

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 (<i>Offer A1</i>) + \$10,500 (<i>Offer A4</i>) = \$60,500 \$60,500/\$91,200 (<i>Offer A Total</i>) = 66.3%	Domestic
B	\$10,300 (<i>Offer B4</i>) /\$91,800 (<i>Offer B Total</i>) \$ = 11.2%	Foreign
C	\$10,400 (<i>Offer C4</i>) /\$90,800 (<i>Offer C Total</i>) = 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 (<i>Offer B1</i>) + \$21,000 (<i>Offer B3</i>) + \$10,300 (<i>Offer B4</i>)= \$81,800. \$81,800 /\$91,800 (<i>Offer B Total</i>) = 89.1%	Eligible

C	\$10,200 (<i>Offer C2</i>) + \$10,400 (<i>Offer C4</i>) = \$20,600. \$20,600/\$90,800 (<i>Offer C Total</i>) = 22.7%	Noneligible
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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	$\$17,800$ (<i>Offer A1</i>) + $\$10,000$ (<i>Offer A4</i>) = $\$27,800$ $\$27,800/\$48,000$ (<i>Offer A Total</i>) = 58%	Domestic
B	$\$9,000$ (<i>Offer B4</i>)/ $\$45,500$ (<i>Offer B Total</i>) = 19.8%	Foreign
C	$\$10,200$ (<i>Offer C2</i>)/ $\$38,800$ (<i>Offer C Total</i>) = 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	$\$9,000$ (<i>Offer B4</i>)/ $\$45,500$ (<i>Offer B Total</i>) = 19.8% is domestic AND $\$16,000$ (<i>Offer B1</i>) + $\$8,500$ (<i>Offer B2</i>) + $\$12,000$ (<i>Offer B3</i>) = $\$36,500$ $\$36,500/\$45,500$ (<i>Offer B Total</i>) = 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	$\$10,200$ (<i>Offer C2</i>)/ $\$38,800$ (<i>Offer C Total</i>) = 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.](#)