Comptroller General
of the United States

Washington, D.C. 20548

Decision

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Matter of: Matrix International Logistics, Inc.

File: B-272388.2

Date: December 9, 1996

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DIGEST

1. The agency's evaluation of the awardee's best and final offer and its source selection decision cannot be determined reasonable where they are unsupported by either the contemporaneous evaluation and source selection documentation or the arguments, explanations, and testimony in the record.

2. Agency failed to conduct meaningful discussions with the protester where it determined during its evaluation of initial proposals that a material element of the protester's price proposal was either unreasonably priced or the result of a mistake, but did not raise the matter during discussions.

3. Correction of mistake in awardee's price after receipt of best and final offers where it is not clear from the proposal and solicitation what price was intended constitutes discussions requiring discussions with all offerors whose proposals are in the competitive range.

DECISION

Matrix International Logistics, Inc. protests the award of a contract to Sea-Land Logistics, Inc. under request for proposals (RFP) No. N62387-96-R-9602, issued by the Military Sealift Command, Department of the Navy, for transportation services in support of the Cooperative Threat Reduction (CTR) program.

We sustain the protest because the agency's determination that Sea-Land's proposal was "excellent" and "essentially equal" to Matrix's higher-priced "excellent" proposal

is unsupported by the record, and because the agency failed to conduct meaningful discussions with Matrix and improperly conducted discussions with Sea-Land after the submission of best and final offers (BAFO).

BACKGROUND

The CTR program assists the former Soviet Union (FSU) countries of Russia, Belarus, Ukraine, and Kazahkstan in the elimination of their nuclear and chemical weapons of mass destruction and of other weapons. CTR program support includes, to the extent feasible, the use of United States technology and technicians, and has resulted in the provision of equipment and services to the FSU. The successful contractor under the RFP will be required to provide multifaceted transportation and shipping support services to the CTR program including shipment planning, material handling, shipment, reporting, and security. Essentially, the objective of the contract is to provide the CTR program with door-to-door intermodal services for the transportation of containerized and breakbulk cargoes from the United States and Europe to certain points within the FSU.

The RFP provided for the award of a fixed-price, indefinite delivery, indefinite quantity contract, for a base period of 1 year with one 1-year option. The RFP stated that award would be made to the offeror submitting the proposal representing the best overall value to the government, price and other factors considered, and listed the following technical evaluation factors and subfactors:

1. Proposed Services for CTR Shipments
   A. Procedures and Method for Shipment Planning
   B. Shipment Execution
   C. Reporting and In-Transit Visibility (ITV)
   D. Security
   E. Sample Problem Solution

2. Experience and Past Performance
   A. Corporate Performance
      (i) Resources
      (ii) Program Management
      (iii) ITV
      (iv) Security
   B. Government Assessment of Performance

3. Corporate Capabilities
   A. Personnel experience/resumes
   B. Program management
   C. Facilities, transportation assets
   D. Computer systems, databases, etc.
   E. Financial Capability

4. Material Handling
    A. Container and less-than-trailerload shipments
    B. Breakbulk and Rolling Stock
    C. Oversize Breakbulk

The RFP informed offerors that the evaluation factors and subfactors were listed in descending order of importance, with certain exceptions; within evaluation factor one, subfactors A, B, and C were of equal importance, and subfactors D and E were of equal importance, but were less important than subfactors A, B, and C; the subfactors of evaluation factor four were of equal importance.

The RFP provided detailed instructions for the preparation of proposals and requested that offerors organize their technical proposals to respond to the evaluation factors and subfactors and provide separate technical and price proposals. The RFP instructed offerors that they were to prepare their price proposals by completing pricing sheets contained in the RFP as an attachment, and that each line item must be completed with a unit and extended price as indicated, or marked "not separately priced" or "no service."

The agency received five proposals, including Matrix's and Sea-Land's, by the RFP's closing date. An analysis of the price proposals was conducted, and the technical proposals were evaluated by the four-member source selection evaluation board (SSEB). The technical proposals were evaluated under each of the subfactors and overall, as either excellent, good, acceptable, marginal, or unacceptable. Members of the SSEB each prepared narratives setting forth their views as to each proposal under each of the evaluation subfactors, and completed an evaluation matrix, on which the evaluator's individual ratings for each proposal under each of the evaluation subfactors was noted. As there were a total of 15 evaluation subfactors and four evaluators, each proposal received a total of 60 evaluation ratings (15 subfactors x 4 evaluators = 60 ratings), and an overall rating.

