

Baskin



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Gradwell Company, Inc.

File: B-230986

Date: July 7, 1988

DIGEST

Contracting officer had a reasonable basis to cancel a negotiated procurement for consolidated copier services where the government could thereby obtain significant savings by procuring the services under individual Federal Supply Schedule purchase orders.

DECISION

Gradwell Company, Inc. protests the cancellation of request for proposals (RFP) No. DAKF48-87-R-0151 issued by the Department of the Army for maintenance of government-owned copiers for a 6-month period at Fort Hood, Texas.

We deny the protest.

The Army issued the solicitation with the intention of acquiring services on several brands and models of copiers from a single contractor. Previously, services were performed under orders issued against Federal Supply Schedule (FSS) contracts, open market purchases, and a contract with Gradwell. Gradwell submitted the only acceptable proposal of the seven offers received by the Army. After two rounds of negotiations, Gradwell's second best and final offer exceeded the government's estimate (based on FSS prices and open market quotations) by 29 percent. As a result, the contracting officer determined that Gradwell's offer was not fair and reasonable for the type of services required, and canceled the solicitation. Because the Army plans to remove all government-owned and leased copiers from Fort Hood and replace them with contractor furnished equipment after September 30, 1988, the

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services would no longer be needed after that date. Therefore, the contracting officer determined that resolicitation was not feasible. Instead, the Army decided to obtain the services under existing FSS contracts.

Gradwell disagrees with the method by which the Army determined that Gradwell's price was unreasonable. The protester states that the comparison of its price with the government's estimate, which, as stated above, was based on a combination of FSS prices and open market prices, lacks a rational basis because the RFP required an on-site manager and a quality control employee, while the FSS and open market contracts had no such staffing requirements. Gradwell adds that the price comparison is also unfair because Gradwell was required to maintain a \$50,000 spare parts inventory in Killeen, Texas, a requirement not included in the FSS and open market contracts.

The Army points out and the record shows that the solicitation required a project supervisor to be on call, but did not required an on-site project manager. The RFP also required a quality control plan, with contractor employees having responsibility for providing quality control of the tasks they perform. An inspection system was also required, but no specific quality control employee was called for. Regarding the alleged requirement for Gradwell to maintain a \$50,000 spare parts inventory, the record shows that while the solicitation required a spare parts inventory, no dollar amount was indicated, and it was Gradwell's initial offer that proposed the \$50,000 inventory.

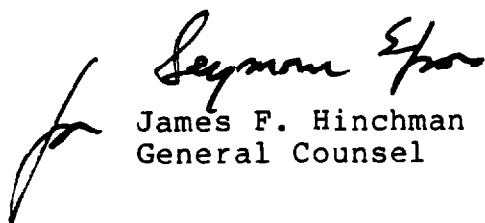
The Army also argues that while the contracting officer based the cancellation on price reasonableness, the RFP also overstated the government's requirements. Specifically, the Army states that the RFP requirements for project management, quality control, and maintenance of spare parts, and the convenience of consolidating maintenance of copiers under one contract did not justify the extra expense for a 6-month period. In short, the Army states that the RFP overstated its minimum needs from the standpoint of technical requirements.

In a negotiated procurement, the contracting officer has broad discretion in deciding whether to cancel a solicitation. The contracting officer need only have a reasonable basis to do so, as opposed to the cogent and compelling reason required for cancellation of a solicitation after sealed bids have been opened. Union Natural Gas Company, B-225519.4, June 5, 1987, 87-1 CPD ¶ 572. We have

recognized that the potential for cost savings is a legitimate basis for canceling a negotiated solicitation. Martin Widerker, Inc.--Request for Reconsideration, B-223159.3, Mar. 18, 1987, 87-1 CPD ¶ 300.

Here, the record shows that the RFP required a high quality level of performance which the Army simply did not need. The protester has not shown otherwise. In our view, the contracting officer had a reasonable basis to cancel the RFP in this case in light of his determination that the minimum needs of the government could easily be met by purchasing the services under existing FSS contracts and open market purchases which would result in significant cost savings to the government. See Martin Widerker, Inc.--Request for Reconsideration, B-223159.3, supra. The fact that the protester believes that its price was reasonable under the overstated terms of the RFP is irrelevant.

The protest is denied.


James F. Hinchman
General Counsel