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**Comptroller General  
of the United States**

Washington, D.C. 20548

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# Decision

**Matter of:** Air Sal Leasing, Inc.

**File:** B-265938

**Date:** January 16, 1996

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Paul F. Khoury, Esq., Craig A. Johnson, Esq., and David A. Vogel, Esq., Wiley, Rein & Fielding, for the protester.  
Frederick W. Claybrook, Jr., Esq., and Howard Crystal, Esq., Crowell & Moring, counsel for K&K Aircraft, Inc., an interested party.  
Michael F. Kiely, Esq., Department of Agriculture, for the agency.  
Peter A. Iannicelli, Esq., and Michael R. Golden, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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## DIGEST

Agency failure to discuss with the protester the fact that the agency's calculation of the protester's total price based on the unit prices offered was much higher than the protester's own calculation does not warrant overturning the award decision where the protester neither shows how the agency's price computation, which appears to be proper under the solicitation's evaluation plan, was wrong, nor alleges that it would have changed its unit prices (the bases for contract payments) had it known the agency's figure.

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## DECISION

Air Sal Leasing, Inc. protests the United States Department of Agriculture's award of a contract to K&K Aircraft, Inc., pursuant to request for proposals (RFP) No. 01-MX-APHIS-96. The protester alleges that: (1) the agency's price evaluation was flawed; (2) the agency improperly did not discuss with Air Sal the fact that the agency calculated its total price to be approximately 40 percent more than the price Air Sal says it offered; and (3) the agency's price/technical tradeoff was fatally flawed because of errors in both the technical and price evaluations.

We deny the protest.

Issued on April 7, 1995, by the Animal and Plant Health Inspection Service (APHIS), the RFP requested offers for air transport and dispersal of sterile screwworm flies in various countries in Central America in an effort to eradicate screwworm flies. The RFP contemplated award of a fixed-price, requirements-type contract for a base



period of 1 year with options for 4 additional years. The RFP stated that evaluated price was a significant selection factor, but where proposals' evaluated prices were within 10 percent of each other the government might award the contract to the offeror of the higher-priced, technically superior proposal if the higher price were warranted by the technical superiority. Six offers were received by the July 10 closing date for receipt of initial proposals. After evaluation of proposals, discussions, and receipt of best and final offers, the agency awarded the contract to K&K on August 22. Air Sal filed its protest in our Office on August 31.<sup>1</sup>

The protester alleges that the price evaluation erroneously resulted in Air Sal's total price being evaluated at roughly \$19 million instead of the \$13,749,800 that Air Sal had entered on a "schedule of items" it submitted with its offer. In a related matter, Air Sal asserts that the agency improperly did not discuss with it this approximately 40-percent discrepancy between its evaluated and offered price.

The first argument is without merit. In calculating each offer's total evaluated price, the agency followed a formula set forth in the RFP. The RFP required offers to state a unit price (e.g., a basic monthly fee per aircraft) for each line item for the base and option years; no extended line item prices, total performance period prices, or total contract prices were requested. The RFP included critical information such as the number of aircraft needed each month, the location of the required dispersal flights, and estimates of the number of flights that would be required to each location and the total flying time during the contract period. By multiplying each offer's unit prices by the known and estimated quantities set forth in the RFP, the agency computed extended prices for each line item. Thus, even though the RFP labeled the extended prices as "evaluated prices," in reality the agency merely calculated the total price for each line item by doing simple mathematical operations; then, after discounting option year prices to account for the present value of money, the agency summed the extended line item prices to compute each offer's total evaluated price.<sup>2</sup>

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<sup>1</sup>The Administrator of APHIS determined that continued performance is in the best interest of the government and, therefore, K&K continues to perform notwithstanding the protest.

<sup>2</sup>For example, in accord with the RFP's formula, the base fee for line item No. 1, transport of screwworm pupae to dispersal bases, was computed as follows. The RFP stated that two airplanes would be required for all 12 months of the basic contract period. Air Sal's offer stated a base fee of \$18,900 per aircraft per month. The unit price (\$18,900 per month) was multiplied by the number of required airplanes (2) which was then multiplied by the number of months in the contract period (12). Thus, the extended base fee for line item No. 1 was \$453,600 (\$18,900 x 2 x 12).



Notwithstanding the RFP's invitation to offer only unit prices for the base and option periods, Air Sal, on its schedule of items, extended and summed all of its unit prices, discounted the results, and added the discounted amounts to arrive at what it termed its "Total Evaluated Price (discounted)," \$13,749,800. However, in response to Air Sal's general complaint that the price evaluation was "dramatically flawed," the agency provided a price evaluation document showing in detail exactly how it calculated Air Sal's total price to be near \$19 million (and its calculation of K&K's total price). Air Sal's initial protest did not criticize any particular facet of the agency's price evaluation, which was consistent with the RFP's evaluation scheme. Moreover, despite being given the opportunity to review and comment upon the agency's mathematical calculations, the protester has not shown that the contracting officer made any arithmetic errors in computing Air Sal's total evaluated price;<sup>3</sup> why it believes the agency's price evaluation was wrong; or even how Air Sal calculated the total price it submitted, which is not apparent from its schedule of items. Consequently, we have no reason to find that the agency's price calculations were faulty. See Science Applications Int'l Corp., B-265607, Sept. 1, 1995, 95-2 CPD ¶ 99; Robert Wall Edge-Recon., 68 Comp. Gen. 352 (1989), 89-1 CPD ¶ 335.

