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**United States Government Accountability Office  
Washington, DC 20548**

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## Decision

**Matter of:** Ridoc Enterprise, Inc.

**File:** B-292962.4

**Date:** July 6, 2004

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Lawrence J. Sklute, Esq., and Nolan Sklute, Esq., Sklute & Associates, for the protester.

David J. Taylor, Esq., Tighe Patton Armstrong Teasdale, for C.R.B. Associates of Virginia, Inc., an intervenor.

Audrey Roh, Esq., Department of Homeland Security-U.S. Coast Guard, for the agency.

Jacqueline Maeder, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. Protest that agency unreasonably evaluated protester's quotation is denied where record shows that evaluation was reasonable and consistent with stated evaluation criteria, and protester's contentions amount to disagreement with the evaluation.
  2. Protester is not interested party for purposes of challenging awardee's entitlement to award where record shows that, even if protester were correct, intervening vendor, not protester, would be next in line for award.
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### DECISION

Ridoc Enterprise, Inc. protests the issuance of a purchase order to C.R.B. Associates of Virginia, Inc. under request for quotations (RFQ) No. DTCG84-03-Q-AA5063, issued by the Department of Homeland Security, U.S. Coast Guard, for armed security guard and fire communications operator services at the Coast Guard Service Center, Elizabeth City, North Carolina. Ridoc principally challenges the agency's evaluation of its and C.R.B.'s quotations.

We deny the protest.

### BACKGROUND

The RFQ, issued August 13, 2003 as a section 8(a) set-aside, contemplated the issuance of a fixed-price purchase order for a base year, with four 1-year options.

The RFQ included a detailed performance work statement (PWS) outlining the contractor's responsibilities, including, for example, training, key control, emergency procedures, standard operating procedures, duties of the main gate, back gate, and roving security guards, duties of the watch commander, and the watch routine. The PWS also outlined the duties of the fire communications operator, provided a list of "deliverables" to be submitted by the contractor with required due dates, and listed personnel and quality control requirements.

The RFQ provided for a "best value" award based on price and the following equally-weighted evaluation factors: corporate experience/management capability, technical plan, quality control plan (QCP), training plan, personnel qualifications, and past performance. These factors combined were significantly more important than price. The RFQ reserved the agency's right to make award on the basis of initial quotations.

The agency received 10 quotations, including those of Ridoc (with subcontractor Myers Investigative and Security Services, Inc.) and C.R.B. (with subcontractors Top Guard Security and End to End Technical Services), by the September 2, 2003 closing date. The agency evaluated C.R.B.'s quotation as the best value and notified vendors of its decision to issue a purchase order to C.R.B. Ridoc challenged the award in a series of protests (B-292962, B-292962.2, and B-292962.3). Following an "outcome prediction" alternative dispute resolution session conducted by our Office, the agency determined to take corrective action by reevaluating quotations.

On reevaluation, Ridoc's quotation received an overall technical rating of unsatisfactory, with marginal ratings under the technical plan and corporate experience/management capability factors, an unsatisfactory rating under the QCP factor, a satisfactory rating under the training factor, a good rating under the personnel qualifications factor, and a satisfactory rating for past performance.<sup>1</sup> C.R.B.'s quotation received an overall rating of good, with excellent ratings under the QCP and training factors; good ratings under the corporate experience/management capability, technical plan and personnel qualifications factors; and a very good rating for past performance. Agency Report (AR), Tab 10, Memo for Award, at 9-10. Based on their unsatisfactory rating, Ridoc's and seven other vendors' quotations were eliminated from award consideration as technically unacceptable. Id. at 10. Of the two remaining quotations, C.R.B.'s was determined to be the best value. Id.

