

DECISION

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V1509

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

FILE: B-210608

DATE: June 13, 1983

MATTER OF: Professional Reprographic Services

DIGEST:

Factoring startup costs into the initial bid period does not create a mathematically unbalanced bid so long as each time period under the contract carries its proportional share of cost and profit. Moreover, alleged unbalanced bid remains low throughout the contract regardless of whether the Government exercises options.

The National Transportation Safety Board (NTSB) issued invitation for bids (IFB) No. NTSB83-02 for duplicating and maintaining copies of NTSB's microfiche accident/incident files dating from January 1, 1978, indexing them and responding to public requests for copies. The contract was to cover fiscal year (FY) 1983 with an option for FY 1984. Bidders were required to submit bids for what they would charge the public for these services in FY 1983 and FY 1984. The low bid was determined by multiplying the unit prices for both years by the estimated number of requests.

The NTSB received bids from the protester, Professional Reprographic Services (PRS), and Controlled Environment Systems, Inc. (CESI). CESI was the low bidder with a bid of \$296,851.50 for the 2 years--\$175,376.25 for FY 1983 and \$121,475.25 for FY 1984. PRS submitted a bid for \$423,000, \$211,038 for FY 1983 and \$211,962 for FY 1984.

PRS now protests that CESI's bid was unbalanced between the 2 years and, therefore, nonresponsive. We deny the protest.

The question of unbalanced bids is resolved using a two-part analysis. First, a bid is mathematically unbalanced if each item or year does not carry its proportional share of cost and profit. Empire Electric Co., Inc., B-204911.2, November 3, 1981, 81-2 CPD 379. Second, a mathematically unbalanced bid

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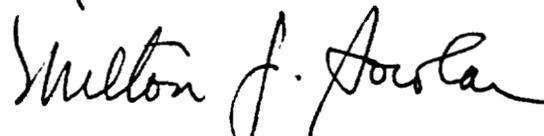
becomes materially unbalanced when an overall assessment of the bid raises doubt whether it will result in the lowest ultimate cost to the Government. TWI, Incorporated, 61 Comp. Gen. 99 (1981), 81-2 CPD 424. Only in cases of both mathematical and material unbalancing will the bid be considered nonresponsive. Jimmy's Appliance, 61 Comp. Gen. 444 (1982), 82-1 CPD 542.

The agency states that the contractor will incur substantial startup costs during the first year of the contract. The contractor must duplicate about 5 years of microfiche files and index them during the first year. This task will not recur during the option year. Although we realize that the protester's bid does not contain a similar cost difference between the 2 years, the difference of over \$50,000 between CESI's FY 1983 and its FY 1984 bid may reasonably reflect the difference in operational costs between FY 1983 and FY 1984.

In the past, we have closely scrutinized the use of startup costs as a justification for front-loading bids. Lear Siegler, Inc., B-205594.2, June 29, 1982, 82-1 CPD 632; Solon Automated Services, Inc., B-206449.2, December 20, 1982, 82-2 CPD 548. However, startup costs can be factored into the initial bid period so long as that period reflects its proportional share of the cost and profit. Jimmy's Appliance, supra.

Even if we held CESI's bid to be unbalanced mathematically, the facts clearly show that award to CESI will result in the lowest ultimate cost to the Government. CESI's bid is the low bid throughout the contract regardless of whether the Government exercises the option.

Protest denied.

for 
Comptroller General
of the United States