

Continuing...



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Pacord, Inc.

File: B-224520.2

Date: March 6, 1987

DIGEST

Contracting agency's decision to award a contract for the installation of technical training equipment at a cost higher than that proposed by the protester was not unreasonable where the awardee's technical proposal was considered superior and worth the cost premium involved.

DECISION

Pacord, Inc., has protested the award of a contract to Unidyne, Inc., under request for proposals (RFP) No. N00140-85-R-4238 which was issued by the Naval Regional Contracting Center, Philadelphia, Pennsylvania, in 1985 for an estimated 460,000 work-hours to provide services and material necessary to install technical training equipment at various naval training schools throughout the United States under a cost-plus-fixed-fee contract to be entered into on a "time and materials" basis.

Offerors were asked to submit technical and price proposals and were informed that the contract would be awarded to the offeror whose offer, conforming to the RFP, was determined to be most advantageous to the Navy, price and other evaluation standards considered. The RFP also listed the following evaluation standards in descending order of importance: corporate experience, personnel resources, contractor facilities, management plan/approach and price. As to price, the RFP stated that although price was the least important standard, price was important and should not be ignored. The RFP also stated that the degree of price importance would increase with the degree of equality of the proposals in relation to the other, nonprice standards on which the selection would be based.

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Four offerors, including Pacord and Unidyne, submitted proposals. Two of the offers were eliminated from the competitive range leaving Pacord's and Unidyne's proposals for consideration. Pacord's proposal was roughly 12 percent less in price compared with Unidyne's proposal. As to the scoring of technical proposals, Unidyne was given an overall technical rating of "highly qualified," with the highest ratings possible in corporate experience, personnel resources, and facilities and with the second highest rating possible in management approach. Pacord was rated "qualified" overall with the highest rating in management approach and facilities and the second highest ratings possible in corporate experience and personnel resources.

Discussions were then held with Unidyne and Pacord, and final offers were requested from both offerors by the Navy which identified the areas of Pacord's proposal to be addressed in the final offer. Both offerors submitted final offers which were then evaluated. The evaluated price of the final offers modified the original proposals as follows:

	<u>INITIAL</u>	<u>FINAL</u>
Unidyne	\$12,188,019	\$11,960,918
Pacord	\$11,257,238	\$10,673,062

Although slight changes were noted in both proposals, the Navy's evaluators concluded that the revisions had not altered the relative standing of the two offerors. The overall ratings remained: Unidyne--highly qualified; Pacord--qualified. Because of the difference in the cost proposals (12 percent), the contracting officer then requested another opinion within the Navy as to whether the technical superiority of the Unidyne proposal warranted the higher price. The Navy then concluded that the overall technical superiority of the Unidyne proposal justified the higher cost.

Based upon the evaluation of the technical and price proposals, the contracting officer determined that Unidyne's offer was the most advantageous to the government, price and other factors considered, and awarded a contract to Unidyne. Pacord essentially contends that its proposal should have been considered relatively equal to Unidyne's in technical merit and, thus, Pacord should have been selected based on its lower cost. We deny the protest.

Our Office does not determine independently the relative merit of proposals, as the evaluation of proposals is properly the function of the contracting agency which must bear the burden of any difficulties resulting from a

defective evaluation. Litton Systems, Inc., Electron Tube Division, 63 Comp. Gen. 585, 588 (1984), 84-2 C.P.D. ¶ 317 at 4. Further, contracting agencies are relatively free to determine the manner in which proposals will be evaluated so long as the method selected provides a rational basis for source selection and the actual evaluation is conducted in accordance with the established criteria. Joint Action in Community Service, Inc., B-214564, Aug. 27, 1984, 84-2 C.P.D. ¶ 228 at 2, 3. Also, we will question a contracting official's determination concerning the technical merits of proposals only upon a clear showing of unreasonableness. Bank Street College of Education, 63 Comp. Gen. 393, 400 (1984), 84-1 C.P.D. ¶ 607 at 10. The protester's mere disagreement with the agency's evaluation of its proposal does not in itself render the evaluation unreasonable. Intelcom Educational Services, B-220192.2, Jan. 24, 1986, 86-1 C.P.D. ¶ 83.

Pacord's position that its proposal is substantially equal in technical merit to Unidyne's is based on the specific argument that the Navy failed to properly apply the RFP's evaluation standards concerning corporate experience, personnel resources, and cost.

