



Comptroller General
of the United States
Washington, D.C. 20548

Decision

Matter of: SMB, Inc., A Joint Venture

File: B-252575.2

Date: July 30, 1993

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Mark L. Fagerlin, Esq., for BJS International Associates, a joint venture, an interested party.
Ron R. Ashlock, Esq., and Garrett L. Rensing, Esq., Department of the Navy, for the agency.
Sylvia Schatz, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency properly rated protester's proposal unacceptable under personnel and resources factor for proposing insufficient number of manhours to perform requirements in the solicitation where protester, after being informed during discussions that the agency was concerned with its manhours, failed to establish that it could perform the requirements of the solicitation with its proposed manhours.

2. Agency's failure to discuss every single item in protester's proposal that needed revision was of no consequence where agency directed protester to the major deficiencies in its proposal, protester's response was found not to have eliminated those deficiencies, and proposal was unacceptable based on those deficiencies alone.

DECISION

SMB, Inc., a joint venture, protests the rejection of its proposal as technically unacceptable under request for proposals (RFP) No. N62742-92-R-0508, issued by the Department of the Navy for base operating support services at the Navy support facilities in Diego Garcia and Singapore. SMB argues that the Navy improperly evaluated its proposal in eliminating the proposal from the competitive range, and failed to conduct meaningful discussions.

We deny the protest.

The solicitation, issued on May 14, 1992, was limited (by agreement between the United States and the United Kingdom) to U.S./U.K. ventures. The RFP contemplated the award of a firm, fixed-price contract for a base period and 7 option periods, with some requirements to be priced on a lump-sum basis and some to be priced on an indefinite quantity (IDQ) basis; there was also a provision for an award fee. The required services included management and administration, custodial services, pest control, potable water system, food services, billeting, crash and fire protection services, morale, welfare and recreation services, air passenger terminal and air cargo operations, and tugboat services. These services were grouped into 49 annexes (which generally corresponded to the operation of different buildings on the bases), each covering a different type of service and having its own performance work statement with detailed requirements. Certain groups of annexes carried greater weight in the evaluation than others, although all annexes within a given group had the same weight. There were 3,060 evaluated line items under the 49 annexes.

The RFP required that offerors submit both technical and price proposals. Award was to be made to the responsible offeror whose proposal was determined to be the most advantageous to the government, price and other factors considered. Price, which was to be analyzed to determine the validity and realism of the proposals, was the most important factor, followed by (in descending order of importance): (1) method of operation; (2) management and administration; (3) experience in contract support services; and (4) personnel and resources. (Each technical factor incorporated numerous subfactors.)

Three offerors, including (as relevant here) SMB and BJS, a joint venture, submitted initial proposals. The technical proposals were evaluated annex by annex under each of the four evaluation factors, and were assigned adjectival ratings of exceptional, acceptable, susceptible of becoming acceptable, or unacceptable. The Navy reviewed all evaluation documentation of the three proposals. With regard to SMB's proposal, the Navy found that under the method of operation factor--the most important technical evaluation factor--SMB's proposal failed to provide, as required by the RFP, a detailed explanation of how it would perform the work under certain annexes. The Navy also found that under the second most important factor, management and administration, the firm's proposal was unacceptable since the level of its proposed management staff at many of the annexes was significantly underestimated. In addition, the Navy determined that SMB's proposal was weak under the personnel and resources factor due to inadequate staffing. In total, the Navy rated SMB's proposal as either unacceptable or susceptible to becoming acceptable under

723 of the 3,060 evaluated line items. Although the Navy considered SMB's proposal unacceptable, it concluded that SMB conceivably could correct the significant deficiencies and weaknesses, and thus included SMB's proposal in the competitive range for discussion purposes.

The agency initially sent SMB a letter, dated November 20, which included 7 general questions concerning problems common to all offerors, 26 specific questions and comments regarding SMB's proposed contract and cost items, and a 10-page list containing 73 questions addressing specific deficiencies and weaknesses identified in SMB's proposal. The Navy then held oral discussions with all three offerors. The offerors subsequently submitted revised proposals, which were reevaluated. The agency found that although SMB had improved its proposal under all evaluation factors, SMB's overall rating remained unacceptable because SMB failed to correct the two major deficiencies in its initial proposal--inadequate manning levels, and failure to adequately describe how it would accomplish the required work. The agency's overall impression of SMB's proposal was that it was an "afterthought" and "not a serious effort," since "throughout its proposal SMB appeared to give only superficial thought to how to respond to each contract requirement." The Navy thus found SMB's proposal technically unacceptable and eliminated it from the competitive range.¹ The Navy has informed our Office that award was made to BJS on April 15, 1993.

TECHNICAL EVALUATION

Proposer's Method of Operation Factor and Personnel and Resources Factor--Diego Garcia Annex 2

SMB argues that it improperly was downgraded under the method of operation and personnel and resources factors for Diego Garcia Annex 2. SMB does not point to any specific evaluation conclusions with which it disagrees but, rather, argues that the downgrading was unreasonable in light of the Navy's "praise" for the firm's revised proposal responses to the agency's questions regarding Diego Garcia Annex 2.

In reviewing an evaluation, we will not reevaluate a technical proposal but we will examine the agency's evaluation to ensure that it was reasonable. Allied Mgmt. of Texas, Inc., B-232736.2, May 22, 1989, 89-1 CPD ¶ 485.

¹BJS's final evaluated cost was \$160,801,014, compared to SMB's cost of \$171,772,239. The cost evaluation is not in issue.

