



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Inventory Accounting Service, Inc.

File: B-271483

Date: July 23, 1996

Darcy V. Hennessy, Esq., Moore Brower Hennessy & Freeman, P.C., for the protester.

Col. Nicholas P. Retson and Capt. Philip T. McCaffrey, Department of the Army, for the agency.

Paula A. Williams, Esq., and Michael R. Golden, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest by incumbent contractor that solicitation for a requirements contract to provide washer and dryer services contains inaccurate estimated quantities is denied where the estimated quantities were reasonably accurate representations of the agency's anticipated future requirements.
2. Allegation that solicitation for washer and dryer rental and maintenance services to be performed on a fixed-price basis is defective because it does not provide specific information needed to permit bidders, other than the protester, to calculate bids on an equal basis is denied as the solicitation contains descriptions about the scope and nature of services required, thus providing a reasonable indication of what to expect under the contract. Bidders are responsible for projecting costs and allowing for risks in computing their bids.

DECISION

Inventory Accounting Service, Inc. (IAS) protests the terms of invitation for bids (IFB) No. DAKF19-96-B-0003, issued by the Department of the Army for rental and maintenance of commercial washers and dryers in laundry rooms at Fort Riley, Kansas. IAS argues that the IFB is defective, precludes competition on an equal basis, and should be revised and clarified.

We deny the protest.

The IFB as issued on February 1, 1996, anticipated the award of a fixed-price requirements contract for a base year with up to 4 option years. The bid schedule advised prospective bidders that the contractor was to provide 434 washers and

457 dryers and unit prices were to encompass all elements of performance to be accomplished under each line item. The IFB included a detailed statement of work at section C, including the requirements for a full-time project manager, daily reporting for repair service calls and the penalty for failure to provide required washer and dryer service. The agency issued amendment Nos. 0001 and 0002 on February 1 and February 26, respectively, to include the new wage determinations, to amend various requirements, to answer questions submitted by prospective bidders, and to extend the bid opening date. Of relevance here is the deletion of the requirement for a "full-time" project manager.

Prior to bid opening, IAS, the incumbent contractor, protested to the agency that the IFB overstated the quantity of washers and dryers needed, and challenged various IFB requirements on the grounds that they exceeded the agency's minimum needs. In order to consider the merits of the agency-level protest, the contracting officer issued amendment No. 0003 to again extend the bid opening date from March 7 to March 12. After reviewing the protest and conducting a face-to-face meeting with the protester, the contracting officer determined that further changes to the solicitation were not necessary and denied IAS' protest by letter dated March 8. The agency proceeded to open bids as scheduled on the March 12 extended bid opening date. Of the eight bids received, IAS' was the fourth low at \$423,604.80.¹ Award was made to Wincor Management Group, Inc. on March 20 at its total bid price of \$357,337.32. IAS' protest to our Office was filed on March 21.

In its protest of the terms of the solicitation, IAS complains that the quantity of washers and dryers set forth in the IFB are overstated and not based on the best information available to the agency. In this regard, IAS alleges that as of March 8, it had submitted an invoice to the contracting officer for only 392 washers and 413 dryers, some 10 percent less than the stated IFB estimate of 434 washers and 457 dryers. Moreover, IAS states, the agency has scheduled at least eight more buildings (with a corresponding decrease of at least eight more pairs of washers and dryers) for demolition in 1996 and 1997. Thus, the protester insists that the estimated quantities in the solicitation were overstated which rendered the solicitation defective.

As a general rule, a contracting agency must give sufficient detail in a solicitation to enable bidders to compete intelligently and on a relatively equal basis. Hero, Inc., 63 Comp. Gen. 117 (1983), 83-2 CPD ¶ 687. When an agency solicits bids for a requirements contract on the basis of estimated quantities, the agency must base its estimates on the best information available. There is no requirement, however, that the estimates be absolutely correct. Rather, the estimated quantities must be

¹The apparent low bidder was allowed to withdraw based on a mistake in its bid, thereby making the protester the third low bidder.

reasonably accurate representations of anticipated needs. Renaissance Exchange, Inc., B-220799.2, Jan. 21, 1986, 86-1 CPD ¶ 63; DSP, Inc., B-220062, Jan. 15, 1986, 86-1 CPD ¶ 43. The mere presence of a risk factor in government estimates does not render the estimates inaccurate, since there is no requirement that estimates be so precise that they eliminate the possibility that the contractor will be required to perform more or less work than specified. Hero, Inc., supra.