Matrix's initial proposal, which was evaluated as technically "excellent" overall at a total price of $8,512,268, received a total of 48 "excellent" ratings and 12 "good" ratings. Sea-Land's initial proposal, which was evaluated as technically "good" overall at a price of $6,395,557, received a total of 23 "excellent" ratings, 29 "good" ratings, 1 "acceptable" rating, and 7 "marginal" ratings. The proposals of Matrix, Sea-Land, and a third offeror, whose proposal was evaluated as "good" at a price of $6,193,090, were included in the competitive range.

Discussions were held, and BAFOs received and evaluated.[1] Matrix's evaluated BAFO price was $7,086,280, and Sea-Land's BAFO price was $5,829,674. Sea-Land's BAFO provided prices of "$0" for each of the eight contract line items set forth on the pricing sheets for the various ancillary services to be performed in the option year of the contract; the agency determined that this was an apparent mistake in Sea-Land's BAFO. The agency contacted Sea-Land and permitted the firm to submit prices for each of these eight contract line items. Sea-Land's evaluated BAFO price became $6,016,179.

Members of the SSEB evaluated BAFOs individually, but did not prepare narratives supporting their views, even where ratings were revised. According to the BAFO evaluation matrices, Matrix's BAFO ratings were the same as its initial ratings, whereas Sea-Land's BAFO received 28 "excellent" ratings and 32 "good" ratings, and was rated as "excellent" overall by three members of the SSEB, and "good" overall by the remaining member of the SSEB. The SSEB drafted a summary of its evaluation results, which stated that although both Matrix's and Sea-Land's BAFOs were "excellent" overall, the SSEB believed that "Matrix's proposal is still clearly SUPERIOR to the remaining proposals." The SSEB's evaluation summary was forwarded to the chairman of the SSEB and the contracting officer (CO).

The chairman of the SSEB drafted a Recommendation for Award memorandum to the cognizant source selection authority (SSA) summarizing the evaluation results, and the recommendations of the CO and chairman of the SSEB. Hearing Transcript (Tr.) at 481. This memorandum provides in part that "[a]lthough the [SSEB] assigned a technical ranking of 1 and 2 respectively to Matrix and Sea-Land Logistics (both rated as [e]xcellent), the SSEB determined after detailed review that the offers were essentially equal in overall technical merit." The memorandum adds that "[a]fter careful review . . . the Chairman of the SSEB concluded that the BAFOs submitted by Matrix and Sea-Land were essentially equal." The memorandum recommends that award be made to Sea-Land because it submitted the "lowest priced offer with a technical rating of '[e]xcellent.'"

Meetings attended by the chairman of the SSEB, the CO, the contract negotiator, and the SSA were held, at which the Recommendation for Award memorandum and other aspects of the procurement were discussed.[2] The SSA signed the

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[1]Because Matrix's initial technical proposal was evaluated as technically "excellent," discussions with that firm were limited to certain aspects of Matrix's price proposal and to certain of its representations and certifications.

[2]It is unclear from the record how many meetings were held and how long they lasted. For example, the SSA testified that two meetings were held, with the first being a relatively short "informal" or "ad hoc" meeting and the second being a

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Recommendation for Award memorandum as "concur[ring]" with the recommendation of award to Sea-Land, and award was made to that firm on the same day. This protest followed. The agency has authorized performance of Sea-Land's contract, notwithstanding the protest.

UNDOCUMENTED BAFO EVALUATION

Matrix argues that the agency's selection of Sea-Land's proposal for award was unreasonable. Specifically, the protester contends that the agency's evaluation record does not support the conclusion, set forth in the Recommendation for Award memorandum, that Sea-Land's technical proposal was "excellent" overall and "essentially equal" to Matrix's. The protester argues that because the SSA's concurrence with the recommendation that award be made to Sea-Land was based upon the unsupported conclusion that the proposals of Sea-Land and Matrix were "essentially equal," the SSA's concurrence with the recommendation, and effective selection of Sea-Land for award, were unreasonable.

