

Moorehouse
P.L. 120102

DECISION



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

FILE: B-207474

DATE: November 29, 1982

MATTER OF: Central Iron and Metal Co., Inc.

DIGEST:

GAO will not question agency's change in its bid procedures for the sale of scrap material even though the new procedure does not permit inspection of scrap prior to bid submission, since there was a reasonable basis for the change.

Central Iron and Metal Co., Inc. (Central), protests the bid procedures utilized by the Veterans Administration Medical Center (VA), Battle Creek, Michigan, for the sale of scrap material under sale Nos. 82-4 and 82-6. We deny the protest.

It had been the previous policy of the VA to offer scrap material for sale on a per-lot basis with the opportunity for inspection of the scrap content by potential bidders prior to bid submission. Beginning with sale No. 82-4, the offeror was required to bid at a per-pound rate for scrap which would accumulate at the VA over the course of the year. Consequently, there could be no opportunity for prior inspection. Central states that the previous policy allowed bidders to adjust their offers to reflect the quantity of usable scrap offered per lot as opposed to "trash," which the successful bidder would be required to remove and dispose of.

Central was the high bidder on sale No. 82-4, estimated at 10,000 pounds, with an offer of \$0.0525 per pound. The solicitation had specified "Miscellaneous Scrap" on the cover sheet, but had used the term "Miscellaneous Scrap Metal" on page 2 of the solicitation. Central attempted to perform by offering \$525 for 10,000 pounds of scrap. The VA informed Central that the actual weight was 24,000 pounds, including 10,000 pounds of wooden skids which Central regarded as "trash." Central then refused to perform. After a series of discussions, the VA stated that the word "metal" was a mistake and canceled the sale because of an ambiguity in the solicitation. The sale was then readvertised as No. 82-6, which specified "Miscellaneous Scrap Material" and "Miscellaneous scrap consisting of METAL, WOOD, VINYL, AND PLASTIC."

Central contends that the new VA procedure is fundamentally unfair, as such "blind" bidding requires the successful offeror to take scrap at the contracted per-pound rate regardless of its content. Central also alleges that the VA has indiscriminately combined "trash" with scrap to the detriment of the contractor.

The VA states that it changed its bidding procedure to reduce its costs in preparing bid packages. Prior preparation costs amounted to more than 50 percent of revenue received on scrap sales in fiscal year 1981. We find this to be a reasonable basis for instituting the bid procedure change. See Illinois Bell Telephone Company, B-202238, October 20, 1981, 81-2 CPD 320. A contracting agency is generally given wide discretion in the formulation of its bidding procedures. We find no requirement that bidders be given the opportunity to inspect scrap material content before submission of bids. Clearly, inspection of future scrap content is impossible in this case and, although Central may dispute the fairness of the new procedure, we find nothing legally objectionable about the procedure, but find that it merely requires bidders to formulate their bid prices in a different manner. The lack of opportunity for inspection in this instance is not per se unreasonable and, since it is not a restriction on competition, this Office has no reason to object.

Accordingly, the protest is denied.

for 
Comptroller General
of the United States