

United States Government Accountability Office
Washington, DC 20548

Decision

Matter of: Hydromach, Inc.

File: B-412169

Date: December 28, 2015

Charles R. Platt, Hydromach, Inc., for the protester.
Amanda Stone, Esq., Defense Logistics Agency, for the agency.
Heather Weiner, Esq., and Jonathan L. Kang, Esq., Office of the General Counsel,
GAO, participated in the preparation of the decision.

DIGEST

Protest challenging the agency's selection of a higher-priced quotation is denied where the agency's tradeoff decision was reasonable, and where the agency adequately documented its tradeoff rationale.

DECISION

Hydromach, Inc., of Chatsworth, California, a small business, protests the issuance of a purchase order to CM Manufacturing, Inc., of Missoula, Montana, by the Defense Logistics Agency (DLA) under request for quotations (RFQ) No. SPE5EC-15-Q-0381, for the requisition of bolts, National Stock Number (NSN) 5306-01-206-5459. Hydromach argues that DLA's best-value tradeoff analysis and source selection decision failed to consider the evaluated differences between the quotations, and was not adequately documented.

We deny the protest.

BACKGROUND

On May 25, DLA issued the RFQ, which sought quotations for the acquisition of 75 "externally, relieved body" bolts, (NSN 5459).¹ RFQ at 1. The solicitation was

¹ Our Office did not issue a protective order in connection with this protest because Hydromach elected not to retain counsel eligible for admission under a protective order. In resolving the protest, we reviewed unredacted copies of evaluation and source selection documents in camera, and we have based our decision on the full
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issued as a small business set-aside pursuant to the simplified acquisition procedures of Federal Acquisition Regulation (FAR) part 13. The RFQ anticipated the issuance of a fixed-price purchase order on a best-value basis, considering the following factors: (1) first article testing (FAT) cost of \$1,000 (unless waived); (2) past performance; and (3) price. Id. at 26-27.

As relevant here, the solicitation advised offerors that the bolts were a designated Air Force critical safety item, and that pursuant to FAR clause 52.209-04, first article approval-contractor testing would be required under the resulting purchase order, unless the contractor requested and obtained a waiver of the testing. Id. at 2, 11-12, 26. With regard to the evaluation of the FAT, the RFQ stated that “[t]he Government’s testing costs [of \$1,000] will be added to the offered price of the applicable item.” Id. at 26; see Defense Logistics Acquisition Directive (DLAD) clause 52.209-9016, Evaluation of Offers First Article Testing (MAR 2000). The RFQ also stated, however, that “[t]he FAT evaluation fee . . . will not be added to the total amount if a FAT waiver is requested and granted.”² RFQ at 2.

With regard to past performance, the RFQ included DLAD clause 52.215-9022, Contractor Past Performance Evaluation – Information From Automated Systems (FEB 2013), which states that when used in best-value source selections, past performance information will be evaluated based upon the currency and relevancy of past performance information in order to reach a confidence assessment for each offeror from which offers were received. DLAD clause 52.215-9022. In conducting this evaluation, this clause provides that the agency may consider the past performance information from various information systems, such as the Past Performance Information Retrieval System – Statistical Reporting (PPIRS-SR).³

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record. Because much of the information contained in the agency report consists of source selection sensitive and proprietary information regarding vendors other than the protester, Hydromach was furnished with a redacted version of the report. For the same reason, our discussion of the evaluation here is also necessarily limited.

² The solicitation stated that the government may waive the requirement for first article approval test where supplies identical or similar to those called for have been previously furnished by the offeror/contractor and have been accepted by the government. DLAD clause 52.209-9019.

³ PPIRS-SR is a web-enabled, government-wide application that collects quantifiable delivery and quality contractor past performance information from the Department of Defense (DoD) contracting activities. DLAD clause 52.215-9022(b)(3). The PPIRS-SR classification may be used as a source of past performance information when making best-value award decisions. Id.

DLA received quotations from five vendors, including Hydromach and CM, prior to the September 9 deadline for receipt of quotations. Agency Report (AR) at 6. Hydromach's quotation offered the bolts at a unit price of \$880.67 each, with a FAT unit price of \$1.00 each, for a total offered value of \$66,051.25. AR, Tab 3, Hydromach's Quotation, at 1. Hydromach's quotation did not request a waiver of the FAT testing, and therefore, as specified in the RFQ,⁴ DLA added \$1,000 to Hydromach's offered price during the evaluation of Hydromach's quotation. Id.; AR, Tab 6, Agency Evaluation, at 1. Accordingly, the total evaluated price for Hydromach's quotation was \$67,051.25. Id. CM's quotation offered the bolts at a unit price of \$899 each, with a FAT of \$0, for a total offered value of \$67,425. AR, Tab 4, CM Quotation, at 1. CM's quotation requested waiver of the FAT testing, which was approved by the agency.⁵ AR at 5; AR, Tab 5, Agency Email (Sept. 9, 2015), at 1-6; Tab 7, DLA Email (Sept. 11, 2015), at 1. Accordingly, the total evaluated price for CM's quotation was \$67,425. AR, Tab 6, Agency Evaluation, at 1.

