

**DECISION**

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

119770

**FILE:** B-206858.2**DATE:** November 26, 1982**MATTER OF:** Omega Container, Inc.**DIGEST:**

Agency's rejection of protester's sole responsive bid on the basis of unreasonable price, resulting in cancellation of the solicitation, is proper when the protester's price is significantly higher than either previous prices for the same item or bid price submitted by ineligible bidder.

Omega Container, Inc., protests the cancellation of invitation for bids No. DAAK10-82-B-0010, issued by the U.S. Army Armament Research and Development Command, Fort Monmouth, New Jersey. The Army rejected Omega's bid for 500 cartridge container inserts as unreasonably high in price. We deny the protest.

Two bids were received in response to the solicitation: American Paper Products' at \$34.36 a unit and Omega's at \$82.15 a unit. The Army eliminated American Paper Products from the competition after the Small Business Administration determined that the firm was not a small business, and thus not eligible to compete for this procurement, which was a 100 percent small business set-aside.

The contracting officer determined that Omega's remaining bid of \$82.15 a unit, or \$41,075 extended, was unreasonable as to price; she therefore rejected it and canceled the invitation for bids. The determination was based on the following factors:

- (a) A comparison of the Government estimate of \$25.07, American Paper Products' bid of \$34.36, and Omega's bid of \$82.15 each;
- (b) A June 1982 purchase of components for 200 of the same item, totaling \$38.59 each; and
- (c) Omega's previous price of \$66.58 each for 150 of these items.

Omega's previous price included start-up costs and certain other items that were not required by the protested solicitation, and the Army points out that even if a 20 percent inflation factor is applied to that price, the result is still less than \$82.15 a unit.

Defense Acquisition Regulation (DAR) § 2-404.1(a) (DAC 76-17, September 1, 1978) provides that after bids have been opened, award must be made to the lowest responsible bidder unless there is a compelling reason to reject all bids and resolicit. The regulation also provides that a solicitation may be canceled after opening if the prices of all otherwise acceptable bids are unreasonable. DAR § 2-404.1(b)(vi). Such a determination of unreasonableness involves broad discretion on the part of the contracting officer, and we will not disturb it absent a showing of fraud or bad faith. Penn Landscape & Cement Work, B-196352, February 12, 1980, 80-1 CPD 126. In this regard, we have recognized that a determination of price unreasonableness properly may be based upon comparisons with such things as a Government estimate, past procurement history, current market conditions, or any other relevant factors. Freund Precision, Inc., B-199364; B-200303, October 20, 1980, 80-2 CPD 300.

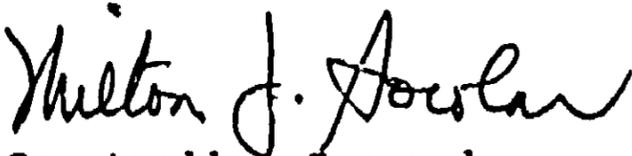
In this case, the contracting officer rejected Omega's bid after comparing it with the Government estimate, the large business bid, and the past procurement history of the item. In all of the comparisons, Omega's bid was significantly higher.

Other than express its disagreement with the contracting officer's determination, Omega has not substantively attacked the Army's decision to reject the bid and cancel the solicitation. Rather, Omega has maintained that it is unable to respond adequately to the agency's report on the protest because the Army has not provided Omega with a component cost breakdown of the Government's estimate of \$25.07 a unit or with documentation supporting that estimate.

We believe, however, that it is clear from the existing record that the contracting officer was justified in determining that Omega's \$82.15 a unit bid price was unreasonably high. Even if the Government estimate and the large business bid are disregarded, comparison of Omega's bid with the procurement history of the item supports the reasonableness of the contracting officer's determination, and neither fraud or bad faith has been shown here.

B-206858.2

The protest is denied.

for   
Comptroller General  
of the United States

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