



Washington, D.C. 20548

## Decision

**Matter of:** Drum Realty, Inc.

**File:** B-261508

**Date:** August 23, 1995

---

James W. Drum for the protester.  
Harry Popham for Forbes Realty, Inc., an interested party.  
Michael J. Farley, Esq., Department of Housing and Urban  
Development, for the agency.  
Katherine I. Riback, Esq., and Paul Lieberman, Esq., Office  
of the General Counsel, GAO, participated in the preparation  
of the decision.

---

### DIGEST

Award to the offeror submitting technically superior, higher-priced proposal was reasonable where it was consistent with the solicitation's evaluation scheme, and the agency reasonably determined that the documented technical advantages of the awardee's proposal warranted payment of the associated price premium.

---

### DECISION

Drum Realty, Inc. protests the award of a contract to Forbes Realty, Inc. under request for proposals (RFP) No. DU204-R-95-0002, issued by the Department of Housing and Urban Development (HUD). The protester challenges the agency's evaluation of its proposal and the award to a higher-priced offeror.

We deny the protest.

The agency issued the RFP on November 4, 1994, seeking proposals for a fixed-price, requirements contract for a base year with 4 option years to provide management and related services for single family properties owned by or in the custody of HUD and located within five specified geographical areas within Florida. This protest concerns only the award for services in southwest Florida.

The solicitation contained the following technical evaluation factors and points (with a possible total of 120 points): (1) understanding of HUD objectives (15 points); (2) evidence of adequately staffed, trained, and equipped office (20 points); (3) methodology

(15 points); (4) demonstrated experience in the management of single family properties (15 points); (5) demonstrated experience in developing listing of needed repairs (10 points); (6) demonstrated experience in soliciting repair bids (15 points); (7) demonstrated experience in managing a rental program (15 points); and (8) maintaining facilities which provide convenient service to HUD and its clients (15 points). The RFP stated that the awards would be made to the responsible offerors whose proposals, conforming to the requirements of the RFP, were deemed most advantageous (i.e., the best values) to the government, technical quality and price considered. The solicitation also stated that the evaluation would be based upon the completeness and thoroughness of the proposal submitted. Section M of the RFP provided that technical factors were more important than price.

Twelve offerors submitted proposals for the southwest Florida region by the December 15 closing date. The technical evaluation board (TEB) performed an initial evaluation. Forbes Realty's initial proposal's overall score was 120 points, while Drum Realty's proposal received a total score of 91. Based on the results of the initial evaluation, the agency decided to include the seven highest-ranked proposals in the competitive range, including the proposals of Drum Realty and Forbes Realty. The agency conducted written discussions and requested best and final offers (BAFO) by May 5, 1995. Forbes Realty's proposal was one of three proposals to receive the maximum technical score of 120 points, and its evaluated price of \$3,553 was the lowest of these three proposals. Drum Realty's proposal received a technical score of 91 points, and its evaluated price of \$1,741.90 was the lowest received.

The agency determined that the proposals that scored above Drum Realty's proposal demonstrated a substantially greater ability to meet HUD's needs, which justified paying the associated higher price. Finding these three proposals substantially equal technically, the agency determined that Forbes Realty's proposal, the lowest priced of the three, was the most advantageous and made an award to Forbes Realty on May 19. This protest followed.

#### TECHNICAL EVALUATION

Drum generally disagrees with the agency's evaluation of its own proposal and argues essentially that it should have received the award because it is a well-qualified offeror which submitted the lowest-priced proposal.

In reviewing an agency's evaluation of proposals, our Office will only question the agency's evaluation where it lacks a reasonable basis or is inconsistent with the stated

evaluation criteria for award. DeLima Assocs., B-258278.2, Dec. 20, 1994, 94-2 CPD ¶ 253. Our review of the record shows that the agency's evaluation here was reasonable and consistent with the evaluation criteria.

After BAFOs were evaluated, while Drum Realty's proposal was considered technically acceptable, the agency concluded that several weaknesses remained in its proposal which prevented it from being highly rated. While Drum argues that it is a well-qualified offeror and generally objects to any downgrading of its proposal, the record provides no basis to find the evaluation of Drum Realty's proposal unfair or unreasonable; on the contrary, the record shows that the agency performed a reasonable technical evaluation consistent with the evaluation criteria. For illustrative purposes, we discuss two of the weaknesses identified by the agency.

#### Adequately Staffed, Trained, and Equipped Office

The evaluators were concerned because Drum Realty's initial proposal did not include the resume of its proposed inspector. As a result, the agency requested in a discussion letter sent to Drum Realty that it supply the TEB with the resume of its proposed inspector. After reviewing the resume of Drum's proposed inspector, the TEB concluded that he was not adequately qualified. We see no basis to object to the agency's evaluation.

