppliers listed in the multiple award schedule. Both AM and ABD are listed and their contract prices for equipment and annual maintenance rates are as follows:

EQUIPMENT

A-M	\$ 92,580.60	A. B. Dick 369T	\$81,709.50
A-M 2300MR	9,438.25	A. B. Dick 171	9,845.00
TOTAL	\$102,018.85	TOTAL	\$91,554.50
Difference:	\$ 10,464.35		

ANNUAL MAINTENANCE

A-M	\$ 7,041.00	A. B. Dick 369T	\$9,486.00
A-M 2300MR	1,172.00	A. B. Dick 171	1,095.20
TOTAL	\$ 8,213.00	TOTAL	\$10,585.20
Difference:	\$ 2,372.20		

The sole source justification of September 28, 1977 states that all available products have been seen through product demonstrations and that the AM models were the best units available to satisfy the requirements with respect to compatibility with existing AM equipment, productivity and cost of operation. SAPC concedes that no demonstration of current ABD equipment was observed and that equipment capability was evaluated solely on the basis of the specifications contained in the FSS contracts of AM and ABD.

The justification states that compatibility with existing AM equipment is necessary because the AM 2300MR platemaker "may" at a later date be connected with existing AM equipment or one of the requested AM 2975 duplicators to make those units an automatic on-line platemaking copy making system. With regard to productivity and cost of operation, the justification states that the AM 2975 has a rated machine speed of 17,000 impressions per hour as compared to 16,000 impressions per hour for the ABD 369T duplicator. On the basis of 5 hours of printing per day, it projects the 1,000 difference per hour per machine to a difference of 7,920,000 impressions for the three machines over a two year period. This figure is divided by 1,000 to obtain 7,920 as the manhour savings to be realized from the use of AM equipment. The 7,920 manhours is then multiplied by a wage of \$6.03 per hour plus fringe benefits of 18.1 percent resulting in a total cost savings due to productivity figure of \$56,390 for the AM machines.

This figure was used by SAPC in the calculations required by the Fast Payback Capital Investment Program (FASCAP) which is an Air Force program to provide for investment in productivity enhancing capital equipment whose costs can be amortized within two years. The policy and procedures for implementing this program upon which SAPC relied were announced by the Air Force on April 1, 1977.

ABD challenges the capability of the equipment as a legitimate basis for sole source procurement from AM. It states that the Air Force is successfully using AM and ABD equipment in mixed environments at several installations, and that AM's 8-3/4 inch masters or ABD's 9 inch masters can be used without trimming on either AM or ABD duplicators using either AM or ABD inks and supplies. It states that the specifications provide for off-line automated duplicators and an off-line platemaker and contends that if the AM 2300MR platemaker is placed on line with one of the requested AM 2975 duplicators, the platemaker would be of only limited use for the other duplicators.

While ADB concedes that the rated running speed of its equipment is less than that for AM equipment, it contends that rated machine speed, particularly when the duplicators being compared operate in excess of 15,000 impressions per hour, is a minor factor in measuring actual productivity. It states that such machines seldom run at maximum speed in an operating environment. ABD asserts that 85,000 impressions per day on an AM 2975 tandem duplicator would require 1700 masters which, in turn, would require 2 hours preparation cycle time each day and that such a volume would require another 1 hour and 50 minutes per day for paper loading. ABD argues that productivity depends significantly upon such non-printing activities as preparation and loading of masters, paper loading and unloading, start-up and clean-up time, machine downtime due to paper and master jams and misfeeds, regular maintenance, etc., so that the maximum actual printing time available in an 8 hour day is slightly over 3 hours rather than the 5 hours claimed by SAPC.

ABD further asserts that even if it were assumed that over a two year period 7,920,000 additional impressions could be made on AM equipment than on ABD equipment, those additional impressions could be run on ADB equipment at 16,000 impressions per hour in 495 hours. Therefore, the cost savings should be calculated by multiplying 495 hours by \$6.03 per hour for a total of \$2,984.85 rather than the \$56,390.40 claimed by SAPC. If the 18.1 percent fringe benefit factor were included in ABD calculations, the cost saving based on the stated assumption would be \$3,525.10. In addition, ABD contends that the machines at Kelly Air Force Base have operated for the past year at an average daily output of 15,200 per machine and that there is no reasonable expectation that the daily printing requirements will approach 85,000 impressions per machine within the 10 year life of the machines. Thus, ABD contends that the cost savings calculations of SAPC are based on hypothetical rather than actual facts and numbers.

The Air Force does not deny that its present daily production at Kelly Air Force Base is 15,200 impressions per machine, but points out that much of its printing

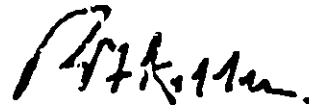
requirements is contracted to outside commercial companies. The new equipment, it contends, will enable it to meet its required production rate of 24,000 impressions per day and allow for an annual increase of 10 percent.

The record reveals, however, that even if the savings of \$56,390.40 which SAPC contends would be realized from the higher productivity of the AM equipment were ignored entirely, the purchase of the AM equipment would be justified. The initial purchase price advantage of \$10,465.35 which is quoted above of the ABD Models 369T and 171 is more than offset over the ten year expected useful life of the equipment by the \$23,722.00 price advantage for maintenance of the AM Models 2975 and 2300MR. While these maintenance rates could be expected to change over the years, there was no basis at the time of award to anticipate that the basic relationship of the rates would change significantly.

Finally, ABD complains about the delay of the Air Force in submitting its comments regarding the conference held in this Office at which all parties agreed that such comments would be due on February 1, 1978. As the comments of the Air Force were not received until March 9, 1978, ABD requests that they be excluded from the record. This Office has consistently held that the failure of an agency to submit a report within the time limitations prescribed by our Bid Protest Procedures, 4 C.F.R., Part 20 (1977) does not justify rejection of the report. AMF Incorporated Electrical Products Group, 54 Comp. Gen. 978, 987 (1975), 75-1 CPD 318. Moreover, the report included not only comments on the conference but answers to several points raised at the conference. The report reflects that the Air Force thoroughly reviewed the factual basis for its position and there is no indication that the delay was deliberate. Further, the delay did not affect the propriety of the award and, under the circumstances, was not prejudicial to the interests of ABD.

Accordingly, the protest is denied.

In view of this, no useful purpose would be served by discussing the opinions of the participants with regard to equipment capability and the various unique features and capabilities of the AM and ABD equipment. These are matters relating to the minimum needs of the procuring agency and its determinations with regard thereto will not be questioned by this Office unless shown to have no reasonable basis. 55 Comp. Gen. 1362 (1976), 76-2 CPD 181. No such showing has been made here. Further, ABD does not contend that its equipment is more productive, compatible or significantly more capable than AM equipment and the record does not support the thrust of its protest that SAPC could save money by purchasing ABD equipment in this instance.



Deputy Comptroller General  
of the United States