CORPORATE EXPERIENCE

In this section of the RFP, a two-part evaluation standard was described. Under the first part of the standard, offerors were asked to provide a narrative relating to the company's history, organization, and experience in the area of installing technical training equipment, including details about prior similar contracts. In the second part of the standard, offerors were to submit a sample of "on-going installation effort" within the past 3 years. In its evaluation, the Navy found that Pacord's proposal primarily showed experience in overhaul and repair of electronic test equipment, rather than installation of new equipment. Consequently, the Navy's request for Pacord's final offer informed Pacord of this concern about the company's experience. In evaluating Pacord's final proposal, the Navy decided that, while Pacord's proposal should be slightly upgraded in this area, Pacord's rating was still considered to be significantly below Unidyne's. In contrast, the Navy's evaluation of Unidyne's corporate experience showed that the Navy felt Unidyne had the "most applicable and most extensive service" based, in part, on Unidyne's performance on contracts in 1979 and 1981.

Pacord specifically questions the Navy's evaluation in the corporate experience area by suggesting, in part, that the Navy rated Pacord's experience lower than Unidyne's because

of alleged "cost inefficiencies" on previous contracts and that this comment was not disclosed to Pacord during negotiations. Pacord also generally questions the overall evaluation of the proposals in this area and suggests that Pacord's experience should have been rated substantially higher.

As noted above, the Navy's request for Pacord's final offer specifically informed the company that it had a relative weakness in the area of corporate experience because the Navy felt that the company's experience was related more to overhauling, rather than to installing equipment, as described under the RFP. Pacord did not sufficiently change the Navy's basic opinion of its experience despite the slight upgrading of the company's final offer. Although Pacord argues that its final rating was due to the Navy's alleged improper evaluation of "cost inefficiencies" on its earlier contracts, the record of evaluation shows that the evaluators of the initial and final proposals also found that Pacord's cited experience was mainly in the overhaul, rather than the installation area, and that Unidyne had greater experience installing--both as to quantity and variety--over 90 percent of the types of equipment listed in the RFP. Thus, we cannot question the corporate experience rating assigned to Pacord regardless of the issue of "cost inefficiencies."

Further, we do not agree with Pacord's contention that the Navy improperly accepted Unidyne's contracts in 1981 and 1983 for experience evaluation. As pointed out by the Navy, only the second part of the experience standard required a prior sample--within the past 3 years--of on-going installation effort. However, the first part of the experience evaluation standard looked for relevant experience without time limit. Thus, Unidyne's 1981 and 1983 contracts were properly evaluated, and the record of that evaluation supports the Navy's findings concerning Unidyne's specific experience.

PERSONNEL RESOURCES

Section L of the RFP required offerors to provide resumes for the types of key program management and professional personnel who were to be assigned to work under the contract. The resumes were to cite education, training, employment and experience with emphasis on those elements of experience with specific applicability to the contract requirements.

The Navy ranked Unidyne highly qualified in this category because the Navy considered Unidyne's program managers and engineers to be very well qualified to perform the contract. In contrast, Pacord's proposal was rated qualified but was considered to contain two, inexperienced program managers. The Navy told Pacord that two of the resumes which the


company submitted with its initial proposal did not show strong program manager experience. In its final offer, Pacord submitted resumes to replace these program managers, but the Navy felt that the replacements proposed did not affect the company's evaluation since one individual's accomplishments was considered limited and the other proposed individual was considered to be lacking in required experience.

Pacord essentially questions the Navy's final evaluation in this area by insisting that the Navy ignored the changes it made in its final proposal especially in regard to one manager who, Pacord argues, has good experience. Nevertheless, even if this one individual should be seen as entitled to greater scoring merit, we cannot say that this fact should, in itself, raise Pacord's score in this area to Unidyne's "highly qualified" rating which is substantiated in detail in the record.

COST

Finally, Pacord argues that the Navy apparently made no balanced trade-off between cost and technical considerations under the proposals. However, based on our review of the record of evaluation, as noted above, we cannot question the "highly-qualified" rating assigned to Unidyne's technical proposal as compared with the "qualified" rating assigned to Pacord and the Navy's conclusion that the "prospect of greater contractor productivity, reduced Government contract administration effort and consistent reliability in meeting installation schedules clearly outweighs any price difference attributable" to lower man-hour rates proposal by Pacord. In these circumstances, we cannot question the Navy's view that the award to Unidyne was worth the cost premium involved.

Protest denied.

for 
Harry R. Van Cleve
General Counsel