



G A O

Accountability * Integrity * Reliability

Decision

Matter of: Crown Contract Services

File: B-288573

Date: October 31, 2001

Jesse W. Rigby, Esq., Clark, Partington, Hart, Larry, Bond & Stackhouse, for the protester.

Maj. Leslie A. Nepper, Department of the Army, for the agency.

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DIGEST

Solicitation quantity estimates for hospital linen and laundry services are unobjectionable where based on the best available information, consisting of accurate recent historical data reasonably updated by application of the average annual volume increase, and adjusted to reflect the anticipated increase that will result from facility usage by a known group of newly eligible patients.

DECISION

Crown Contract Services protests the terms of request for proposals (RFP) No. DADA08-01-T-0258, issued by the Department of the Army for linen and laundry services for the Moncrief Army Community Hospital at Fort Jackson, South Carolina, alleging that the RFP quantity estimates are defective because they overstate the agency's actual needs.

We deny the protest.

The RFP, issued on July 13, 2001, contemplates a requirements contract for linen and laundry services at Moncrief Hospital for a base year with four option years, and provides total yearly quantity estimates in ascending order, ranging from 536,000 pounds for the base year to 544,000 pounds for the final option year, with a 2,000 pound increase each year.¹ Crown currently provides laundry services for all

¹ Under the initial RFP these numbers had been transposed erroneously, listing the base year estimate as 544,000 pounds, and listing the estimated quantities in

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of Fort Jackson, including Moncrief Hospital. The agency recently determined that Moncrief Hospital would better meet its needs if the facility discontinued the practice of owning and managing its own linens. As a result, the agency plans to terminate the Moncrief Hospital portion of Crown's contract, and has issued the instant RFP soliciting proposals to supply the hospital linens as well as to launder them.

On August 7, 2001, prior to the closing date, Crown protested to the agency that the RFP estimates appeared to be overstated based on comparison with the actual workload at Moncrief over the past year, and objecting that there was no provision to reimburse the contractor for loss of the furnished linen due to acts of government personnel. Agency Report (AR), Tab H, Agency-Level Protest, at 1. The agency denied Crown's protest on August 10, whereupon Crown filed this protest with our Office, raising the same issues.²

As a general rule, a procuring agency must give sufficient detail in a solicitation to enable offerors to compete intelligently and on a relatively equal basis. Lederle-Praxis Biologicals Div., American Cyanamid Corp., B-257104 *et al.*, Aug. 22, 1994, 94-2 CPD ¶ 205 at 5. Under a solicitation for an indefinite quantity of goods or services, estimates permit an agency to compare proposals on an equal basis and ascertain which offeror submitted the lowest overall cost, and provide offerors with the information needed to price their goods or services intelligently. West Coast Copy, Inc., Pacific Photocopy and Research Servs., B-254044, B-254044.2, Nov. 16, 1993, 93-2 CPD ¶ 283 at 7. Where estimates are provided in a solicitation, there is no requirement that they be absolutely correct; rather they must be based on the best information available and present a reasonably accurate representation of the agency's anticipated actual needs. Service Technicians, Inc., B-249329.2, Nov. 12, 1992, 92-2 CPD ¶ 342 at 2.

Here, the agency report states that the workload estimate is based on recent historical data (which was provided in the RFP), updated by factoring in the average annual volume increase of approximately 3 percent, plus an upward adjustment to reflect the impact of an additional 700 elderly beneficiaries who become eligible to use the Moncrief facilities on October 1, 2001, under the new "Tricare Plus" program. AR at 1-2.

Crown had initially protested that the estimates were excessive simply on the basis that the estimated quantities exceed current usage, pointing to the actual workload of 445,639 pounds of linen for fiscal year 2000, the most recent complete year total.

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descending order. This was corrected by amendment No. 2, which relisted the same quantities in ascending order, as indicated above.

² The closing date has been postponed pending resolution of this protest.

Protest at 3. Upon learning from the agency report that the increase also reflected the anticipated additional patient load of 700 newly eligible Tricare Plus beneficiaries, Crown objected that it had not been provided with this information until after its protest was filed with our Office, and suggested that this justification may have been created in an effort to substantiate the agency estimate. Alternatively, Crown objected that the agency did not use reasonable care in calculating the precise impact of the increased user population. Protester's Comments at 1-3.

In our view, the protester has done no more than disagree with estimates that reflect the reasoned judgment of agency personnel who considered the best available information in projecting the anticipated requirements. While the agency may not have advised Crown about the estimated impact of the anticipated new Tricare Plus program beneficiaries when Crown first questioned the agency about the estimates, the record makes clear that the activity had taken extensive measures to implement the program at Moncrief on October 1. AR, Tab I(1), Tricare Plus Moncrief Army Community Hospital Implementation Plan. Crown does not dispute that the program is actually being implemented, or that the result is an increase to the user population for Moncrief hospital of approximately 700 newly eligible beneficiaries. This anticipated increase in users accurately reflects the agency's projected actual needs, and thus provides a reasonable basis to upwardly adjust the historical usage quantities.