In reviewing an agency's evaluation of proposals and source selection decision, our review is confined to a determination of whether the agency acted reasonably and consistent with the stated evaluation factors. Main Building Maintenance, Inc., B-260945.4, Sept. 29, 1995, 95-2 CPD ¶ 214. An agency's evaluation of proposals and source selection decision should be documented in sufficient detail to allow for the review of the merits of a protest. See Southwest Marine, Inc.; American Sys. Eng'g Corp., B-265865.3; B-265865.4, Jan. 23, 1996, 96-1 CPD ¶ 56. An agency which fails to adequately document its evaluation of proposals or source selection decision bears the risk that its determinations will be considered unsupported, and absent such support, our Office may be unable to determine whether the agency had a reasonable basis for its determinations. Engineering and Computation, Inc., B-261658, Oct. 16, 1995, 95-2 CPD ¶ 176; U.S. Defense Sys., Inc., B-245563, Jan. 17, 1992, 92-1 CPD ¶ 89; American President Lines, Ltd., B-236834.3, July 20, 1990, 90-2 CPD ¶ 53. That is not to say that our Office, in determining the reasonableness of an agency's evaluation and award decision, limits its review to the contemporaneous evaluation and source selection documentation. Rather, we will consider, in addition to the contemporaneous documentation, all information provided to our Office for consideration during the protest, including the parties'

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[2](...continued)
"formal meeting" lasting "[s]omething on the order of a half hour." Tr. at 26-29, 39, 118, 130, 150. On the other hand, the chairman of the SSEB testified that three meetings were held, Tr. at 434, with the first being "an informal meeting" that lasted "for probably 10 or 15 minutes," the second being an informal meeting lasting for approximately 1 or 1-1/2 hours, Tr. at 436, and the third "formal meeting" lasting "about two hours." Tr. at 435, 445.

arguments and explanations, and testimony elicited at a hearing. Southwest Marine, Inc.; American Sys. Eng'g Corp., supra. In considering the entire record, we accord greater weight to contemporaneous evaluation and source selection material than to the parties' later explanations, arguments, and testimony. DynCorp, 71 Comp. Gen. 129 (1991), 91-2 CPD ¶ 575; Southwest Marine, Inc.; American Sys. Eng'g Corp., supra.

As explained in detail below, we cannot conclude, based upon the entire record, including the agency's later-raised arguments and explanations as well as the testimony elicited at a hearing, that the agency acted reasonably in evaluating Sea-Land's proposal as "excellent" overall and "essentially equal" to Matrix's. Accordingly, we cannot determine that the agency's selection of Sea-Land for award was reasonably based.

As noted above, Sea-Land's initial proposal was evaluated as "good" overall with regard to technical merit, while its BAFO was rated as "excellent." While the record adequately supports the initial rating, there is little in the evaluation record that documents or explains why the agency rated Sea-Land's BAFO as "excellent." Although the SSEB members prepared narratives explaining their respective views of the technical merits of the offerors' initial proposals, they did not prepare narratives explaining their evaluation of any of the BAFOs. Tr. at 361-362. The SSEB members simply filled out the evaluation matrix with the BAFO ratings for each subfactor with no narratives explaining the changes.[3] Three of the members of the SSEB wrote notations on the bottom of the evaluation matrices; however, these notations consist only of comments such as "deficiencies were adequately addressed" or "proposal identifies understanding of requested services."

The SSEB's memorandum to the SSA and CO summarizing the BAFO evaluation results contains the following paragraph concerning the SSEB's evaluation of Sea-Land's BAFO:

> "The Sea[-L]and offer is rated second with an overall EXCELLENT rating. This rating is an improvement over the GOOD rating received during initial technical evaluation. The revised technical proposal from Sea-Land corrected and clarified all deficiencies found in the initial offer. The revised proposal convincingly addressed previous areas of concerns on program management coordination, warehousing capabilities, customs charges and FSU security requirements. The Sea-Land proposal in its revised form demonstrates an excellent understanding of the contract requirements. The capability to provide

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[3]The record also contains evaluators notes regarding offeror responses to specific questions asked during discussions. These notes contain no substantive support for the subfactor or overall ratings.

> transportation services to effectively manage the CTR program is confidently demonstrated with minimal technical risk to the [g]overnment."

