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DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-204178.2

DATE: August 9, 1982

MATTER OF: Crown Laundry & Dry Cleaners,
Inc.--request for reconsideration

DIGEST:

1. Protester's arguments against Army regulation serving as detailed justification required by OMB Circular A-76 Cost Comparison Handbook for placing installation laundry facilities in standby status fail to show that the inclusion of standby costs in cost comparison of two methods of contracting out work previously performed in-house was unreasonable. Army regulation is the Army's policy determination on keeping laundry facilities in standby status so that adequate laundry service will be available to its installations.
2. The protester has the burden to present evidence sufficient to affirmatively establish its allegations. GAO will not conduct investigations for the purpose of establishing the validity of the protester's unsubstantiated statements.
3. OMB Circular A-76 Cost Comparison Handbook does not distinguish between methods of contracting out for purposes of including or excluding cost items. The handbook provides that a figure for cost of capital for assets which must be retained by the Government to assure performance in the event of contract delay or disruption will be considered.

Crown Laundry & Dry Cleaners, Inc. (Crown), requests reconsideration of our decision in Crown Laundry & Dry Cleaners, Inc., 51 Comp. Gen. (B-204178, February 5, 1982), 32-1 CPD 97, denying its protest concerning invitation for bids (IFB) No. DABT10-81-B-0009, issued by the Procurement Division, United States Army Infantry Training Center (Army), Fort Benning, Georgia. We affirm our prior decision.

The IFB was part of a cost comparison to determine whether performing laundry and drycleaning work at Fort Benning would be more economical in-house using Government employees or by contract. In our prior decision, Crown contended that the standby costs charged to its bid were erroneously calculated and contrary to the Office of Management and Budget (OMB) Circular A-76 and the Cost Comparison Handbook, Supplement No. 1 to OMB Circular A-76, and that the cost of capital charged to Crown's bid was erroneous and excessive. Specifically, Crown charged that the Army considered \$245,480 in standby costs which were erroneously computed and used in the cost comparison without the detailed justification required by the Cost Comparison Handbook. As to the cost of capital, Crown asserted that no cost of capital should have existed when the bidder did not propose to use any Government facilities in performing the contract work. Further, Crown asserted that the procedures followed in this procurement for including cost of capital in the cost comparison were contrary to the procedures followed by other Army installations in other procurements.

The IFB had solicited bids for both a Government-owned, contractor-operated (GOCO) facility using existing equipment and facilities at Fort Benning and a contractor-owned, contractor-operated (COCO) facility using the contractor's own equipment and facilities. Crown's low COCO bid and the low GOCO bid by Apex International Management Services, Inc. (Apex), were evaluated below the Government's estimate for performing the contractor work in-house with Apex's bid low by \$6,869.25.

Applying the cost comparison principles in the cost comparison handbook to the evaluation of Crown's and Apex's bids, we concluded that the inclusion of standby costs in evaluating Crown's bid was reasonable. In this regard, we determined that paragraph "1.3c(4)" of Army Regulation (AR) 210-130, Laundry/Dry Cleaning Operations (March 2, 1979), was the Department of the Army's policy justification that the Army installation's plant and facilities would be kept in standby status in order to insure adequate laundry service in the event of interruption or delay in the performance of the contractor's contract. With regard to the inclusion of a cost of capital figure in evaluating the bids, we

determined that such an inclusion was made in accordance with paragraph "p.2" of chapter "v" of the Cost Comparison Handbook and that the calculated amount was verified by the Army Audit Agency--an Army activity separate from the procuring activity.