Ridoc challenges virtually all of the agency's reasons for rejecting its quotation. In reviewing a protest of an agency's evaluation, it is not our role to reevaluate quotations; rather, we will consider only whether the evaluation was reasonable and consistent with the terms of the solicitation and applicable procurement statutes and

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<sup>1</sup> The adjectival ratings were as follows: excellent, very good, good, marginal, and unsatisfactory.

regulations. QuickHire, LLC, B-293098, Jan. 30, 2004, 2004 CPD ¶ 33 at 2. We have reviewed all of the allegations and find no basis to question the agency's award determination. We address the more significant allegations below.

#### CORPORATE EXPERIENCE/MANAGEMENT CAPABILITY

The RFQ stated that the corporate experience/management capability evaluation would be based on the vendor's capability statement, certificate of insurance or letter from its insurance company, and references. RFQ at 46. As noted, Ridoc's quotation was evaluated as marginal under this factor. In its evaluation, the agency listed several weaknesses, noting, for example, that Ridoc stated in its quotation that "it is primarily a manufacturing firm of satin pillows and apparel," failed to explain how it would manage its subcontractor, and did not show management of services experience or provide sufficient managerial information. AR, Tab 7, Technical Evaluation Memo, at 3.

#### Security Experience

Ridoc argues that the agency ignored its security experience, noting that it specifically stated in its quotation that "Ridoc . . . has been performing security services for commercial entities during the past year." Protester's Comments at 5. The protester also points to a security guard services contract listed in its quotation to support this position.

The evaluation in this area was unobjectionable. The record shows that Ridoc's capability statement consisted of the following four sentences:

In 1990 Ridoc Enterprises, Inc. began by manufacturing and selling satin pillowcases under it's own label. Today they manufacture a complete line of apparel under the Ridoc label. Ridoc is a manufacturer and distributor of protective textile apparel, in addition to providing general and specialized services to customers requiring assistance in cleaning, uniforms, and purchase of greige goods (fabrics).

Ridoc is 8a certified and diversifying from manufacturing into services since the manufacturing climate for textiles has deteriorated.

Ridoc Quotation at 75. Thus, while Ridoc stated that it is diversifying, its capability statement clearly indicates that it continues to manufacture apparel; the agency's reference to Ridoc's status as primarily an apparel manufacturer was consistent with this information. Further, contrary to Ridoc's position that the Coast Guard ignored its recent performance of security services, the agency in fact specifically noted as a strength that Ridoc "stated it has supported commercial security customers." AR, Tab 7, Technical Evaluation Memo, at 3.

## Management of Subcontractor

Noting that the RFQ did not require a management plan, Ridoc asserts that the agency improperly applied an unstated evaluation criterion by downgrading its quotation for not specifying how Ridoc would manage its subcontractor. However, while procuring agencies are required to identify significant evaluation factors and subfactors in a solicitation, they are not required to identify every aspect of each factor that might be taken into account, provided that they are reasonably related to or encompassed by the evaluation criteria. Network Eng'g, Inc., B-292996, Jan. 7, 2004, 2004, CPD ¶ 23 at 3. Here, the RFQ identified management capability as an evaluation factor. It is plain, we think, that a vendor's ability to manage its subcontractor logically relates to the adequacy of its overall management capability; we thus see nothing objectionable in the agency's downgrading Ridoc's quotation for failing to include information in this regard.

Ridoc argues in the alternative that its quotation included adequate information addressing the management of its proposed subcontractor, noting that its organizational charts reflect that its subcontractor "is managed by Ridoc's proposed Project Manager . . . [who] is managed by Ridoc's vice president . . ." Protester's Comments at 5. We agree with the agency, however, that Ridoc's organizational charts were not a substitute for an explanation as to Ridoc's responsibilities and procedures for managing its subcontractor to ensure that the required services would be satisfactorily performed. Moreover, Ridoc's assertions as to its organizational charts notwithstanding, one of the charts in its quotation actually shows that all personnel under the contract except the quality control supervisor and Ridoc's vice president would report to the watch/site supervisor, an employee of the proposed subcontractor, Myers.<sup>2</sup> Ridoc Quotation at 3. Thus, we find nothing unreasonable in the agency's concerns regarding management of Ridoc's proposed subcontractor were reasonable.