This explanation, however, is largely inconsistent with the initial and BAFO evaluation matrices prepared by the SSEB.

For example, the paragraph states that Sea-Land's proposal's technical rating was raised to "excellent" because it "convincingly addressed previous areas of concern on program management coordination, warehousing capabilities, customs charges and FSU security requirements." Yet, according to the initial and BAFO evaluation matrices prepared by the SSEB, Sea-Land's initial proposal had been rated as "excellent" under the evaluation subfactors addressing its program management coordination and warehousing capabilities, notwithstanding the evaluators' concerns in these areas; accordingly, its rating under these evaluation subfactors could not and did not increase because of Sea-Land's BAFO.

Additionally, Sea-Land's initial proposal and BAFO were not rated very differently under the evaluation subfactor addressing its understanding of customs, with the initial proposal receiving four "good" ratings, and the BAFO receiving three "good" ratings and one "excellent" rating. Only in the area of FSU security requirements, where under the evaluation subfactor "security" Sea-Land improved its initial proposal rating of one "marginal" and three "acceptable" ratings to one "excellent" and three "good" ratings for its BAFO, is the above explanation supported by the record; however, it is not evident why this one area of improvement in itself should result in an overall upgrade of Sea-Land's BAFO to "excellent."

Thus, although it appears from the record that the agency reasonably concluded that Sea-Land's BAFO was an improvement over its initial proposal in certain areas (e.g., its approach to the RFP's security requirements), the contemporaneous documentation in the record does not adequately explain why the SSEB considered Sea-Land's two and one-half page BAFO to warrant the rating increase from "good" to "excellent" overall.[4]

The agency, after being afforded the opportunity to clarify the record at a hearing, did not provide any further adequate support for Sea-Land's overall "excellent" rating. For example, an SSEB member testified that Sea-Land's BAFO was considered technically "excellent" overall because many of the "good" ratings the

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[4]The SSEB's memorandum also designates "key strengths" of Sea-Land's (and Matrix's) proposal. However, these strengths mirror those stated in the SSEB memorandum that reported the results of the initial evaluation and concluded that Sea-Land's proposal was "good," and thus do not support upgrading Sea-Land's proposal rating to "excellent."

BAFO received under the evaluation subfactors "were borderline excellent," and many of the excellent ratings "were extremely strong [excellents]." Tr. at 262-263. This SSEB member conceded, however, that although it would have been possible for the SSEB to have documented its beliefs regarding certain of the "good" ratings under the evaluation subfactors as "borderline excellent," or certain of the "excellent" ratings as "strong [excellents]," Tr. at 348-349, this was not done and no documents exist to support this assertion. Tr. at 339, 348, 363, 365, 385. Finally, although this individual testified generally as to his belief that Sea-Land's "good" ratings were "stronger good," he could only reference one specific example as to why this was the case, and, with regard to the evaluation subfactor he chose to discuss, he was unable to explain certain aspects of his evaluation of Sea-Land's initial proposal, including what a particular documented concern under this evaluation subfactor referred to and thus whether it was addressed in Sea-Land's BAFO. Tr. at 373-379.

The SSEB member also testified that the SSEB had concluded that Sea-Land's BAFO was technically "excellent" overall because Sea-Land's BAFO received more "excellent" than "good" ratings under the most important evaluation subfactors. Tr. at 257, 384. This individual pointed out that under the most important evaluation factor, "Proposed Services for CTR Shipment," Sea-Land's proposal received, under the five subfactors rated by the four evaluators, a total of 11 "excellent" and 9 "good" ratings. Tr. at 257.

Again, while the testimony of the SSEB member indicates that the agency reasonably concluded that Sea-Land's BAFO was an improvement over its initial proposal, the testimony fails to adequately explain why the SSEB raised Sea-Land's BAFO rating from "good" to "excellent." There is no documentation nor specific testimony in the record explaining which or why any of Sea-Land's 28 "excellent" and 32 "good" ratings under the evaluation subfactors were considered "strong excellent," "borderline excellent," or "strong good." Despite being provided the opportunity to clarify the record at the hearing, the agency was unable to reasonably explain any example supporting its position in this regard. Thus, the fact that Sea-Land received slightly more "excellent" than "good" ratings under the most important evaluation factor does not here justify a rating of "excellent" overall, given this record and the fact that overall the "good" ratings exceeded the number of "excellent" ratings.

