



Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** Raeuber Construction Company, Inc.

**File:** B-236364

**Date:** November 3, 1989

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### DIGEST

Protest that awardee submitted a materially unbalanced bid that should have been rejected as nonresponsive is denied where the awardee's prices for the base and option periods were reasonably related to the costs to be incurred during each period and the awardee's bid will result in the lowest ultimate cost to the government.

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### DECISION

Raeuber Construction Company, Inc., protests the award of a contract to Jones Floor Covering, Inc., under invitation for bids (IFB) No. F28609-89-B-0011, issued by the Department of the Air Force. Raeuber asserts that Jones' bid is nonresponsive because it is unbalanced.

We deny the protest.

The Air Force issued the IFB on June 7, 1989, to obtain painting and floor repair services for family housing units at McGuire Air Force Base. The IFB contemplated the award of a contract for a 1-year base period and three 1-year option periods. The IFB gave the government's estimated cost per year, and required bidders to formulate their bids by indicating a percentage in addition to or less than the estimated government price. This percentage was applied to the government estimate to determine the bidder's adjusted estimate. The contract was to be awarded to the bidder that submitted the lowest responsive adjusted estimate for the base year and the 3 option years.

Thirteen bidders responded to the IFB. The government estimate was \$453,257.89 for each of 4 years, for a total of \$1,813,031.50. Jones submitted the low bid with a total evaluated price of \$1,290,833.14. Raeuber was second low with a total evaluated price of \$1,296,317.56. The breakdown of the two bids is as follows:

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	<u>Jones</u>	<u>Raeuber</u>
Base Year	-29.00% (\$ 321,813.10)	-36% (\$ 290,085.05)
1st Opt. Year	-28.00% (\$ 326,345.68)	-31% (\$ 312,747.94)
2nd Opt. Year	-27.00% (\$ 330,878.26)	-26% (\$ 335,410.84)
3rd Opt. Year	-31.21% (\$ 311,796.10)	-21% (\$ 358,073.73)
<u>Total</u>	<u>\$1,290,833.14</u>	<u>\$1,296,317.56</u>

Raeuber argues that because Jones' bid reflects a decrease in the amount Jones will be paid for the third option year, after a steady increase in the price for the first 3 years, Jones' bid is materially unbalanced and must be rejected. In this regard, Raeuber argues that Jones' bid is neither internally consistent nor comparable to the other bids submitted which, according to Raeuber, increase in price for each succeeding year. Raeuber further notes that there is a reasonable doubt that the award to Jones will result in the lowest cost to the government because if the Air Force fails to exercise the third year option it will pay Jones \$40,793.21 more under the contract than it would have paid Raeuber.

The Air Force responds that Jones' bid is not unbalanced; specifically, the Air Force contends that there is no indication that each year of Jones' bid does not carry its share of the cost of the work to be performed plus profit. The Air Force further asserts that since there is no indication that it will not exercise each option, it appears at this time that the award to Jones will result in the lowest cost to the government.

A bid which is materially unbalanced must be rejected as nonresponsive. F&E Erection Co., B-234927, June 19, 1989, 89-1 CPD ¶ 573. A bid is materially unbalanced if it is based on nominal prices for some items and enhanced prices for other items and there is a reasonable doubt that an award based on the bid will result in the lowest cost to the government. Id. Where a protester argues that a bid is unbalanced in a situation contemplating the award of a contract for a base period plus option periods, we begin our analysis by determining whether the bid structure of the allegedly unbalanced bid indicates that the prices charged for the various periods of performance are reasonably related

to the actual expenses to be incurred by the bidder during those time periods. Howell Constr., Inc., 66 Comp. Gen. 413 (1987), 87-1 CPD ¶ 455. We will question a bid if its pricing structure is neither internally consistent nor comparable to the other bids received. Thus, a large pricing differential between one option period and another is itself prima facie evidence that each period is not balanced. Id. If we determine that the price charged for each period is not reasonably related to the actual expenses to be incurred during that period, we then examine whether there is a reasonable doubt that an award to the bidder will result in the lowest cost to the government. Id.

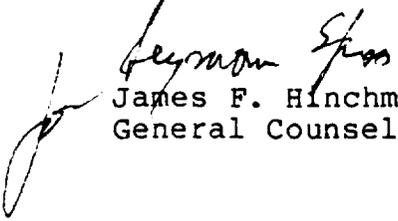
Here, our review of Jones' bid demonstrates that the bid is not materially unbalanced. First, neither the price differential between Jones' base period and third year option period (2.21 percent), nor the differentials among the three option periods (3.21 percent and 4.21 percent), is substantial. Further, Jones' bid is not out of line with the other bids, whose price differentials between the base year and third option year range from 0 percent to 15 percent. Finally, Jones is not the only bidder that submitted a bid with a greater percentage deduction in the final option year than in the other option years.

In any event, even if the price bid by Jones for each period of performance were not reasonably related to the costs to be incurred by Jones, the bid would not be materially unbalanced. Specifically, the Air Force has noted that there is no indication at this time that it will not exercise all options under the contract and, thus, there is no reasonable doubt that an award to Jones will result in the lowest cost to the government. Paccar Defense Sys., B-232530.2, Jan. 3, 1989, 89-1 CPD ¶ 1. In this regard, Raeuber, citing Howell Constr., Inc., 66 Comp. Gen. 413, supra, argues that even where the procuring agency intends to exercise all contract options, we have found reasonable doubt that an award will result in the lowest cost to the government where the bid is extremely front-loaded and does not become low until the last option year. In Howell, for example, the differential between the first and second option year prices was 85 percent. Here, in contrast, since there is only a 2.21 percent difference between Jones' base year and third option year prices Jones' bid is not extremely front-loaded. Consequently the principle asserted by Raeuber does not apply.

Finally, in its comments in response to the Air Force's report Raeuber asserts that given the alleged inconsistency in Jones' bid--a progressive price increase over 3 years followed by a price decrease in the fourth year--it was

improper for the contracting officer to award the contract to Jones without requesting Jones to verify its bid. Since the contracting officer reasonably found nothing questionable about Jones' bid, however, the contracting officer had no reason to request Jones to verify it.

The protest is denied.

  
James F. Hinchman  
General Counsel