



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

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B-179108

September 17, 1973

Triple "A" Machine Shop, Incorporated
San Francisco, California 94107

Attention: Mr. Albert E. Engle
President

Gentlemen:

We refer to your letter of August 24, 1973, and prior correspondence, regarding the propriety of the award of Master Ship Repair Contract (Master Contract) No. 1523373C0014, effective July 9, 1973, to James K. Mills, d/b/a Container Services Company (Mills) by the Military Sealift Command (MSC), Department of the Navy. You also raise similar objections with regard to other holders of Master Contracts with MSC.

Essentially you contend that Mills and others are not qualified to receive Master Contracts since they are "specialty firms" which are not capable of performing all types of repair work contemplated by the Master Contract. For the reasons stated below, we find no basis for questioning MSC's awards of Master Contracts.

The Master Contract is prescribed to establish in advance the terms upon which a contractor will effect repairs, alterations and additions to vessels under the provisions of job orders issued by contracting activities from time to time. See Armed Services Procurement Regulation (ASPR) 16-503.1. When a requirement arises bids or quotations are solicited from prospective contractors who either have previously executed, or agree to execute prior to performance, a Master Contract. ASPR 16-503.2.

As a result of its willingness to execute a Master Contract Mills was enabled to submit a bid in response to IFB 1523374B0031, for the performance of repairs to mechanically refrigerated cargo containers used in transporting cargo in MSC ships during fiscal year 1974. It is reported that bid opening under the IFB occurred on June 29, 1973, and that the award was made to your firm at an evaluated bid of \$106,011.

You contend that Mills is capable of performing only specialized repair work which is generally performed under subcontract and that

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the use of a Master Contract should be limited to firms engaged in the business of complete ship repair work. In support of this position you refer to ASFR 16-533.1 wherein it provides that the "Master Contract (DD-ASFR Form 731) shall be entered into with all prospective contractors located within the United States who request ship repair work and who possess the organization and facilities to perform such work satisfactorily." You cite also paragraph 4-1.1(a)(3) of the Ship Repair Contracting Manual of the Naval Ship Systems Command which states that a Master Contract shall not be used for utility services when not incidental to the repair of the vessel.

We do not read ASFR 16-533.1 as restricting the use of Master Contracts only to firms capable of performing all types of ship repair work. In this connection, CSC states that:

"Much repair work can be, and is, done on ships at anchorage or at cargo working berths by repairers who travel to the ship and perform their services on the ship or who remove parts in need of repair and take them to their facilities elsewhere. We believe that any firm that can perform any ship repair work on a ship meets the standards of ASFR 16-533.1 providing, of course, that it is capable of doing the work in a satisfactory manner."

Your interpretation of the Master Contract program would, we believe, be inconsistent with statutory and regulatory requirements for obtaining competition to the maximum practicable extent. See 16 U.S.C. 2354(g) and 2305(a) and ASFR 1-300.1. Generally, the Government may procure only for its actual minimum needs so as to encourage maximum competition and eliminate, insofar as possible, requirements which might limit acceptable offers or bids to a relatively few sources. 46 Comp. Gen. 881, 884 (1958); ASFR 1-1201(a). In accordance with this principle of maximum competition we do not believe it would be proper to preclude firms capable of performing particular ship repair or related work from competing for such work or to restrict the field of competition only to firms having complete shipyard facilities when such facilities are not necessary for the particular job to be accomplished.

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With regard to the type of services procured under a Master Contract, the IBC acknowledges that the repair of refrigerated containers to be used in transporting perishable cargo in ships may not be intimately connected with the repair of a particular ship. However, in view of the award made to your firm for these services during fiscal year 1974, IBC concludes that your protest is primarily directed against allowing Hills' participation in the competition and not against the procurement of these services under a Master Contract. We agree with IBC. Also, we should point out that under our Bid Protest Regulations protests based on alleged improprieties in the solicitation which are apparent prior to bid opening should be filed prior to the bid opening. 4 CFR 20.2. Therefore, if you believed that the services called for under ICB 152357/10031 should not have been procured under a Master Contract, your protest should have been filed before the June 29, 1973, bid opening date.

In view of the foregoing, we find no basis to conclude that the Navy's award of Master Contracts to Hills and other specialized firms were improper. Accordingly, your protest is denied.

Sincerely yours,

Paul G. DeBlige

For the Comptroller General
of the United States