Our Office has no basis on which to question the accuracy of the estimated quantities in the solicitation. The record indicates that the estimated quantities were based on the Army's estimate of its total need for washers and dryers, which in turn was based on the projected number of buildings at the installation which house the washer and dryer units. In doing so, the Army considered the ongoing demolition of buildings, ongoing renovation projects, soldier deployments, restationing, and future funding in calculating its estimated need; that is, the actual number of washers and dryers were contingent on these ongoing as well as future events at the installation. This led to overall estimates of total need listed in the solicitation which somewhat exceeded the quantities recently provided by the protester.

IAS' argument that the agency's most recent orders for these units, together with the planned demolition of eight more buildings, indicate that the installation's actual needs may be lower than the IFB estimates is not determinative here. The estimates are based not only on historical data and planned demolition, but also on potential increased manning due to redeployment of personnel. In these circumstances, we have no basis to object to the estimated quantities specified in the solicitation, which the record shows represent the agency's best estimate of its future needs. Further, as noted by the agency, because this was its best estimate at the time of solicitation issuance and there is some possibility of personnel shifts and change in demolition schedule, the solicitation provides for an equitable adjustment in unit price if the total quantity of washers and dryers increases or decreases by more than 20 percent. Clearly, the agency has shared some of the risk of unforeseen events which could affect the quantities.

IAS also protests that the IFB should have been amended to clearly identify for all bidders, other than itself, the hidden costs in the solicitation. First, the protester alleges that the agency did not clearly inform bidders, other than itself, that a full time project manager was no longer required. While the protester acknowledges that amendment No. 0002 deleted the phrase "full time" from the provision requiring the contractor to provide a full-time project manager, it nonetheless argues that other bidders may have been misled by the agency's response to a prebid inquiry. IAS' allegation is without merit. The amendment deleted the full-time requirement and stated that the project manager shall be "at [the] work site(s) daily at a minimum." Further, the agency's response to bidders' questions which were made a

part of amendment No. 0002 clearly noted that the IFB section requiring a full-time manager had been revised.

IAS next alleges that it had information regarding certain unreimbursed costs that other bidders did not. Contrary to the industry practice among government installations, the protester asserts that Fort Riley will not reimburse the contractor for false service alarms, damage to the equipment caused by the negligence of others, or time lost by the contractor if government personnel are not available to inspect the repaired unit and to sign the work order. Because the contracting officer refused to further amend the solicitation to clarify the risk that the contractor will be responsible for these costs, IAS insists that it was disadvantaged in computing its bid, as other bidders probably did not include these costs in their bids. We disagree. Nothing in the record suggests that IAS had any material information concerning "hidden" or unreimbursed costs which resulted in its being competitively disadvantaged in preparing its bid price.

In this regard, our review of the record shows that the IFB unequivocally requires the contractor to report to Fort Riley each day to receive work orders and perform any required service. Consequently, a prudent bidder should factor in the cost of reporting to Fort Riley on a daily basis when computing its bid price; once it has done so, it would not incur additional costs if, on any given day, the work order it receives is for a fully functioning machine, that is, a "false alarm" service call. As for other costs about which IAS is concerned, we simply point out that risk is inherent in most types of contracts, especially fixed-price contracts such as this one and the fact that the bidder in computing its bid must consider a variety of scenarios that differently affect its anticipated costs does not by itself render the IFB defective. Wespac Serco, B-239203, July 23, 1990, 90-2 CPD ¶ 64. In other words, an agency is not required to eliminate all risk, and in fact, may impose maximum risk on the contractor, in which case it is the bidders' responsibility to factor this risk potential into their bid prices. Id. We consider the information furnished here sufficient to enable prospective bidders to estimate their costs and to compete intelligently on an equal basis.

The protest is denied.

Comptroller General
of the United States