

Mrs. Eaton

19749



DECISION

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

FILE: B-204654

DATE: October 9, 1981

MATTER OF: Singleton Contracting Corp.

DIGEST:

1. Additive/Deductive Clause, stating that low bidder for purposes of award shall be determined on basis of aggregate amount for first or base bid item, plus or minus items providing most features of work within funds determined by Government to be available before bid opening, does not require Government to make award at unreasonable price simply because funds are available.
2. Defense Acquisition Regulation permits contracting officer to reject individual bids and/or to cancel solicitation if bids are unreasonable, and such determination properly may be made by comparing bid prices with Government estimate. GAO cannot conclude that contracting officer was unreasonable in rejecting base bid which was 140 percent of Government estimate.

Singleton Contracting Corp. protests the rejection of its bid for repair and renewal of roofs on buildings at the Naval Air Station, Key West, Florida, under an invitation for bids issued by the Naval Facilities Engineering Command. The firm also protests any readvertisement of the project, which the Navy advises us is planned.

Singleton argues that its bid improperly was rejected despite the fact that it was substantially in excess of the Government estimate for the work. We disagree.

Singleton relies on two clauses in the solicitation in question, No. N62467-81-B-2742. The first, Evaluation of Bids, stated that the available funds, known as the control amount, would be recorded before and announced at bid opening, and that the low bidder would be determined according to a provision entitled Additive or Deductive Items. That clause, in turn, stated in pertinent part:

~~218906~~ 116625

"* * * The low bidder for purposes of award shall be the conforming responsible bidder offering the low aggregate amount for the first or base bid item, plus or minus (in the order of priority listed in the schedule) those additive or deductive bid items providing the most features of the work within the funds determined by the Government to be available before bids are opened. If addition of another bid item in the listed order of priority would make the award exceed such funds for all bidders, it shall be skipped and the next subsequent additive bid item in a lower amount shall be added if award thereon can be made within such funds * * *."

The apparent low bidder at opening on August 4, 1981, bid a total of \$24,900 for the base and two additive items; it was permitted to withdraw on the basis of a mistake-in-bid. Singleton, the only other bidder, bid a total of \$375,000--\$125,000 each for the base and two additive items. The total Government estimate, however, was only \$128,300--\$90,000 for the base bid (item 1), \$35,300 for item 2, and \$3,000 for item 3. The control amount was \$140,000.

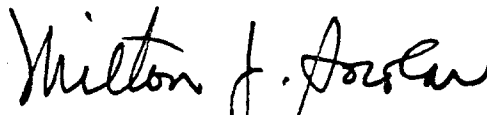
Singleton argues that since its base bid of \$125,000 was less than the control amount, the Navy must award it a contract for item 1. Singleton further contends the Additive/Deductive clause requires the contracting officer to make award on the basis of the control amount, rather than on the basis of the Government estimate for individual items; if the Navy had not expected to receive bids in excess of the estimate, Singleton states, it would not have listed three items, with provisions for awarding as many of these as available funds permitted.

In our opinion, the Additive/Deductive clause does not require the Navy to make an award at what it considers an unreasonable price. On the contrary, the Defense Acquisition Regulation (DAR) specifically permits contracting officers to reject individual bids and to cancel a solicitation and readvertise on the basis of unreasonable prices. See DAR §§ 2-404.2(e), 2-404.1(b)(vi)(1976 ed.). Moreover, a determination as to the reasonableness of prices properly

may be made by comparing offered prices with the Government estimate. Freund Precision, Inc., B-199364, B-200303, October 20, 1980, 80-2 CPD 300.

Our Office will review such a determination only when it has been shown to be unreasonable or if there is evidence of fraud or bad faith. Fowler's Refrigeration and Appliance, Inc.--Reconsideration, B-201389.2, May 11, 1981, 81-1 CPD 368. In this case, Singleton's price for the base item was 140 percent of the Government estimate. We cannot conclude that the contracting officer was unreasonable in finding this excessive. Singleton has not alleged that the estimate was erroneous or that the determination that its price was unreasonable involved fraud or bad faith.

The protest is summarily denied. See Wilderness Research Institute, Inc., B-203326, June 19, 1981, 81-1 CPD 512.



Acting Comptroller General
of the United States