



The Comptroller General
of the United States

Washington, D.C. 20548

Cartney - P

Decision

Matter of: Aquasis Services, Inc.
File: B-228044
Date: November 2, 1987

DIGEST

The apparent low bid on a contract for a 1-year base period and two-option years is not materially unbalanced where no reasonable doubt exists that acceptance of the bid--which has a front-loaded base period price to reflect initial capital outlays and becomes low in the eighth month of the first option year--will result in the lowest ultimate cost to the government.

DECISION

Aquasis Services, Inc., protests that the two lower bids under Department of the Air Force invitation for bids (IFB) No. F29651-87-B0050 are materially unbalanced and should be rejected as nonresponsive. The solicitation is for the installation and maintenance of 90 new washers and 87 new dryers, with an additional 9 washers and dryers required to be kept on hand as replacements, if needed, for a base period of 1 year with two-option years. We deny the protest.

The Air Force received five bids in response to the solicitation, of which the three bids in question were as follows:

	BASE YEAR	FIRST OPTION YEAR	SECOND OPTION YEAR	TOTAL
Sunnybrook Inc.	\$84,960.00	\$21,240.00	\$21,240.00	\$127,440.00
A-Able Appliance	86,404.32	20,793.96	20,793.96	127,992.24
Aquasis	65,826.00	51,174.00	29,250.00	146,250.00

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Aquasis alleges that the bids submitted by Sunnybrook and A-Able are mathematically and materially unbalanced in that they are front-loaded and would not present a cost savings to the government until well into the first option year. Thus, if the Air Force were to terminate the contract at the end of the base year, either Sunnybrook or A-Able would enjoy a windfall as a result of its bid structure. Aquasis concludes that a reasonable doubt therefore exists as to whether the government will receive the services at the lowest ultimate cost if the contract is awarded to Sunnybrook or to A-Able.

In response, the Air Force points out that the base year is the most capital intensive since 195 new machines must be acquired, and that Sunnybrook and A-Able each advise that it elected to finance the washers and dryers over the first year. The resulting higher base year prices reflect those decisions. The Air Force conclude that the bids thus are proper and may be accepted as submitted.

There are two aspects to unbalanced bidding. The first involves a mathematical evaluation of the bid to determine whether each element of the bid carries its proportionate share of the cost of the work plus profit, or whether the bid is based on nominal prices for some work and inflated prices for other work. The second aspect--material unbalancing--involves an assessment of the cost impact of a mathematically unbalanced bid. A bid is materially unbalanced if there is a reasonable doubt that award to the bidder submitting the mathematically unbalanced bid will result in the lowest ultimate cost to the government. USA Pro Co., Inc., B-220976, Feb. 13, 1986, 86-1 C.P.D. ¶ 159.

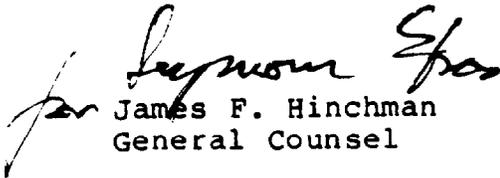
We think the two bids in issue are mathematically unbalanced. Sunnybrook's and A-Able's prices for the base year are approximately four times their option year prices. Additionally, the scope and nature of the services are essentially the same for the base year and each of the option years: rental and maintenance of washers and dryers. Where the differentials have approached the magnitude of those present in this case, we have found the bid to be mathematically unbalanced. See Solon Automated Services, Inc., B-206449.2, Dec. 20, 1982, 82-2 C.P.D. ¶ 548; Reliable Trash Service, B-194760, Aug. 9, 1979, 79-2 C.P.D. ¶ 107.

Sunnybrook's and A-Able's bids are not materially unbalanced, however. The determination of whether there is a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will result in the lowest ultimate cost to the government is a factual one which varies depending upon the particular circumstances of each

procurement. Solon Automated Services, Inc., B-206449.2,
supra.

Focusing on Sunnybrook's low bid, while it requires the government to pay approximately 67 percent of the total 3-year price in the first year, the bid becomes lower than the protester's in the eighth month of the first option year. (A-Able's becomes lower in the ninth month of the first option year). Therefore, and since there is no reason to believe that at least the first-year option will not be exercised, we do not think there is a reasonable doubt that Sunnybrook's bid reflects the lowest ultimate cost to the government.

The protest is denied.


for James F. Hinchman
General Counsel