It is not clear from the record whether APHIS failed to discuss with Air Sal the discrepancy between the offeror's and the agency's calculated total prices because the agency did not notice it or because APHIS simply decided that its own number reflected the proper application of the solicitation's calculation approach to the offeror's unit prices. In any case, we think that when it engaged in discussions with the offeror APHIS should have informed Air Sal of the discrepancy and given the firm an opportunity to explain its offer in that regard. Where an agency conducts discussions, the agency is required to ensure that the discussions are meaningful, which means that the agency must discuss weaknesses, deficiencies, or excesses that need to be addressed in order for the offeror to be in line for award. See Inside Outside, Inc., B-250162, Jan. 5, 1993, 93-1 CPD ¶ 7. As a general matter, therefore, an agency has an obligation to tell an offeror during discussions that its price is unreasonable. Id. Here, APHIS' calculation of Air Sal's total evaluated price as \$19 million meant that Air Sal had little chance at winning the competition, under the RFP's evaluation method, whereas Air Sal would have had a chance at the total evaluated price of \$13,749,800 as calculated by Air Sal on its schedule of items. In such circumstance, APHIS, when it decided to ask Air Sal for a best and final offer, should have brought the discrepancy between the agency's and Air Sal's calculations to the offeror's attention.

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<sup>3</sup>The agency disclosed that the contracting officer had in fact made several trivial arithmetic errors that were corrected upon discovery. The record shows that these errors did not affect the standing of the offers.



Nevertheless, we do not think that APHIS' failure to discuss the matter with Air Sal and give the firm the opportunity to explain its offer warrants overturning the award decision. As noted above, the protester, during the course of this protest, has shown no mistakes, and none is evident, in the agency's price computations. Air Sal has not shown how, if the matter had been raised by the agency, the offeror would have explained its offer to support its own calculation, or somehow revised its unit prices sufficiently to affect the selection decision. In this respect, payments under the contract were to be based on the unit prices, which is why contractor selection, in turn, had to follow their proper extension pursuant to the RFP's evaluation method, and cannot be based on a non-conforming total calculated by an offeror. Consequently, we cannot conclude that the failure to discuss price with Air Sal competitively prejudiced the company. See American Envtl. Servs., Inc., B-257297, Sept. 8, 1994, 94-2 CPD ¶ 97; TRW, Inc., B-243450.2, Aug. 16, 1991, 91-2 CPD ¶ 160; Alascom, Inc.-Recon., B-227074 et al., Sept. 16, 1987, 87-2 CPD ¶ 257.<sup>4</sup>

Air Sal also argues that it would have received the contract had APHIS conducted a proper price/technical tradeoff analysis using an evaluated price for Air Sal of \$13,749,800, which is close to the award amount. We need not consider this contention, however, since the record does not support that calculation of Air Sal's total evaluated price, as discussed above.

In its initial protest, Air Sal also argued that K&K's proposal was technically unacceptable because it was based upon using government-furnished equipment (GFE) that could not meet some of the RFP's performance specifications.<sup>5</sup> On

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<sup>4</sup>The protester also contends that APHIS did not evaluate all of its proposal and did not hold meaningful discussions concerning perceived technical deficiencies in it. The agency reports that it evaluated the entire technical proposal and conducted discussions as necessary with the firm. The agency also reports that it was very familiar with Air Sal's technical ability since Air Sal had been performing the work for APHIS for several years and there were no new initiatives in the proposal requiring close scrutiny. The fact is that APHIS determined that the proposal was technically acceptable, and Air Sal has shown no errors in the technical evaluation. See Science Applications Int'l Corp., *supra*.

<sup>5</sup>The agency does not agree that the offered GFE cannot meet the RFP's performance specifications. Air Sal filed a motion for injunctive relief in the United States District Court for the Southern District of Florida to prevent K&K from performing the contract. In its response, the agency pointed out to the court that: (1) the GFE was designed by a department in APHIS that has a long history of success in aerial dispersal operations to eradicate or control dangerous pests; (2) the GFE has been used by APHIS in the past and the agency is confident that it  
(continued...)



October 19, we dismissed this protest ground as untimely because the RFP clearly indicated that offers based upon using GFE for containment and dispersal of screwworm flies would be considered acceptable. Air Sal now maintains that our decision was based on a misinterpretation of the RFP. Air Sal argues that the RFP required the GFE to pass certain USDA tests to demonstrate compliance with the RFP's performance requirements and indicated that, if the GFE did not pass all performance tests, offers based upon using GFE, including K&K's, would be rejected as technically unacceptable.

Air Sal's argument is without merit. The RFP specifically stated that offers were assumed to be based upon the use of GFE unless an offer stated that contractor-furnished equipment would be used instead. The RFP further provided that "[i]f the Contractor proposes to use other than the [GFE], the equipment must be qualified prior to the start of the field operations." The RFP also stated,

"The Government will provide the [GFE] unless it is agreed that the Contractor will provide equipment which has been tested and approved for use by the Program. Any Contractor-furnished equipment must comply with the following specification."

The RFP imposed no similar qualification or testing requirement on the GFE. Thus, it should have been clear to Air Sal from reading the RFP that proposed GFE would be considered technically acceptable, with no qualification testing required.

The protest is denied.

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<sup>5</sup>(...continued)

will work in the screwworm eradication program; and (3) the GFE outperformed Air Sal's equipment in tests conducted by the agency. The court ultimately denied Air Sal's motion.