

# 25.504-4 Group award basis.

(a) Example 1.

### OFFERS

Item	A			B			C		
1	DO	=	\$55,000	EL	=	\$56,000	NEL	=	\$50,000
2	NEL	=	\$13,000	EL	=	\$10,000	EL	=	\$13,000
3	NEL	=	\$11,500	DO	=	\$12,000	DO	=	\$10,000
4	NEL	=	\$24,000	EL	=	\$28,000	NEL	=	\$22,000
5	DO	=	<u>\$18,000</u>	NEL	=	<u>\$10,000</u>	DO	=	<u>\$14,000</u>
			\$121,500			\$116,000			\$109,000

Key:

DO = Domestic end product

EL = Eligible product

NEL = Noneligible product

Problem: Offeror C specifies all-or-none award. Assume all offerors are large businesses. The acquisition is not covered by the WTO GPA.

Analysis: (see 25.503)

STEP 1: Evaluate Offers A & B before considering Offer C and determine which offer has the lowest evaluated cost for each line item (the tentative award pattern):

Item 1: Low offer A is domestic; select A.

Item 2: Low offer B is eligible; do not apply factor; select B.

Item 3: Low offer A is noneligible and Offer B is a domestic offer. Apply a 20 percent factor to Offer

A. The evaluated price of *Offer A* is higher than *Offer B*; select B.

*Item 4*: Low *offer A* is noneligible. Since neither *offer* is a *domestic offer*, no evaluation factor applies; select A.

*Item 5*: Low *offer B* is noneligible; apply a 20 percent factor to *Offer B*. *Offer A* is still higher than *Offer B*; select B.

STEP 2: Evaluate *Offer C* against the tentative award pattern for *Offers A* and B:

### **OFFERS**

Item	Low Offer	Tentative Award Pattern from A and B			C		
1	A	DO	=	\$ 55,000	*NEL	=	\$60,000
2	B	EL	=	\$10,000	EL	=	\$13,000
3	B	DO	=	\$12,000	DO	=	\$10,000
4	A	NEL	=	\$24,000	NEL	=	\$22,000
5	B	*NEL	=	<u>\$12,000</u>	DO	=	<u>\$14,000</u>
TOTAL		\$113,000			\$119,000		

\*Offer + 20 percent.

On a *line item* basis, apply a factor to any *noneligible offer* if the other *offer* for that *line item* is domestic.

For *Item 1*, apply a factor to *Offer C* because *Offer A* is domestic and the *acquisition* was not covered by the *WTO GPA*. The evaluated price of *Offer C*, *Item 1*, becomes \$60,000 (\$50,000 plus 20 percent). Apply a factor to *Offer B*, *Item 5*, because it is a *noneligible product* and *Offer C* is domestic. The evaluated price of *Offer B* is \$12,000 (\$10,000 plus 20 percent). Evaluate the remaining items without applying a factor.

STEP 3: The tentative unrestricted award pattern from *Offers A* and B is lower than the evaluated price of *Offer C*. Award the combination of *Offers A* and B. Note that if *Offer C* had not specified all-or-none award, award would be made on *Offer C* for *line items 3* and *4*, totaling an award of \$32,000.

(b) *Example 2*.

**OFFERS**

Item	A			B			C		
1	DO	=	\$50,000	EL	=	\$50,500	NEL	=	\$50,000
2	NEL	=	\$10,300	NEL	=	\$10,000	EL	=	\$10,200
3	EL	=	\$20,400	EL	=	\$21,000	NEL	=	\$20,200
4	DO	=	<u>\$10,500</u>	DO	=	<u>\$10,300</u>	DO	=	<u>\$10,400</u>
TOTAL	\$91,200			\$91,800			\$90,800		

*Problem:* The solicitation specifies award on a group basis. Assume the Buy American statute applies and the acquisition cannot be set aside for small business concerns. All offerors are large businesses.

