

McArthur

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Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Contract Automotive Repair and Management

File: B-246817

Date: April 2, 1992

Jack Azoff for the protester,
Robert V. Smyth, Esq., and Michael J. Adams, Esq.,
Department of the Army, for the agency,
C. Douglas McArthur, Esq., and Michael R. Golden, Esq.,
Office of the General Counsel, GAO, participated in the
preparation of the decision.

DIGEST

1. Where statute directing agencies to study the costs, benefits, and feasibility of performing their motor vehicle operations through General Services Administration or by contract does not direct agency to follow any particular study methodology, agency reasonably estimated costs of in-house repair and maintenance, where all records were not available, by extrapolating costs in available records representing repairs on 60 percent of the vehicle fleet to estimate costs of maintaining and repairing entire fleet.

2. Agency was not required to charge personnel costs against in-house estimate where most efficient organization study indicated that conversion to contractor effort and elimination of one position would be offset by creation of position to monitor contractor effort.

DECISION

Contract Automotive Repair and Management (CARAM) protests the rejection of its proposal under DACW62-91-R-0005, issued by the U.S. Army Corps of Engineers for motor vehicle fleet operations. The protester contends that the agency improperly determined that in-house performance of the contractual effort would be less costly than contractor performance.

We deny the protest.

On May 17, 1991, the agency issued the solicitation for a contract to perform motor vehicle fleet operations in accordance with a statement of work contained in section C of the solicitation. The solicitation provided for comparison of the lowest priced, technically acceptable

offer with a previously determined estimate of the cost of performing the work in-house and contained the clause at Federal Acquisition Regulation (FAR) § 52.207-2 (FAC 90-2), Notice of Cost Comparison, providing for award of a contract or for cancellation of the solicitation, depending upon the results of the cost comparison.

The agency issued the solicitation pursuant to section 15305 of the Consolidated Omnibus Budget Reconciliation Act of 1985, Pub. L. No. 99-272, 100 Stat. 335 (1986). Section 15305 directs agencies to conduct a study of the costs, benefits, and feasibility of performing their motor vehicle operations by reliance upon the General Services Administration (GSA) Interagency Fleet Management System, by a contract with a qualified fleet management contractor, or by any other means less costly to the government, and comparing the results with the cost of current in-house performance. The statute does not specify the procedure for the cost study. Here, the Corps used a procedure similar to that used for cost comparisons under Office of Management and Budget (OMB) Circular No. A-76.

The agency received two timely proposals, from the protester and from GSA, on June 18, held discussions, and received best and final offers on September 9. The agency selected the protester's proposal for comparison with the cost of in-house performance. As a result of the comparison, which showed the cost of in-house performance at \$4,822,570 to be lower than the cost of the protester's proposal at \$4,914,934 (adjusted for disposal/transfer of assets and federal income tax), by letter of September 9, the agency notified the protester of its decision to retain the work in-house.

The protester appealed this decision by letter dated September 25, and the agency denied the appeal by letter dated November 15. This protest followed.

The protester argues first that the agency did not properly determine vehicle maintenance and repair costs for consideration as a direct cost of in-house performance (line 3 of the cost comparison form). The agency, which did not have records for all vehicles under the study, extrapolated the costs for 122 vehicles for which records were available to estimate the costs for maintaining and repairing the 267 vehicles involved; the protester argues that the use of a sample was inconsistent with the need for accurate cost records and argues that absent actual figures, the agency should use a mileage cost for its estimate. The protester contends that the figure of 7 to 10 cents per mile that GSA uses is more realistic than the estimated cost of 3 cents per mile that the agency developed by extrapolation from available records.

The consultant that the agency employed to prepare its most efficient organization and cost estimate located complete repair files for 122 vehicles. The files showed that repairs averaged \$252.12 per vehicle per year. The consultant developed an estimated cost of \$67,316 in annual maintenance and repair costs for the 267 vehicles in the entire fleet. An independent auditor examined these figures for the agency, verified them and found them consistent with the records for an additional 43 vehicles whose records were available at the time of the audit, 1 month prior to issuance of the solicitation. In reviewing the protester's appeal, the cost comparison appeals board conducted a further investigation of the information used and reviewed additional data generated during 1991. The board found that the consultant-generated estimate was consistent with those records, was based on the best information available to the agency, and presented an accurate projection of anticipated maintenance and repair costs.

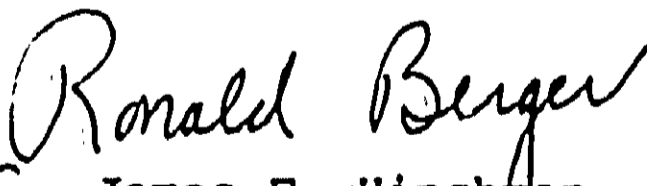
Although the protester presents evidence that similar vehicles maintained by GSA have higher maintenance and repair costs in some instances, the protester does not question that the agency records show a \$252.13 average repair cost for the 122 vehicles reviewed or argue that the maintenance and repair records of those vehicles were unrepresentative of the vehicles covered by the contract. Rather, the protester argues only that the use of its own 7 cents per mile figure, derived from GSA experience with vehicles that the protester alleges to be similar, and an automobile club schedule based on its own data, represents a better estimating methodology. The statute does not dictate specific study procedures to follow and leaves it to the individual agencies to select their study methodology. The agency's decision to estimate repair costs for the entire vehicle fleet based on actual repairs for 60 percent of the vehicles, adjusted for inflation, rather than using the estimating guides proposed by the protester, provides no basis for concluding that the agency's estimate of maintenance and repair costs was unreasonable or contrary to statute or regulation. See EPD Enters., Inc., 69 Comp. Gen. 46 (1989), 89-2 CPD ¶ 393.

The protester also complains that the appeals board failed to resolve its complaints about the "illegal decentralization" of maintenance and repair records. The board reviewed the maintenance and repair records which were used to support the in-house estimate, and the protester's real concern is the propriety of basing the in-house estimate on these records. As stated above, we think that the agency reasonably relied on the available maintenance and repair records, whose accuracy the protester does not challenge.

The protester also questions the agency's conclusion that award of a contract for fleet operations would achieve no savings in personnel costs for the agency. The protester asserts that paragraph 1.3 of the statement of work requires a contractor to provide a representative to be responsible for the contract and maintenance control. The protester argues that the agency must base its in-house estimate on the same statement of work, and accordingly it should have provided for an individual to be responsible for fleet management. The protester contends that in-house performance will also require support staff services that have not been included in the agency's personnel costs.

The agency reports that currently, it has one equipment specialist principally devoted to fleet operations, although the effort amounts to .85 full-time equivalent (FTE), or less than one FTE. Under the consultant-generated most efficient organization (MEO), this specialist would no longer be needed to perform fleet operations functions. This specialist or some other employee would be engaged in nearly an equivalent amount of time in contract administration, performing work the protester asserts was not included in the in-house costs. The MEO study concluded that there would be no positions eliminated if the work was under contract, and thus no basis to charge for an in-house contract administrator, since the elimination of the equipment specialist and addition of a contract administrator resulted in a "wash." The MEO study also found the amount of support staff time devoted to fleet operations to be inconsequential, and that communicating with a contractor would require substantially the same amount of time as is now devoted to those operations. Based on this record, we have no basis to question the agency's staffing assumptions and its determination that there will be no savings in personnel costs from contracting out.

The protest is denied.


for James F. Hinchman
General Counsel