## Management Experience

Ridoc complains that its quotation was improperly downgraded for failure to show experience managing services and for lack of managerial information. To support its position, the protester cites the experience of its management team, including its vice president and its quality control supervisor and training coordinator, and Myers's president, general manager, and operations manager.

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<sup>2</sup> The position of the site supervisor/program manager as a Ridoc or a Myers employee, and the roles of Ridoc and Myers as prime contractor and subcontractor are discussed in greater detail below.

Ridoc maintains that the solicitation did not require that quotations include all managerial information, and that it has provided sufficient information concerning its management capability.

Ridoc's argument that the experience of its individual managers demonstrates its ability to manage this contract is based on its belief that the agency must impute to Ridoc, as an organization, the experience of its proposed managers. We have held, however, that while an agency may properly consider the experience of key personnel in evaluating an entity's corporate experience, Rice Servs., Ltd., B-284997.5, Mar. 12, 2002, 2002 CPD ¶ 59 at 5, absent a solicitation provision mandating such consideration, there is no legal requirement that it do so. Id. In any event, we note that the information submitted regarding the experience of the various managers was general in nature, lacking specificity and detail. For example, Ridoc's vice president was described as having "a background in management of both manufacturing and service businesses. He oversees a commercial security contract and is familiar with the requirements and has participated fully in the preparation of this proposal. [He] has 27 years management experience in local government and commercial activities." Ridoc Quotation at 7. The agency could reasonably view such general summaries as lacking the detail required to assess the firm's management capability. Accordingly, we conclude that the corporate experience/management capability evaluation was reasonable and consistent with the RFQ.

#### TECHNICAL PLAN

The RFQ required vendors to submit a technical plan addressing the methods to be used to support the required services, including the method to be used to recruit, retain, and employ personnel, and the method for directing resources and equipment to remote sites (including the type of equipment, storage of equipment, and the dedication of corporate personnel and resources). RFQ at 46.

Ridoc's quotation was evaluated as marginal under this factor based primarily on the agency's assessment that Ridoc, the prime contractor, "is managed by the sub[contractor] . . . [creating] a substantial risk to project performance." AR, Tab 7, Technical Evaluation Memo, at 7. In support of this determination, the agency noted several weaknesses in Ridoc's quotation, including, for example, that the project manager would be appointed by both the prime contractor and the subcontractor; the prime contractor would grant the project manager, an employee of the subcontractor, full authority on the project; and the site supervisor, a subcontractor employee, would be charged with hiring all personnel.<sup>3</sup> Id. The agency also

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<sup>3</sup> Ridoc proposed one individual to serve as watch/site supervisor, Ridoc Quotation at 3, 80, and stated in its quotation that its site supervisor would also "act as our Project Manager." Id. at 10.

determined that Ridoc's quotation demonstrated "unfamiliarity" with the solicitation and the work required, finding, for example, that the protester referred to a collective bargaining agreement that does not apply to this contract. Id.

Ridoc asserts that it, not its subcontractor, would manage the work, noting that its quotation stated in the corporate experience/management capability section that its proposed site supervisor, who is currently a Myers employee, would become a Ridoc employee upon award and would report directly to Ridoc. Ridoc Quotation at 75-76; Protester's Comments at 14. Ridoc asserts further that, because the guards would work for the site supervisor, it "has found that accountability and ownership of hires is enhanced by having the site supervisor . . . perform the personnel selection and hiring." Protester's Comments at 13. Ridoc contends that the agency applied an unstated evaluation factor in considering performance risk and, finally, asserts that its reference to a collective bargaining agreement "is information . . . from one of Ridoc's previous proposals" and could have been easily corrected in discussions. Id. at 16.