In its proposal, Drum Realty described its proposed inspector as the son of Drum Realty's owners, who "[g]rew up in the Real Estate business and has always assisted his parents with the property management and maintenance problems." The proposal stated that since 1993, after attending college for 3 years, he had been involved in sales, supervision, and inspection of properties for Drum Realty. The resume Drum Realty submitted for its proposed inspector in response to the agency's discussion letter essentially repeated the general description of his experience in the proposal and provided no further details regarding his qualifications. Under these circumstances, while Drum Realty received 13 out of a possible 20 points under this evaluation factor, which falls in the "good" range, the TEB reasonably did not award Drum Realty the maximum score because of its determination that its proposed inspector was not adequately qualified.

In contrast, Forbes Realty, which received the maximum score under this evaluation factor, proposed an inspector who has 15 years experience in single family home repair estimation, and is a certified environmental inspector.

### Demonstrated Experience in Soliciting Repair Bids

Under this evaluation factor, Drum Realty received 9 points out of a possible 15, for a "good" score. The TEB determined that Drum Realty stated but failed to adequately demonstrate that it had adequate experience in soliciting repair bids, coordinating and overseeing repair work, and inspecting for satisfactory work completion. In its proposal, Drum Realty stated that it contacts at least three subcontractors for estimates over \$300 for work on rental properties and that it would "follow the process of evaluating the scope and price of the estimates." Drum Realty also stated that after the work is awarded and completed, it would thoroughly inspect the job to assure quality and workmanship. According to Drum Realty, it knows, through many years in the real estate business, what quality is acceptable and what permits are required. During discussions, the agency informed Drum Realty that its proposal states, but fails to demonstrate, that it has experience in soliciting repair bids and coordinating and overseeing repair work, and asked it to provide evidence of experience in this area. Drum Realty, in response, provided three reference letters which it claims demonstrate its experience in soliciting repair bids and coordinating and overseeing repair work.

The TEB reasonably concluded that these letters are very general in nature and did not discuss Drum Realty's specific experience in soliciting repair bids and coordinating and overseeing repair work. Drum Realty's lack of demonstrated experience in soliciting and overseeing repair work or subcontracting was of particular concern to the agency since a firm that is not capable of handling such work could cost HUD a great deal of money by incorrectly awarding and monitoring subcontracts, the cost of which falls on HUD. In short, the failure of Drum Realty's proposal to address the TEB's request that it demonstrate its experience in soliciting repair bids, provided a reasonable basis for downgrading the protester's proposal in this area.

In contrast, Forbes Realty, the current contractor for southwest Florida, provided evidence of significant experience in soliciting repair bids and coordinating and overseeing repair work. In addition, the TEB noted that Forbes Realty's manager has extensive experience in writing specifications, and overseeing and inspecting repair work. In sum, the record shows that the agency reasonably found

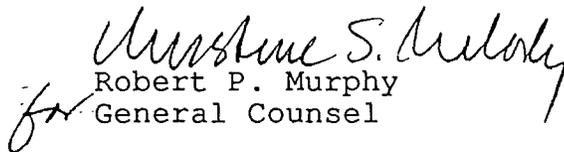
Forbes Realty's proposal to be significantly superior to the proposal of Drum Realty.<sup>1</sup>

#### COST/TECHNICAL TRADEOFF

While the protester argues that as the low-priced offeror, it was entitled to the award, the RFP did not require the award to be made to the offeror with the lowest-priced, technically acceptable proposal. Rather, the RFP stated that the award would be made to the offeror whose proposal, conforming to the RFP, was deemed most advantageous, *i.e.*, the best value, to the government, with technical evaluation factors being considered more significant than price.

Where the RFP does not provide for the award on the basis of the lowest-priced, technically acceptable proposal, an agency has the discretion to make the award to an offeror with a higher technical score and a higher price where it reasonably determines that the price premium is justified considering the technical superiority of the awardee's proposal and the result is consistent with the evaluation criteria. Id.; General Servs. Eng'g, Inc., B-245458, Jan. 9, 1992, 92-1 CPD ¶ 44. Here, while Forbes Realty's evaluated price was substantially higher than the protester's price, the agency reasonably concluded that Forbes Realty's significantly better technical proposal demonstrated a substantially greater ability to meet HUD's needs, which warranted payment of the associated price premium.

The protest is denied.

  
 Robert P. Murphy  
 General Counsel

---

<sup>1</sup>To the extent the protester argues that the agency's conclusions were the result of a biased evaluation, government officials are presumed to act in good faith and, for us to conclude that bias existed, the record must show that contracting officials acted with specific intent to injure the protester. Jaycor, B-240029.2 *et al.*, Oct. 31, 1990, 90-2 CPD ¶ 354. While it is clear that Drum Realty disagrees with the agency's assessment of its proposal, there is no evidence in the record that the evaluation of its proposal is the result of a biased evaluation, or that the TEB based its conclusions on anything other than Drum Realty's proposal. The record simply provides no basis to question the motives of the evaluators.