Comptroller General
of the United States

519142

Washington, D.C. 20548

Decision

Matter of: Modasco, Inc.

File: B-258708

Date: February 13, 1995

Rafiah Kashmiri for the protester.
Brad H. Smith, Esq., Department of Energy, for the agency.
Henry J. Gorczycki, Esq., and James A. Spangenberg, Esq.,
Office of the General Counsel, GAO, participated in the
preparation of the decision.

DIGEST

Protester's proposal was properly eliminated from the
competitive range under the solicitation which called for
industry-wide partnership teams to develop a new paradigm
for the design and construction of residential housing,
where the protester essentially limited its proposal to
implementing only one new component of a house, failed to
form a partnership team with broad industry representation,
and failed to provide a detailed proposal with regard to
two of the three required tasks.

DECISION

Modasco, Inc. protests the elimination of its proposal from
the competitive range under request for proposals (RFP)
No. RAR-4-14061, issued for the Department of Energy (DOE),
National Renewable Energy Laboratory (NREL), by Midwest
Research, National Renewable Energy Laboratory Division, the
prime management and operations contractor for NREL.

We deny the protest.

The RFP, issued February 14, 1994, contemplated award of
several cost participation, task order agreements for a
project entitled "Systems Engineering Approaches to
Development of Advanced Residential Buildings." The RFP
implemented phase II of the DOE-sponsored "Building America
Initiative," the objective of which is to develop innovative
system engineering approaches to advanced housing that will
enable the domestic housing industry to deliver affordable
and environmentally sensitive housing while maintaining
profitability and competitiveness of homebuilders and

product suppliers in the marketplace both in the United States (U.S.) and abroad.[1] The RFP statement of work (SOW) stated:

> "The objective of this project is to promote system engineering approaches to the development of advanced residential buildings, including production techniques, products, and technologies that result in more efficient, better quality, and more affordable housing.

> "A systems approach for development of advanced residential buildings is defined to be any approach that utilizes comprehensive examination and analysis of overall design, delivery, business practices, and construction processes, including financing, and performs cost and performance tradeoffs between individual building components and construction steps that produce a net improvement in overall building performance. A systems approach includes the use of systems engineering and operations research techniques. A systems approach requires integrated participation and team building among all stakeholders in the building process including architects, engineers, builders, equipment manufacturers, material suppliers, community planners, mortgage lenders, and others.

> .   .   .   .   .

> "The project is expected to contribute to the development of a new paradigm for delivery of energy efficient, affordable, quality housing that results in a significant reduction in the time required to bring new products and systems to market, a significant increase in the energy performance of new housing, a significant increase in construction productivity, a significant increase in the use of recycled materials, a significant reduction in waste produced during housing construction, and a significant increase in the global competitive position of the U.S. in advanced housing materials and components.

> .   .   .   .   .

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[1]Phase I of the initiative consisted of a pilot subcontract to demonstrate the viability of housing industry consortia.

"Each proposing team shall have sufficient breadth
to include all the major types of companies
involved in design, construction, and delivery of
the typical residential building in the U.S.
including equipment component and material
manufacturers . . . ."

The RFP provided a mailing list of more than 250
organizations and stated that:

"[b]ecause teaming arrangements are required under
this solicitation document . . . the mailing list
for this solicitation document is included to
assist [o]fferors in identifying other
organizations that may be interested in proposing
for this project."

The RFP divided the project into three task areas:

"Task I - <u>Requirements for Development of Advanced
Residential Building Systems</u>;

"Task II - <u>Test Houses</u>; and

"Task III - <u>Advanced Production and delivery</u>."
[emphasis in original].

The RFP provided for a best value basis for evaluating
proposals, listing the following evaluation factors in
descending order of importance:

1. Technical (35 percent)

2. Cost Realism and Cost Participation (30 percent)

3. Management & Team Composition (25 percent)

4. Small Business and Small Disadvantaged Business
    Involvement (10 percent).

NREL received 22 proposals by the June 10 due date.
The source evaluation panel (SEP) evaluated and scored each
proposal according to the evaluation plan stated in the RFP.
Modasco's proposal was ranked twentieth of the 22 proposals
received. Based on the SEP evaluation, the source selection
board (SSB) established a competitive range that did not
include Modasco.[2]

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[2]We do not disclose how many proposals are included in the
competitive range since award has not been made, pending our
disposition of this protest.

By letter of September 6, NREL notified Modasco that its proposal had been eliminated from the competitive range for the following three reasons:

1. The proposal did not take a comprehensive systems engineering approach, but rather focused on a single component--a solar roof concept;

2. The proposed team lacked strong building industry involvement; and

3. The proposal did not fully develop Tasks II and III.

Modasco protests the elimination of its proposal from the competitive range.