Based on our reading of the quotation, we find the agency's assessment reasonable. The quotation states unequivocally that "Ridoc and Myers will appoint a Watch Supervisor (Project Manager) with full authority to manage the project at the local level," and that Ridoc "grants the Program Manager the full authority to take any action required by the Government . . ." Ridoc Quotation at 2. Ridoc's proposed watch supervisor/program manager was a Myers employee and, contrary to the protester's assertion, we find no statement in the quotation or in Ridoc's prime/subcontractor agreement with Myers (and Ridoc does not point to any statement in either document) to the effect that the proposed program manager was to become a Ridoc employee upon contract award.<sup>4</sup> Moreover, as noted above, Ridoc's organizational chart indicates that all employees except Ridoc's vice president and its QC supervisor report to the program manager, a Myers employee. Ridoc's view that accountability and ownership of hires are enhanced by having the site supervisor perform personnel selection does not address the agency's concern

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<sup>4</sup> Ridoc's prime/subcontractor agreement includes, among other things, a statement that Ridoc will pay Myers a certain sum per hour for consultation and management assistance. AR, Tab 16, Subcontract Agreement, at 3. Ridoc seems to rely on this information and some attached pricing worksheets in arguing that Ridoc "does NOT pay Myers for any performance expended by [the proposed site supervisor] under the contract." Protester's Comments at 6 (emphasis in original). Even if this is correct, as noted above, we see no indication in the quotation that the proposed site supervisor would become a Ridoc employee. Absent such an affirmative representation, there was nothing unreasonable in the agency's not inferring that this would be the case.

regarding the vesting of management responsibility in the subcontractor rather than in the prime.<sup>5</sup>

Ridoc's argument that performance risk is an unstated evaluation factor is without merit. As noted above, agencies may evaluate various aspects of an evaluation factor, provided they are reasonably related to or encompassed by the RFQ evaluation criteria. Network Eng'g, Inc., *supra*, at 3. Even when performance risk is not specifically listed in the solicitation as an evaluation criterion, an agency may always consider risk intrinsic to the stated evaluation factors, that is, risk that arises, for example, from the vendor's approach or demonstrated lack of understanding. Davies Rail & Mech. Works, Inc., B-278260.2, Feb. 25, 1998, 98-1 CPD ¶ 134 at 10. Here, the agency reasonably concluded that Ridoc's relationship with its subcontractor represented a performance risk inherent in its approach.

Ridoc's argument that it could have corrected certain factual problems or inconsistencies had the agency raised them during discussions is without merit. There is no obligation that a contracting agency conduct discussions where, as here, the RFQ specifically instructs vendors of the agency's intent to issue a purchase order on the basis of initial quotations. See Techseco, Inc., B-284949, June 19, 2000, 2000 CPD ¶ 105 at 4. Ridoc therefore could not reasonably presume that it would have a later opportunity to augment or correct its quotation.

#### QCP

The RFQ required vendors to submit a QCP and stated that the plan would be evaluated for "[c]ompleteness (to include effectiveness and timeliness) and compliance with the . . . [PWS]; to include but not limited to: Staffing, Sanitation Practices, Budget and Accounting Practices and Hurricane Plan." RFQ at 46. The PWS specified that the QCP shall include, but not be limited to, 19 topics, including, for example, the objectives for the system, supervision of services, budget and accounting practices, labor practices (hiring, retention, and rewards and substitutions), waste management (including recycling), key control procedures, and employee training. *Id.* at 32-33. In its evaluation, the agency noted strengths and

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<sup>5</sup> A review of the prime/subcontractor agreement further substantiates the agency's conclusions. Indeed, the agreement specifically states that, among other things, the subcontractor will negotiate with the government, provide the program manager/watch supervisor, provide the required vehicles, and provide financial resources for successful start-up and contract operations. AR, Tab 16, Subcontract Agreement, at 1-2. Additionally, the agreement states that Myers "shall be free to choose the means of performing this Agreement, and there shall be no relationship of subordination between the Subcontractor and the Contractor . . ." *Id.* at 3.

weaknesses of each vendor's QCP and specifically noted whether the plan addressed each of the 19 topics specified in the PWS. Ridoc's quotation was evaluated as unsatisfactory under the QCP factor, primarily based on the agency's determination that it addressed only 4 of the 19 topics. AR, Tab 7, Technical Evaluation Document, at 13; Tab 10, Memo for Award, at 10.