Notwithstanding the above discussion, even if we assume that Sea-Land's proposal could reasonably be considered technically "excellent" overall, the record does not support the agency's conclusion that Sea-Land's BAFO is "essentially equal" in technical merit to Matrix's BAFO. While the Recommendation for Award memorandum states that "[a]lthough the [SSEB] assigned a technical ranking of 1 and 2 respectively to Matrix and Sea-Land Logistics (both rated as Excellent), the SSEB determined after detailed review that the offers were essentially equal in overall technical merit," there is no documentation in the record regarding a

"detailed review," or any other review, performed by the SSEB after it prepared its memorandum to the chairman of the SSEB, and no other support in the contemporaneous evaluation documentation for the assertion that the proposals of Matrix and Sea-Land were considered "essentially equal" in technical merit by the SSEB.

In fact, the SSEB plainly states in its memorandum to the chairman of the SSEB that "Matrix's proposal is still clearly SUPERIOR to the remaining proposals." Further, the BAFO evaluation matrix, which was forwarded to the chairman of the SSEB with the memorandum, supports the SSEB's statement that Matrix's proposal was clearly superior to Sea-Land's. For example, under the five subfactors of the most important evaluation factor "Proposed Services for CTR Shipments," Matrix's proposal received one "good" and 19 "excellent" ratings, whereas Sea-Land's proposal received 9 "good" and 11 "excellent" ratings. Additionally, as mentioned above, Matrix's proposal received 50 "excellent" and 10 "good" ratings overall, whereas Sea-Land's proposal received 29 "excellent" and 31 "good" ratings.

There is also nothing in the contemporaneous record showing that either the chairman of the SSEB or the SSA performed an independent evaluation of the proposals in support of the Recommendation for Award memorandum's assertion that Sea-Land's proposal was technically "excellent" and "essentially equal" to Matrix's. In this regard, the memorandum provides as follows with regard to Sea-Land's proposal:

> "As a result of discussions, Sea-Land's technical rating at BAFO was upgraded from '[g]ood' to '[e]xcellent.' The SSEB identified no weaknesses with Sea-Land's revised proposal. In their BAFO offer Sea-Land corrected and clarified all deficiencies found in initial offer and convincingly addressed all previous areas of concern. The proposal demonstrates an excellent understanding of the contract requirements, including a thorough methodology for conducting shipment planning, which is reflected in their problem solution. In summary the offer projects the carrier's capability to provide required transportation services, and to effectively manage the CTR program, with minimal technical risk to the [g]overnment."

There is nothing in this statement which supports the conclusion that Sea-Land's proposal was "essentially equal" to Matrix's proposal. It specifically addresses only one evaluation area, that involving problem solution. There is no comparison of the relative merits of the competing proposals, and no explanation as to why the Sea-Land proposal was technically equivalent to the Matrix proposal with its greater number of "excellent" ratings.

Furthermore, the testimony of the SSEB chairman was provided in the most general terms. For example, in explaining the SSEB's conclusion that Sea-Land's BAFO was

technically "excellent" overall and "essentially equal" to Matrix's, the chairman testified that "we felt like we had addressed the program management coordination issues, the warehouse issues, the security as we've talked about and the customs fee issues, so from our standpoint, now Sea-Land and Matrix . . . were essentially equal." Tr. at 411. The chairman did not provide any further explanation, such as how the issues were addressed (presumably by Sea-Land), or why this led the chairman and the SSEB to conclude that Sea-Land's BAFO was essentially equal to Matrix's.

The SSA, who signed the Recommendation of Award memorandum as "concur[ring]" with the recommendation that the contract be awarded to Sea-Land, testified that he was unaware of the details of the proposals, Tr. at 157, had not read any of the initial proposals in total, Tr. at 57, 109, and cannot recall whether he read any of the BAFOs, including Sea-Land's, at all. Tr. at 47, 112. The SSA testified that in making his award selection, he relied on the determinations of the SSEB and the chairman of the SSEB that the proposals submitted by Sea-Land and Matrix were "essentially equal," and had not gone into any significant detail as to the relative merits of the competing proposals. Tr. at 14, 45, 49.