The competitive range consists of all proposals that have a reasonable chance of being selected for award. Where a proposal would require major revisions or essentially the submission of a new proposal before it could be considered eligible for award, the proposal need not be included in the competitive range. See TSM Corp., B-252362.2, July 12, 1993, 93-2 CPD ¶ 13. The evaluation of proposals and the resulting determination as to whether a particular offer is in the competitive range are matters within the discretion of the contracting agency because it is responsible for defining its needs and determining the best method of accommodating them. Id. Our Office will not substitute its judgment for the agency's regarding the relative merits of proposals, but rather will examine the proposals and the agency's evaluation to ensure that the evaluation was reasonable and consistent with applicable statutes and regulations, and the stated evaluation criteria. Id. Based on our review as discussed further below, the agency reasonably eliminated Modasco's proposal from the competitive range.

First, NREL reasonably found that Modasco's proposal failed to demonstrate a comprehensive systems engineering approach to the development of advanced residential buildings. The most important evaluation criteria, "Technical," referenced the SOW and clearly provided for evaluation of a comprehensive systems engineering approach:

"that utilizes comprehensive examination and analysis of overall design, delivery, business practices, and construction processes, including financing, and performs cost and performance tradeoffs between individual building components and construction steps that produce a net improvement in overall building performance."

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Modasco's proposal was limited to implementing a component technology for innovating the roof system, called "SOLAROOF," as a means of reducing home energy consumption. Modasco's proposal stated that its "primary goal is to convert [a portion of the solar energy falling on roofs] for residential use [using SOLAROOF technology]," and that:

> "its project objective was to evaluate the technical and economic merits of the SOLAROOF concept and develop the communication techniques between building components and systems within an interactive environment and then demonstrate this on a test house. From the data generated[,] a commercialization business plan will be developed."

In defining the scope of its technical approach, Modasco stated that:

> "(t]he innovative approach proposed is to utilize off the shelf equipment with minimum modifications on both the roof tile/shingles and the conventional home construction practices."

The proposal included "SOLAROOF Task Work Assignments," a "SOLAROOF Project Bar Chart" and a "SOLAROOF Organization Chart." In sum, Modasco's proposed systems engineering effort essentially falls within the context of implementing the SOLAROOF technology and fails to address the objective of this RFP for project teams to develop "a new paradigm" for housing design and construction. Thus, NREL reasonably found Modasco's proposal to be so deficient under the technical factor as to require major revisions in order to be considered eligible for award.

Second, NREL reasonably found that Modasco's proposal failed to propose a team having sufficient breadth of industry stakeholders to include participation from all the major types of companies involved in design, construction, and delivery of the typical residential building in the U.S., including equipment, component and material manufacturers, as required by the "Management & Team Composition" evaluation factor and the SOW. Modasco's proposed team included only one member, other than itself, which could arguably be considered a stakeholder in the U.S homebuilding process, and this member's involvement was focused only on the incorporation of a potential building system control device. All of the remaining members of Modasco's proposed team were either in-house subsidiaries or individual consultants with academic or state government backgrounds. Although these team members were found to offer relevant technical expertise, the Modasco team fails to meet the RFP requirement for an industry-oriented stakeholder

partnership. Thus, the agency's determination that
Modasco's proposed team composition was deficient and would
require major revision to be considered for award was also
reasonable.

Finally, Modasco's proposal failed to provide a detailed
description of its task plan for Tasks II and III. The RFP
cautioned offerors that:

> "the initial evaluation of any proposal will be
> made upon a review of the written proposal
> only . . . . Therefore, [o]fferors are cautioned
> to ensure that their written proposal properly
> reflects their ability to satisfy the requirements
> of the [RFP]; and, that the proposal is as
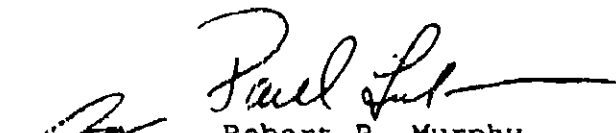> complete, detailed, and thorough as is possible."

The RFP further stated that:

> "[t]he technical proposal shall clearly describe
> the multi-year development strategy that is being
> proposed, and the changes in research emphasis
> that will occur during different phases of the
> project. In addition, the proposal shall clearly
> define the interim milestones that define
> transitions between different phases of the
> project."

Although Modasco's proposal provided a detailed description
of the proposed performance under Task I, it failed to
provide such detail for the proposed performance under
Tasks II and III. Of the 15 work activities which Modasco
listed for Task II, the proposal simply stated "self
explanatory" next to all but five. Likewise, for
14 activities listed under Task III, Modasco failed to
provide any description for all but four activities.
Modasco concedes that it did not provide details for Task II
and states that its proposal to implement SOLAROOF in a
multi-unit development satisfies Task III—which, as
indicated above, does not satisfy the agency's requirements.
Thus, here too, the agency's determination that Modasco's
proposal would require major revisions to be considered for
award was reasonable.

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Since the record shows that Modasco's proposal would require major revision before it could be considered eligible for award, NREL reasonably eliminated Modasco's proposal from the competitive range. Id.

The protest is denied.

Robert P. Murphy
General Counsel