Ridoc asserts that its quotation addressed all topics and contends that its QCP is "tailored specifically to the items that are required to be performed pursuant to the PWS . . . ." Protester's Comments at 24. For example, Ridoc argues that it included 15 objectives of its QCP at pages 36-37 of its quotation, *Id.* at 21, and lists specific sections on pages 52 through 74 of its quotation that it argues address 9 other topics. For example, the protester states that section 5.2.8 of its quotation addresses the QCP topic supervision of services, section 5.1.3 addresses employee training, and section 5.1.5 addresses key control procedures. *Id.* at 24; Ridoc Quotation at 55, 56, 61. Ridoc also asserts that key control procedures were only "a contract deliverable, i.e. post-award requirement," and therefore "not a factor" for the evaluation of quotations. Protester's Comments at 21.

The evaluation in this area was unobjectionable; the agency reasonably concluded that Ridoc's quotation failed to address most of the 19 listed topics. For example, we have reviewed the 15 quality control objectives that Ridoc asserts were outlined in its quotation, and we concur with the agency that the objectives in the quotation appear to relate to performance of the work required under the RFQ rather than to quality control matters. The objectives state, for example, that Ridoc will deter and report unauthorized personnel, safeguard personnel and deter the commission of crimes, deter and report violations of base regulations and enforce parking regulations, and provide fixed guards and roving patrols. Ridoc Quotation at 36-37. The agency reasonably concluded that these "objectives" did not satisfy the RFQ requirement.

Ridoc's more general assertion that its QCP is "tailored specifically" to meet the requirements of the PWS is simply unsupported by the record. Our review of Ridoc's quotation shows that Ridoc copied the PWS from the solicitation and inserted these pages verbatim into its quotation at pages 52 through 74. Thus, while Ridoc asserts that its QCP addresses supervision of services at section 5.2.8 (on page 61) of its quotation, this section merely repeats verbatim section 5.2.8 of the PWS, which outlines the role and responsibilities of the watch supervisor. Similarly, while Ridoc claims it addressed employee training at section 5.1.3 of its quotation and key control procedures at section 5.1.5, these sections merely repeat the language from the correspondingly numbered PWS section. We find no language in Ridoc's quotation, and the protester points to none, that goes beyond reciting the PWS sections and actually explains how Ridoc intends to satisfy the quality control requirements. As to the protester's argument that key control procedures were a post-award requirement that should not have been evaluated, we note that the RFQ's evaluation

criteria specified that the agency would evaluate compliance with the PWS, which included key control procedures as they relate to quality control.

In sum, the agency's evaluation of Ridoc's quotation was reasonable and consistent with the RFQ. It follows that there is no basis to question Ridoc's quotation's overall unsatisfactory rating, or the agency's determination that Ridoc's quotation therefore was technically unacceptable.

#### C.R.B.'S EVALUATION AND OTHER PROTEST BASES

Ridoc challenges the evaluation of C.R.B.'s quotation, and also alleges that C.R.B. engaged in an improper "bait and switch" regarding its site supervisor. However, since we have concluded that the agency properly rejected Ridoc's unsatisfactory quotation, and there is an intervening vendor whose quotation was evaluated as technically acceptable, Ridoc is not an interested party for purposes of raising these allegations. See Bid Protest Regulations, 4 C.F.R. § 21.0(a) (2004). In this regard, where, as here, there is an intervening vendor who would be in line for the award if the protester's challenge to the award were sustained, the intervening vendor has a greater interest in the procurement than the protester, and we generally consider the protester's interest to be too remote to qualify it as an interested party. See Four Seas and Seven Winds Travel, Inc., B-244916, Nov. 15, 1991, 91-2 CPD ¶ 463 at 4.

The protest is denied.

Anthony H. Gamboa  
General Counsel