Thus, it is clear from the record that the SSEB viewed the Matrix proposal as superior to Sea-Land's, that the SSEB chairman has not documented or explained an adequate basis for any subsequent conclusion that the two proposals were essentially equal, and that the SSA made no meaningful independent assessment of the relative merits of the proposals. Accordingly, on this record, we find that there is no reasonable basis for the conclusion that Sea-Land's proposal was essentially equal in technical merit to the Matrix proposal.

FAILURE TO CONDUCT MEANINGFUL DISCUSSIONS

Matrix contends that the agency failed to conduct meaningful discussions with regard to its proposed prices submitted for the contract line items set forth in the RFP's pricing sheets for cargo repackaging and consolidation services. The protester points out here that its initial proposal's unit and extended prices for the base and option years of [DELETED] and [DELETED], respectively, far exceeded Sea-Land's initial proposal's unit and extended prices of [DELETED] and [DELETED], respectively, for the base year, and [DELETED] and [DELETED], respectively, for the option year.

The protester noted, after receiving the agency report on the protest, that the difference in pricing was apparently caused by Matrix's failure to interpret the RFP's requirements concerning cargo repackaging and consolidation services as did the agency and presumably Sea-Land. In this regard, the section of the RFP's statement of work corresponding to the cargo repackaging and consolidation contract line items provides, in pertinent part, as follows:

> "Cargo Re-Packaging and Consolidating. If required, the Contractor shall re-package and consolidate cargo into more appropriate units. This service shall include vapor barrier packaging, as required."

The protester explains that based upon its reading of this solicitation provision and experience as an incumbent contractor, it believed, apparently mistakenly, that the solicitation required that offerors price the cargo repackaging contract line items on the basis that vapor barrier packaging would be required for any repackaging services ordered under the repackaging contract line items. The protester states that it interpreted the RFP in this manner because the predecessor contract for these services had not originally included a contract line item under which the agency could order that cargo be shipped with vapor barrier packaging, and had required modification to include such a contract line item. The protester adds that because this was the only contract line item in the RFP that referenced vapor barrier packaging, it believed that all cargo repackaging ordered under the cargo repackaging line items in this contract would require vapor barrier packaging, and that other repackaging and consolidating services would be ordered under certain other contract line items.

The protester asserts that had the agency informed Matrix that its prices for the cargo repackaging and consolidation contract line items seemed to be unreasonably high or the product of a mistake, its confusion concerning these contract line items would have come to light and Matrix would have then priced these items in accordance with the agency's view that only a certain amount of the repackaging ordered under these contract line items need be accomplished with vapor barrier packaging. (The matter was not brought up in discussions, and in Matrix's BAFO the base year prices for these services remained as initially proposed and the option year unit price for these services rose to [DELETED], with a corresponding rise in Matrix's extended price. The price difference between the initial proposals of Matrix and Sea-Land for the cargo repackaging and consolidation line items total [DELETED], and their BAFO prices for these line items differed by a total of [DELETED]).

In negotiated procurements, agencies are required to conduct meaningful discussions with competitive range offerors. Arthur Andersen & Co., 71 Comp. Gen. 233 (1992), 92-1 CPD ¶ 168. In order for discussions to be meaningful, an agency must point out deficiencies, uncertainties, or suspected mistakes in a proposal, unless doing so would result in either disclosure of one offeror's approach to another or in technical leveling. Mikalix & Co., 70 Comp. Gen. 545 (1991), 91-1 CPD ¶ 527. During discussions, agencies are prohibited from advising an offeror of its cost or price standing relative to other offerors. Federal Acquisition Regulation § 15.610(e)(2)(ii) (FAC 90-31). On the other hand, discussions cannot be meaningful if an offeror is not apprised that its cost or price exceeds what the agency believes to be reasonable, Mikalix & Co., supra; Price Waterhouse, 65 Comp. Gen. 205 (1986), 86-1 CPD ¶ 54, aff'd, B-220049.2, Apr. 7, 1986, 86-1 CPD ¶ 333, or if an

agency fails to resolve a proposal error that it should have reasonably detected and which materially prejudices the offeror. Centel Business Sys., 67 Comp. Gen. 156 (1987), 87-2 CPD ¶ 629.