In evaluating past performance, the agency reviewed information regarding the offerors in PPIRS. AR, Tab 9, PPIRS-SR Report, at 1-3. The PPIRS-SR Report indicated that CM had a significantly higher PPIRS classification⁶ than Hydromach. Id. at 1. In conducting the best-value tradeoff analysis, the contracting officer explained that, given the difference in the past performance classification scores between the two vendors, "CM Manufacturing represents less of a performance risk to the Government." AR, Tab 8, Source Selection Decision, at 1. Based on this determination, and given that the bolts were a designated critical safety item, the contracting officer concluded that it was worth paying a premium of \$373 (or 0.6 percent) to issue the purchase order to CM because CM represents less of a performance risk. Id. On September 24, DLA issued the purchase order to CM. AR at 7. On September 25, Hydromach filed this protest.

⁴ Although Hydromach's quotation did not request a FAT waiver, Hydromach asserts that the FAT should have nonetheless been waived for its quotation based on another contract Hydromach currently has for the same item, which is still in the FAT testing phase.

⁵ In support of its waiver request, CM provided documentation demonstrating that it had recently supplied the bolt to the government, and the contracting officer contacted a DLA quality assurance specialist to confirm that the FAT testing for CM could be waived. AR at 5; Tab 5, Agency Email (Sept. 9, 2015), at 1-6; Tab 7, DLA Email (Sept. 11, 2015), at 1.

⁶ A PPIRS classification refers to the PPIRS-SR assessment of a contractor's delivery and quality performance on past Department of Defense contracts, including DLA. DLAD clause 52.215-9022(b)(4)(ii).

DISCUSSION

Hydromach argues that the agency's best-value tradeoff analysis and source selection decision failed to consider the evaluated differences between the quotations, and was not adequately documented. As discussed below, we find no merit to these arguments.⁷

As noted above, the procurement was conducted under simplified acquisition procedures. When using these procedures, an agency must conduct the procurement consistent with a concern for fair and equitable competition and must evaluate quotations in accordance with the terms of the solicitation. Emergency Vehicle Installations Corp., B-408682, Nov. 27, 2013, 2013 CPD ¶ 273 at 4. In reviewing protests of an allegedly improper simplified acquisition evaluation and award selection, we examine the record to determine whether the agency met this standard. Novex Enters., B-407914, Apr. 5, 2013, 2013 CPD ¶ 97 at 3.

In a best-value procurement, agency officials have broad discretion in determining the manner and extent to which they will make use of the technical and cost evaluation results. Price/technical tradeoffs may be made, and the extent to which one is sacrificed for the other is governed by the test of rationality and consistency with the established factors. Dew Drop Sprinklers & Landscaping, B-293963, July 15, 2004, 2004 CPD ¶ 171 at 4. An agency may properly select a more highly-rated quotation over one offering a lower price where it has reasonably determined that the technical superiority outweighs the price difference. Id.

⁷ Hydromach initially asserted that the solicitation failed to identify past performance as an evaluation factor. The protester also argued, in the alternative, that, to the extent the solicitation included DLAD clause 52.215-9022 (Contractor Past Performance Evaluation – Information From Automated Systems), the agency was precluded by FAR § 42.1502(b) from evaluating past performance because the potential award would not exceed the simplified acquisition threshold. Despite DLA's detailed response to these allegations in its agency report, the protester did not further discuss these contentions in its comments responding to the report. Accordingly, we conclude that the protester abandoned these protest grounds and will not consider them further. See Lynxnet, LLC, B-409791, B-409791.2, Aug. 4, 2014, 2014 CPD ¶ 233 at 4 n.3. In addition, while Hydromach also challenges the validity of the award to CM, arguing that CM failed to accept the purchase order after award, the protester has provided no support for this allegation. Comments (Oct. 30, 2015), at 1. In any event, a vendor's acceptance of a purchase order generally is a matter of contract administration, which we do not review. See D'Andre Ins. Servs., LLC, B-405046, July 21, 2011, 2011 CPD ¶ 138 at 6 n.6. Accordingly, we find no merit to this argument.

Here, the record shows that the contracting officer considered the respective merits of the individual quotations in accordance with the RFQ criteria, and concluded that CM's quotation presented less of a performance risk due to its record of past performance, which was worth the \$373.00 price premium. AR, Tab 8, Source Selection Decision, at 1. Specifically, the contracting officer stated that, while "the low offer came from Hydromach," Hydromach has a lower PPIRS classification score than CM. Id. The contracting officer explained that, because CM's PPIRS classification score was significantly higher than Hydromach's score, "CM Manufacturing represents less of a performance risk to the Government [than Hydromach]." Id. Given that the item was a critical safety item, the contracting officer concluded that CM's past performance advantage was worth a premium of \$373 (or 0.6%) as compared to Hydromach's quotation. Id.

Based on this record, we find no merit to the protester's arguments that the agency failed to consider the evaluated differences between the quotations, or that the agency failed to document the tradeoff analysis and selection decision. In addition, Hydromach has furnished no basis for our Office to question the agency's determination.

The protest is denied.

Susan A. Poling
General Counsel