Crown contends that by accepting AR 210-130 as a detailed justification for standby costs, our Office has overlooked the plain meaning of the words in section "F," chapter IV, of the Cost Comparison Handbook requiring a "detailed justification for holding Government property in standby status." According to Crown, a one-line Army regulation providing that discontinued base laundry facilities must be maintained on a standby status unless directed by Headquarters, Department of the Army, cannot constitute a detailed justification for holding Government property in standby status. Crown notes that the provisions of AR 210-130 may be considered by Army procurement officials as part of the decisionmaking process leading to a detailed justification for holding Government property in standby status. Crown asserts, however, that by approving AR 210-130 as the detailed justification itself, our Office has written into the Cost Comparison Handbook the provisions of AR 210-130 and declared null and void the detailed justification requirement of the handbook.

Crown also disputes the statement made by the Army, which we noted in our prior decision, that the cost comparison studies at Fort Knox, Kentucky; Fort Riley, Kansas; Fort Lewis, Washington; and Fort Campbell, Kentucky, only show that no standby costs were entered on the appropriate forms and not that such costs would have been excluded had there been any COCO bids on these installations' procurements. Crown alleges that the Army has misrepresented the factual situation behind these installations' procurements. Crown requests that we ask those who prepared the cost comparison studies at these installations whether they only show that no standby costs were entered on the appropriate forms or whether they also show in-house COCO bids were entered on the forms without including standby maintenance costs.

Finally, Crown asserts that our prior decision overlooked the meaning and intent of the cost of capital provisions set forth in the Cost Comparison Handbook. Crown argues that the Cost Comparison Handbook excludes

the use of cost of capital in the cost comparison where the contractor is not utilizing the Government's equipment, but is instead utilizing his own equipment. In Crown's view, this is because the Government equipment is available to the Government to be used for any purpose. Crown insists, moreover, that including cost of capital and standby maintenance costs in the evaluation of a COCO bid is a duplication of the same costs which results in the Government paying more for the contract services than it would have otherwise paid had Crown's COCO bid been accepted.

We do not think that Crown's arguments demonstrate that the inclusion of standby costs in evaluating Crown's bid was unreasonable. AR 210-130's subject matter is limited to laundry and drycleaning services and paragraph "1-3c(4)," in particular, is the Department of the Army's policy determination on keeping Army laundry and drycleaning facilities in standby status so that adequate laundry service is available to the Army installation. As we noted in our prior decision, the Army has pointed out that laundry and drycleaning services at major Army installations involve extensive facilities and, as a consequence, the Army is properly concerned with avoiding interruption or delay in obtaining the needed services at its installations. Therefore, we feel that the Army has sufficient justification for generally holding its laundry and drycleaning facilities in standby status when contracting out laundry and drycleaning work at its major installations to a contractor who will not be using the Army's facilities.

With respect to the cost comparisons at the other Army installations, the burden is on the protester to present evidence sufficient to affirmatively establish its allegations. Reliable Maintenance Service, Inc.-- request for reconsideration, B-185103, May 24, 1976, 76-1 CPD 337. As noted previously, the Army advised our Office that no standby costs were considered in the other cited procurements because only GOCO bids were received. Crown simply has not shown that any of the bids received on these other installations procurements were COCO bids. Further, we need not ask the procurement officials at these installations whether COCO bids were involved in their procurements since it is not the practice of our Office to conduct

investigations for the purpose of establishing the validity of a protester's unsubstantiated statements. See Robinson Industries, Inc., B-194157, January 8, 1980, 80-1 CPD 20.

Turning to Crown's arguments regarding the inclusion of a cost of capital figure in evaluating Crown's bid, the Cost Comparison Handbook does not distinguish between the methods of contracting out the required work for purposes of including or excluding cost items. We specifically stated in our prior decision that the Cost Comparison Handbook defined cost of capital as an imputed charge on the Government's investment in all of its plant facilities and other assets necessary for the work center to manufacture products or to provide services. In entering this cost on the cost comparison form, paragraph "D.2c" of the Cost Comparison Handbook specifically provides that the cost of capital for Government assets which must be retained by the Government to assure performance in the event of contract delay or interruption will be entered on both the line for in-house and the line for contract out for each year in the period of performance.

We affirm our prior decision.

Milton J. Rowland
for Comptroller General
of the United States