

westfall



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Satellite Services, Inc.
File: B-224412
Date: November 5, 1986

DIGEST

Bid may be corrected to reallocate line item prices where there is clear and convincing evidence that bidder correctly computed total price (which is unchanged by correction) but erred in allocating price to individual line items.

DECISION

Satellite Services, Inc. (Satellite), protests the Air Force's decision to permit American National Management Corporation (ANMC) to correct its bid by reallocating prices from one line item to another. The protest arises in connection with the evaluation of bids received in response to invitation for bids (IFB) No. F45613-86-B-0018 for grounds maintenance services at Fairchild Air Force Base. We deny the protest.

The solicitation requested prices for three groups of line items, one group each for a base and two option years. Each group was broken into six line items, each covering work at a different portion of the Fairchild facility. For each, bidders were to price a range of grounds maintenance services, including mowing, trimming, pruning, irrigation, fertilizing, and seeding. The IFB provided for award on an aggregate basis.

Within each group of line items, line items 1 through 5 covered areas that were specifically to be maintained. Line item 6 in each asked for a price for what were called "contingency areas"--areas where work would be performed only when specifically directed by the Air Force. The contingency areas ranged in size from .5 to 5 acres; the Air Force estimated that each area would require work between four and ten times per year. In all, the Air Force stated in the IFB that the amount of contingency work is expected to be equivalent to an annual requirement of servicing approximately 69 acres.

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ANMC's bid of \$901,896.71 was the lowest of five bids received in response to the solicitation; Satellite's bid of \$971,004.00 was second low. However, ANMC bid \$853.43 per acre for the contingency work, which is six to eight times the line item price typically bid by other offerors. In view of this discrepancy, the contracting officer asked ANMC to review its bid and verify its price.

ANMC responded by confirming its total bid price, but stating that it had erred in allocating its price by line item. ANMC stated that it prices work of this type by lot, using total job equipment, supply and manpower cost estimates. Only after computing a total bid price does it allocate pricing among line items. According to ANMC, its technical people misunderstood the percentage of the annual contract price that was to be allocated to line item 6, and allocated 20, rather than 2 percent to that line item. The difference, 18 percent, should have been allocated to line item 1, ANMC says, because that line item represents "the lion's share" of the work. Accordingly, ANMC requested correction of the bid.

The Air Force determined that ANMC's bid was mistaken and that correction should be allowed. In reaching this conclusion, agency officials, after examining ANMC's work papers, reasoned that since the annual contingency work requirement represents less than 1 percent of the total effort, ANMC could not have intended to allocate 20 percent of the contract price to item 6. Moreover, they noted that ANMC's item 1 price was significantly lower than other item 1 bids as a result of the misallocation, and that ANMC's total bid price would not be altered by permitting a reallocation of line item prices.

Generally, when multiple line items are bid and award is to be made on the basis of the total price for all items, the allocation of prices among line items has no bearing on the selection of an awardee. Under such circumstances, we have held that a mistaken allocation is correctable, even though the effect of the uncorrected pricing may have been to make the bid nonresponsive, provided there is clear and convincing evidence that the allocation was mistaken. Wynn Construction Co., B-220649, Feb. 21, 1986, 86-1 CPD ¶ 184, affd. B-220649.2, Apr. 14, 1986, 86-1 CPD ¶ 360, as explained in Bill Strong Enterprises, Inc., B-222492.2, Aug. 11, 1986, 86-2 CPD ¶ 173. In this instance, it is clear that ANMC made a mistake. Its price for item 6 is disproportionate to the work to be performed and indeed may for that reason have been unbalanced. In any event, the reallocation of the line item prices here has no effect on ANMC's total bid price or on the ranking of the bidders and would cure any unbalancing that might have existed.

Satellite concedes that ANMC made a mistake. It does not dispute ANMC's claim that it calculated a total bid price and allocated the result by apportioning individual item prices. Nevertheless, Satellite says it would be illogical for ANMC to have allocated item 6 on this basis, because item 6 is for optional work. According to Satellite, it would be virtually impossible to have included item 6 in calculating a total bid price because the actual amount of item 6 work that will be ordered is unknown. Thus, Satellite argues, ANMC has not established its intended item 6 bid by clear and convincing evidence.

Concerning Satellite's view that it would have been impossible for ANMC to have included the cost of item 6 work in calculating a total price, we point out that it is no more difficult for a bidder to compute an estimated cost under such circumstances than it is for the government to evaluate bids where the amount of work that will be done is unknown. Here, the Air Force included an estimate of what would be required (estimating that 69 acres might have to be serviced per year under line item 6) and used that estimate in evaluating bids for award. See Downtown Copy Center, 62 Comp. Gen. 65 (1982), 82-2 CPD ¶ 503. Bidders were free to do the same in calculating their bid prices, taking into account as they saw fit the risk that actual performance might vary.

Further, Satellite's argument that ANMC would not have calculated its bid as it claims is based on the incorrect assumption that the amount of work encompassed by line item 6 is significant. Satellite's pricing of line item 6 on its worksheets suggests that Satellite viewed line item 6 as requiring little more than an afterthought in framing its bid. All of the parties agree that line item 6 amounts to only 1 or 2 percent of the total work. Since the nature of the work under line item 6 does not differ from the nature of the work under other line items, it is reasonable that ANMC would have considered equipment and manpower costs for line item 6 as covered by its overall equipment and manpower cost estimates, which it has documented in detail in its worksheets. Moreover, the only sensible reallocation is to shift the difference between 20 and 2 percent to item 1, since the record shows that item 1, which encompasses grounds maintenance for most of the base, reflects the vast majority of the work to be performed.

Therefore, we conclude that ANMC misallocated line item prices and that the bulk of ANMC's misallocated line item 6 price should have been allocated to line item 1. Since the amount of work encompassed by line item 6 is only 1 or 2 percent of the total work, we see no reason to question the

Air Force's conclusion that it had been shown convincingly that ANMC made a decimal error by using the 20 percent figure and only intended to allocate 2 percent to line item 6, with the remainder to being allocated to item 1.

The protest is denied.

for *Raymond E. Evans*
Harry R. Van Cleve
General Counsel