With respect to the specific calculations of the estimated workload increase, the agency explains that to calculate the base year estimate, it first applied a 3.5 percent per year average fiscal year increase to the actual fiscal year 2000 workload of 442,707 pounds. This resulted in a starting number of 474,237 pounds for fiscal year 2002. To this number, the agency added an increase of 13 percent to reflect the impact of the 700 new Tricare Plus patients who would be enrolled on October 1, 2001. This resulted in a total of 535,890, which provided the basis for the RFP's rounded base year estimate of 536,000 pounds. Agency Supplemental Report, Tab K, Statement by Chief, Environmental Services, at 1-2. The agency explains that in arriving at this 13 percent adjustment it took into account the fact that the 700 new patients would be over age 65, and that the agency anticipated that they would on average need substantially more care than current patients, the vast majority of which are under age 40. Id. at 1. The agency further explains that its calculation was based on an estimate of 5.8 treatments per year, per patient for the Tricare Plus enrollees, and on its historical experience that Moncrief uses about 27 pounds of linen per day, per inpatient. Id. at 2. Finally, the agency explains that it lowered the annual increase adjustment after the base year from 3.5 percent to 2,000 pounds per year to reflect anticipated efficiencies to be gained from the contract and an attempt to minimize increases to reduce future costs. Id.

Crown protests that these calculations are inaccurate, objecting that the agency did not distinguish between variations in daily inpatient and outpatient linen usage, and asserting that “common sense” tells us that 5.8 inpatient days for each of the 700 new potential patients would be “ludicrous.” Protester’s Supplemental Comments at 2. Crown contends that the absence of more precise documentation “or explanation for the absence of data, as to the number of inpatient days anticipated, and the amount of linen used for outpatient treatments, conclusively demonstrates the Agency’s lack of attention to detail, lack of reasonableness, lack of good faith, and yes, negligence in preparation of the estimate.” *Id.* As noted above, while an estimate must be based on the best information available it need not be absolutely correct. Here, the agency relied on its actual experience to estimate overall daily per patient linen usage, and reasonably anticipated relatively high hospital usage from a substantially older eligible population than it currently serves. The result was a relatively modest 13 percent increase used by the agency as an estimate of the impact of the new patients, to which was coupled reduced annual increases for the option years.

Crown’s own calculations include a scenario which Crown categorizes as “highly unlikely,” but which actually applies substantially lower average pounds per patient, per day of linen usage than Moncrief has historically experienced, which results in an increase of 75,950 pounds of laundry per year attributable to the 700 new Tricare Plus patients. Protester’s Comments, Smythe Statement, at 2. While Crown asserts that this increase is far short of the projected increase under the RFP (Protester’s Comments at 2), in relevant fact, it is greater than the 13 percent increase (approximately 62,000 pounds) that the agency attributed as the impact of the Tricare Plus patients. In these circumstances, Crown’s objection that the agency has not provided a precise and exact calculation does not provide a basis to conclude that the agency’s estimates are unreasonably high.

Crown also protests that the solicitation does not provide for contractor reimbursement for loss or damage to contractor furnished linens caused by the actions of government personnel. In this regard the solicitation schedule provides that “price per pound shall include all cost, including [loss] of items.” RFP at 2. This provision advises prospective contractors that they would be responsible for linen loss, and that all such losses should be taken into consideration in calculating prices. It is within the agency’s discretion to impose the maximum risk of such loss on the contractor in order to limit the burdens on the government. *KCA Corp.*, B-236260, Nov. 27, 1989, 89-2 CPD ¶ 498 at 3; *Tracor Jitco, Inc.*, B-220139, Dec. 24, 1985, 85-2 CPD ¶ 710 at 4-5. Crown has not provided any basis to conclude that it is unreasonable for the agency to require offerors to exercise their business judgment

to estimate loss or damage to furnished linen while it is in the care of government personnel, and to factor this into their prices under the RFP.³

The protest is denied.

Anthony H. Gamboa
General Counsel

³ In its comments, Crown shifted this argument to an assertion that the solicitation did not unambiguously provide that the contractor was responsible for linen loss attributable to agency personnel. Protester's Comments at 3. In this regard, Crown pointed to two other allegedly inconsistent standard clauses contained in the RFP addressing loss. However, neither clause conflicts with the provision assigning risk of loss of the contractor-provided linens to the contractor. The first clause referenced, Federal Acquisition Regulation § 52.212-4(j) (RFP at 57), addresses when the risk of loss shifts for supplies that are purchased by the government. This clause has no applicability to contractor-furnished linen, which remains the contractor's property and is not purchased by the government. The other clause, Defense Federal Acquisition Regulation Supplement § 252.237-7015 (RFP at 65), pertains to government furnished articles, and thus likewise has no applicability to contractor-owned linens. In short, the RFP makes clear that the contractor is responsible for all linen loss.