Whether or not the agency "praised" certain portions of SMB's response, it is clear that SMB's revised proposal still contained perceived deficiencies under these two factors for Diego Garcia Annex 2. Specifically, with regard to the personnel and resources factor for this annex, the Navy considered the 126,432 manhours (44.2 individuals, excluding management) offered in SMB's revised proposal inadequate, since the estimate for the fixed-price work under this annex was 172,224 manhours (73 individuals, excluding management). In addition, the Navy determined that the proposal remained deficient under the method of operation factor for this annex, in that it still failed to address in adequate detail the following line items: mobilization and demobilization plans, quality control program, and occupational health plan. The protester has not challenged these conclusions, and has not pointed to anything in its revised proposal that addressed or should have alleviated the agency's concerns in these areas. The mere fact that the agency allegedly "praised" aspects of SMB's response does not warrant disregarding the agency's specific, unrefuted conclusions. We therefore have no basis to question this aspect of the evaluation.

Personnel and Resources Factor

SMB argues that the evaluation of its revised proposal is deficient under the personnel and resources factor (that is, the overall rating for all 49 annexes) was improper in light of BJS's rating under this factor. SMB notes in this regard that while its proposed total of 3,025,127 manhours was rated unacceptable, BJS's proposal of only slightly more manhours, 3,056,281, received a marginally acceptable rating.

Our review shows that the relative rankings of the proposals under the personnel and resources factor were proper; SMB's proposal was determined to be weak for several reasons. First, although SMB minimizes the 31,154 manhour difference in the proposals, SMB's argument, based on the total manhours, ignores the fact that the agency's conclusion actually was based on its finding that the manhour shortfall remaining in SMB's revised proposal had a particular impact on 15 of the 49 annexes, including the same 8 critical annexes that were initially determined unacceptable. In contrast, BJS's final proposed staffing was found to be unacceptable under four annexes, only one of which was critical. (Both proposals were below the government's 3,157,000 hour minimum manning estimate.) Second, the Navy determined that SMB's manning shortfall was exacerbated by its proposal of a 60-hour work week (10-hour days, 6-day weeks); the Navy believed this would result in lower productivity, diminished quality of work, and higher incidents of accidents. BJS, on the other hand, proposed a

48-hour work week (8-hour days, 6-day weeks). Third, the Navy determined SMB's manning shortfall was especially significant in light of its proposal to accomplish 30 percent of the 350,000 hours of IDQ work by having its already undermanned staff work overtime. In contrast, BJS proposed to complete only 25 percent of the IDQ work through overtime with its proposed fixed-price personnel. In light of these considerations, none of which is challenged by SMB, we have no basis upon which to question the firms' relative rankings under this factor.

DISCUSSIONS

The protester argues that the Navy failed to conduct meaningful discussions with the firm. Specifically, SMB maintains that the Navy improperly failed to inform SMB during discussions of every one of the 723 evaluated line items in its proposal that the Navy rated as either unacceptable or susceptible to becoming acceptable and each of the Navy's questions and comments on specific annexes in its proposal.

Although the Navy did not inform SMB of every defect found under every single evaluated line item in its proposal, the Navy did inform the firm of the major defects in its proposal under all evaluated line items. Specifically, both the list of 7 general questions² concerning problems common to all offerors and the 10-page list containing 73 questions about 39 specific annexes in SMB's proposal that were either unacceptable or contained weaknesses put SMB on clear notice of the two major areas of concern in its proposal

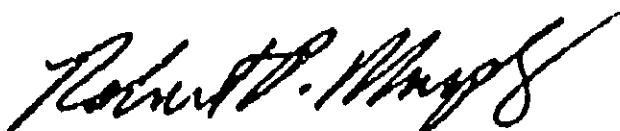
²SMB believes these questions were too nonspecific to put it on notice of the problems under Diego Garcia Annex 2. We disagree. The record shows the Navy had questions about SMB's proposal with regard to this annex in all seven areas covered by these questions. For example, since the agency considered SMB's proposed procurement of all required materials and equipment solely through the Federal Supply Schedule to be inadequate based on its experience with the prior incumbent, the firm was notified in question 2 that it should provide further detail on an additional method of procuring the items. In addition, as indicated, since SMB's overall manning levels for both the fixed-price and IDQ work were below the levels the agency estimated were necessary to perform the contract, the firm was put on notice in questions 3 and 4 that it needed to increase its overall manning levels in this annex and describe in detail how it would accomplish 30 percent of the IDQ work with its proposed fixed-price personnel. The fact that these were standard questions does not diminish their sufficiency to put SMB on notice of its proposal deficiencies.

(inadequate manning and failure to provide sufficient detail), and afforded SMB an opportunity to correct the deficiencies in a revised proposal. As already discussed, SMB does not specifically dispute that it failed to correct these major deficiencies in its revised proposal, and the record shows that these were the factors that led the agency to reject SMB's proposal. This being the case, the fact that the Navy did not point out all 723 deficiencies was of no consequence.

COMPETITIVE RANGE DETERMINATION

The protester complains that the agency's determination to eliminate its proposal from the competitive range was unreasonable; since the agency included SMB's deficient initial proposal in the competitive range, SMB fails to understand how its improved revised proposal reasonably could have been excluded. However, elimination from the competitive range following submission of revised proposals, and without further discussion, is valid where an offeror's revised proposal was properly found to be technically unacceptable based on its failure to address agency concerns conveyed during discussions. Mark Dunning Indus., Inc., B-230068, Apr. 13, 1988, 88-1 CPD ¶ 364. As discussed above, this is the situation here. Accordingly, elimination of the firm's proposal from the competitive range was reasonable.

The protest is denied.


for James F. Hinchman
General Counsel