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DECISION

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

FILE: B-203337 DATE: September 29, 1981

MATTER OF: Lanier Business Products, Inc.

DIGEST:

1. Where RFQ specifies that maintenance charges would be evaluated in life-cycle costing analysis of equipment being purchased from Federal Supply Schedule, contracting agency was entitled to rely upon maintenance costs in Federal Supply Schedule contract in evaluating quotation.

2. Protest that RFQ was defective because of evaluation method provided should have been filed prior to the opening of quotations.

Lanier Business Products, Inc. (Lanier), protests the rejection of its quotation under a request for quotations (RFQ) for a central dictation system solicited by the Veterans Administration Medical Center, Reno, Nevada (VA).

Lanier's quotation, initially evaluated as low, was determined to be high after the VA adjusted it to include the maintenance charge for two of the solicited items that the VA had not included in the original evaluation of the quotation. Lanier protests the VA's adjustment of the quotation and the method of cost evaluation.

We have decided that the protest has no merit in part and is untimely in part.

The RFQ solicited quotations for a central dictation system "in accordance with VA Specification X-1710" and "available on a current GSA Federal Supply Schedule Contract." Under the heading of "Special Conditions," the RFQ listed the factors that the VA would consider in determining the lowest aggregate price for all the specified items. The factors included:

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1. the trade-in allowance for the VA's used dictating equipment;

2. the applicable GSA quantity and/or prompt-payment discounts; and

3. a life-cycle costing analysis.

The RFQ specified that costs for maintenance and for interfaces not indicated on the quotation would be evaluated in the life-cycle costing analysis.

Lanier and Dictaphone Corporation (Dictaphone) were the only vendors that submitted quotations. After the receipt of quotations, Lanier furnished a list of Federal Supply Schedule (FSS) maintenance charges for the equipment. Based on the quotation made and the maintenance charges subsequently furnished, the Lanier quotation was evaluated as the lowest received. Lanier and Dictaphone were advised of the result of the evaluation. Both firms requested copies of the abstract of quotations and a list of the equipment proposed by the other. Thereafter, Dictaphone complained to the VA that the VA did not include the preventative maintenance charges for Lanier LX-627 dictation module cabinet and LX-614 transcribe module cabinet in its evaluation of the Lanier quotation. The VA checked with General Services Administration and found that Lanier's FSS contract listed maintenance charges for the two cabinets. Lanier's quotation was reevaluated on the basis of the new information and found to be higher than Dictaphone's. The VA then notified both vendors that it intended to award the contract to Dictaphone. Lanier protested to our Office. The VA has stayed the award pending our decision.

Lanier contends that it should receive the award because the VA's revised evaluation of its quotation is incorrect. Lanier's argument is that the VA improperly adjusted its quotation to include the omitted charges on the two cabinets. Lanier states that the omission from its list was intentional and was intended to effect a voluntary price reduction which the VA should be obligated to accept.

The RFQ solicited items on the vendor's FSS contract. We have held that the evaluation of quotations for items listed on a multiple-award FSS should be based upon the FSS contracts. Dictaphone Corporation, 60 Comp. Gen.____ (B-200578, February 18, 1981), 81-1 CPD 104. Information supplied by an offeror after the receipt of quotations is of no legal significance. Lanier Business Products, Inc., B-196189; B-196190, February 12, 1980, 80-1 CPD 125. Therefore, it is immaterial that, after the receipt of quotations, Lanier furnished a list of FSS maintenance charges omitting two cabinets which Lanier contends was its way of indicating a price reduction. Since it was readily determinable from Lanier's FSS contract that maintenance charges were listed for the two cabinets, the VA was entitled to rely upon the FSS contract without any further input from Lanier.

Lanier further protests that the VA improperly evaluated life-cycle maintenance costs by projecting the prices listed in its FSS contract over the useful life of the dictating equipment. It argues that the FSS prices are only for the 12-month term of the contract and the VA's projection of these prices over the equipment's useful life is outside the scope of the FSS contract. Lanier's protest on these grounds is untimely.

We have held that it is only logical for an agency that is procuring equipment to evaluate the total cost of that equipment by considering not only the purchase price but also the projected costs of the equipment over its useful life. Hasko-Air, Inc., B-192488, March 19, 1979, 79-1 CPD 190. Before the agency makes a price evaluation based on life-cycle costs, the offerors must have adequate notice that the evaluation will be on that basis. Also the projected costs must be reasonable. Eastman Kodak Company, B-194584, August 9, 1979, 79-2 CPD 105.

In Eastman Kodak, we sustained the protest because we found that the Navy did not adequately inform the offerors that it intended to evaluate maintenance costs over the useful life of the solicited items. We also questioned whether it was reasonable for the Navy to project the maintenance costs listed in the offerors' FSS contracts over the equipment's useful life since these costs could be renegotiated annually.

This case, however, is distinguishable from Eastman Kodak. Here, the RFQ specifically indicated that the VA would evaluate life-cycle costs, including maintenance costs. It is clear from the quotation submitted by Lanier that it was aware that a 10-year useful life for dictating equipment might be used in making the life-cycle costing analysis and that the maintenance charges listed in Lanier's FSS contract might be used to project life-cycle maintenance costs.

Under our bid protest procedures, if Lanier believed that the solicitation was defective because of the contemplated evaluation method, it should have filed its protest prior to the opening of quotations. 4 C.F.R. § 21.2(b)(1) (1981); Francis & Jackson, Associates, 57 Comp. Gen. 244 (1978), 78-1 CPD 79.

However, while we will not consider Lanier's objection to the evaluation because of the untimeliness, we note that Lanier has stated that the internal rules of the VA no longer require maintenance costs considered to be in the life-cycle costing analysis. Thus, it may be that the aspect that Lanier finds objectionable will be eliminated in future VA RFQ's for dictation systems.

The protest is denied in part and dismissed in part.

Milton J. Socolar

Acting Comptroller General
of the United States