*Analysis:* (see [25.503\(c\)](#))

STEP 1: Determine which of the offers are domestic (see [25.503\(c\)\(1\)](#)):

	Domestic [percent]	Determination
A	\$50,000 (Offer A1) + \$10,500 (Offer A4) = \$60,500 \$60,500/\$91,200 (Offer A Total) = 66.3%	Domestic
B	\$10,300 (Offer B4) /\$91,800 (Offer B Total) = 11.2%	Foreign
C	\$10,400 (Offer C4) /\$90,800 (Offer C Total) = 11.5%	Foreign

STEP 2: Determine whether foreign offers are eligible or noneligible offers (see [25.503\(c\)\(2\)](#)):

	Domestic + Eligible [percent]	Determination
A	N/A (Both Domestic)	Domestic
B	\$50,500 (Offer B1) + \$21,000 (Offer B3) + \$10,300 (Offer B4)= \$81,800. \$81,800 /\$91,800 (Offer B Total) = 89.1%	Eligible

C      \$10,200 (*Offer C2*) + \$10,400 (*Offer C4*) = \$20,600.      Noneligible  
          \$20,600/\$90,800 (*Offer C Total*) = 22.7%

*STEP 3*: Determine whether to apply an evaluation factor (see [25.503\(c\)\(3\)](#)). The low offer (*Offer C*) is a *foreign offer*. There is no *eligible offer* lower than the *domestic offer*. Therefore, apply the factor to the low offer. Addition of the 20 percent factor (use 30 percent if *Offer A* is a small business) to *Offer C* yields an evaluated price of \$108,960 (\$90,800 + 20 percent). Award on *Offer A* (see [25.502\(c\)\(4\)\(ii\)](#)). Note that, if *Offer A* were greater than *Offer B*, an evaluation factor would not be applied, and award would be on *Offer C* (see [25.502\(c\)\(3\)](#)).

(c) *Example 3*.

**OFFERS**

Item	A		B		C	
1	DO	= \$17,800	FO (>55%)	= \$16,000	FO (>55%)	= \$11,200
2	FO (>55%)	= \$9,000	FO (>55%)	= \$8,500	DO	= \$10,200
3	FO (>55%)	= \$11,200	FO (>55%)	= \$12,000	FO (>55%)	= \$11,000
4	DO	= \$10,000	DO	= \$9,000	FO (>55%)	= \$6,400
Total	\$48,000		\$45,500		\$38,800.	

*Key*:

DO = *Domestic end product* (complies with the required domestic content).

FO > 55% = *Foreign end product* with domestic content exceeding 55%.

FO < 55% = *Foreign end product* with domestic content of 55% or less.

*Problem*: The *solicitation* specifies award on a group basis. Assume only the Buy American statute applies ( *i.e.*, no trade agreements apply) and the *acquisition* cannot be set aside for small business concerns. All *offerors* are large businesses.

*Analysis*: (see [25.503\(d\)](#))

*STEP 1*: Determine which of the *offers* are domestic (see [25.503\(d\)\(1\)](#)).

	Domestic [percent]	Determination
A	$\$17,800$ (Offer A1) + $\$10,000$ (Offer A4) = $\$27,800$ $\$27,800/\$48,000$ (Offer A Total) = 58%	Domestic
B	$\$9,000$ (Offer B4)/ $\$45,500$ (Offer B Total) = 19.8%	Foreign
C	$\$10,200$ (Offer C2)/ $\$38,800$ (Offer C Total) = 26.3%	Foreign

**STEP 2:** Determine which *offer*, domestic or foreign, is the low *offer*. If the low *offer* is a *foreign offer*, apply the evaluation factor (see 25.503(d)(2)). The low *offer* (Offer C) is a *foreign offer*. Therefore, apply the factor to the low *offer*. Addition of the 20 percent factor (use 30 percent if Offer A is a small business) to Offer C yields an evaluated price of \$46,560 ( $\$38,800 + 20$  percent). Offer C remains the low *offer*.

**STEP 3:** Determine if there is a *foreign offer* that could be treated as a *domestic offer* (see 25.106(b)(2) and 25.503(d)(2)).

	Amount of domestic content (percent)	Determination
A	N/A	N/A
B	$\$9,000$ (Offer B4)/ $\$45,500$ (Offer B Total) = 19.8% is domestic AND $\$16,000$ (Offer B1) + $\$8,500$ (Offer B2) + $\$12,000$ (Offer B3) = $\$36,500$ $\$36,500/\$45,500$ (Offer B Total) = 80.2% can be treated as domestic 19.8% + 80.2% = 100% is domestic or can be treated as domestic	Can be treated as domestic.
C	$\$10,200$ (Offer C2)/ $\$38,800$ (Offer C Total) = 26.3% is domestic	Noneligible

**STEP 4:** If there is a *foreign offer* that could be treated as a *domestic offer*, compare the evaluated price of the low *offer* to the price of the *offer* treated as domestic ( see 25.503(d)(3)). Offer B can be treated as a *domestic offer* (\$45,500). The evaluated price of the low *offer* (Offer C) is \$46,560. Award on Offer B.

**Parent topic:** [25.504 Evaluation examples.](#)