The fact that Matrix's prices for the cargo repackaging contract line items either should have been or were considered by the agency to be unreasonably high or the result of a mistake, is readily apparent from the agency's own contemporaneous price analysis documentation. In this regard, the agency performed its price analysis in part by comparing the prices proposed by the offerors submitting initial proposals, and highlighting the prices under each of the base and option year contract line items that were "high relative to others." The documentation of this aspect of the price analysis shows that Matrix's prices for the cargo repackaging contract line items were specifically highlighted during this process as being "high relative to others." Additionally, the agency's Pre-Negotiation Business Clearance memorandum identified six areas of Matrix's price proposal for discussion, with one of these being "Ancillary Services - Cargo Re-packaging rates in the FIRM and OPTION periods."[5] The agency offers no explanation as to why, after identifying this aspect of Matrix's price proposal for discussions, it failed to mention the matter.

Instead, the agency argues that by informing Matrix during discussions "that its offer was too high and exceeded the government estimate," it conducted meaningful discussions regarding Matrix's proposed prices.[6] We disagree. While an agency generally need only lead an offeror into the general areas of concern about its proposal, the agency must impart during discussions sufficient information to afford the offeror with a fair and reasonable opportunity to identify and correct deficiencies, excesses or mistakes in its proposal. Advanced Sciences, Inc., B-259569.3, July 3, 1995, 95-2 CPD ¶ 52; Aydin Computer and Monitor Div., Aydin Corp., B-249539, Dec. 2, 1992, 93-1 CPD ¶ 135. Where, as here, the agency identifies a particular material line item whose price is either grossly excessive or mistaken, a general statement to the offeror that its overall price is too high is insufficient to apprise the offeror of the agency's particular concern; under such circumstances, the agency must identify the specific area of concern to satisfy its obligation to conduct meaningful discussions. FAR § 15.610(c); Price Waterhouse, supra; Centel Business Sys., supra; Advanced Sciences, Inc., supra. Accordingly, the agency did not conduct meaningful discussions regarding Matrix's apparent excessive or mistaken pricing on the repackaging contract line item, which accounted for more than half of the difference between Matrix's and Sea-Land's prices.

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[5]The agency also identified six areas in Sea-Land's price proposal for discussion.

[6]The agency prepared an estimate only as to the total price for the services, which the agency estimated at $7,500,000.

IMPROPER POST-BAFO DISCUSSIONS

Matrix also protests that the agency conducted improper post-BAFO discussions with Sea-Land. As indicated above, Sea-Land's BAFO, as initially submitted, provided prices of "$0" for each of the eight contract line items set forth on the pricing sheets for the various ancillary services to be performed in the option year of the contract. The agency determined that this was an apparent mistake in Sea-Land's BAFO, and permitted Sea-Land to submit prices for each of these eight contract line items.

The correction of such a mistake without conducting discussions is appropriate only where the existence of the mistake and the proposal actually intended can be clearly and convincingly established from the RFP and the proposal itself. Stacor Corp., B-231095, July 5, 1988, 88-2 CPD ¶ 9. Although it may have been apparent from Sea-Land's proposal and the RFP that the price of $0 for each of these contract line items was a mistake, it was not clear from Sea-Land's BAFO or the RFP what prices Sea-Land had intended to insert for each of these contract line items. Specifically, there was no pattern of pricing or other evidence from which Sea-Land's intended BAFO prices could be determined. As such, Sea-Land's BAFO could only properly be corrected through discussions. Contact Int'l Corp., B-237122.2, May 17, 1990, 90-1 CPD ¶ 481. Once an agency conducts discussions with one offeror, as here, it is required to hold discussions with, and request BAFOs from, all offerors with proposals in the competitive range. Id. The agency therefore erred in not reopening discussions with all competitive range offerors.

RECOMMENDATION

We recommend that the agency reopen discussions and request new BAFOs. The agency should document its evaluation and its new selection decision. If the agency concludes that Sea-Land is no longer in line for award, the agency should terminate the contract awarded to Sea-Land and award a contract to the appropriate offeror. We also recommend that the protester recover the costs of filing and pursuing its protest, including reasonable attorneys' fees. 4 C.F.R. § 21.8(d)(1) (1996). The protester should submit its certified claim for costs directly to the agency within 90 days of receipt of this decision. 4 C.F.R. § 21.8(f)(1).

The protest is sustained.

Comptroller General
of the United States