



Comptroller General
of the United States
Washington, D.C. 20548

Decision

Matter of: G.C. Ferguson 4-T Construction
File: B-247014
Date: April 22, 1992

Twila Ferguson for the protester,
Arlo G. Mendenhall, Department of Agriculture, for the
agency,
Henry J. Gorczycki, Esq., and James A. Spangenberg, Esq.,
Office of the General Counsel, GAO, participated in the
preparation of the decision.

DIGEST

A bid price is not ambiguous where one line item price is enclosed in parenthesis and not computed in the total price since the only reasonable interpretation of the bid price, from the face of the bid documents and considered in light of the other bids, is that the line item is not specifically priced but is included in the prices of other related line items.

DECISION

G.C. Ferguson 4-T Construction protests the award to L.N. Johnson Paving under invitation for bids (IFB) No. R4-IDAWY-92-1 issued by the Department of Agriculture, Forest Service, for campground rehabilitation at the Warm River Campground, Ashton Ranger District, Targhee National Forest, Idaho. Ferguson asserts that Johnson's bid should have been rejected since it was ambiguous and nonresponsive.

We deny the protest.

The Forest Service issued the IFB on October 24, 1991. The bid schedule consisted of 11 line items and award was to be made to the bidder offering the lowest total price. Each line item was identified by a number corresponding to the specification number describing the work to be done. Item No. 11506, entitled "Camping Unit," was the final line item and was described in the specification as follows:

"This item consists of furnishing the materials,
labor and equipment necessary to construct camping
units

"The bituminous pavement and other items which are required for total completion of the camping unit . . . will be measured and paid for in accordance with their respective item specifications. . . ."

The other items on the bid schedule included the bituminous pavement, as well as the removal and disposal of existing structures, site preparation and grading, borrow (a material consisting of granular and small rock used for subgrade construction), topsoil removal and replacement, and construction of one 2-unit comfort station.

Prior to bid opening, Johnson told the contracting officer that, since much of the work encompassed by item No. 11506 had to be priced under the other related items, it was going to prepare its bid with the entire price for item No. 11506 included in those other items and that it would not specifically price item No. 11506. Johnson asked the contracting officer if he would understand if, on its bid in the place provided for pricing item No. 11506, Johnson enclosed in parentheses the price of all work actually needed to complete item No. 11506, even though the price for that work was included in the other items. The contracting officer informed Johnson that this method was appropriate for showing that item No. 11506 was not specifically priced but was included in the other items.

Johnson's bid on the IFB appeared as:

<u>Number</u>	<u>Quantity</u>	<u>Price</u>	<u>Total</u>
00026 Comfort Station	1	\$19,500.00	\$19,500.00
02100 Site Preparation and Grading	Job	4,800.00	4,800.00
02118 Removal of Existing Toilet	1	1,860.00	1,860.00
02119-1 Removal of Existing Table	9	37.00	333.00
02119-2 Removal of Existing Fireplace	9	24.00	219.00
02119-3 Removal of Upright Grill	7	25.00	175.00
02119-4 Removal of Existing Asphalt	588 sq. yds.	3.29	1,934.52
02223 Select Borrow ¹	185 cubic yds.	9.50	1,757.50
02612 Hot Bituminous Plantain	150 tons	5.00	11,250.00
02805 Topsoil, Stripped, Stockpiled, Respread	20 cubic yds.	47.00	940.00
11506 Camping Unit	10	(2,327.00)	(23,270.00)
			\$42,769.62

Bid opening was on November 25. Eight bids were submitted. Johnson was the apparent low bidder at \$42,769.62. Ferguson was the second low bidder at \$43,772. The contracting officer prepared a bid abstract on which he recorded each bidder's individual item and total prices. For item No. 11506 under Johnson's name, the contracting officer wrote "Included in above prices."

¹Select Borrow was furnished by the Forest Service and hauled by the contractor.

Ferguson asserts that Johnson's bid is ambiguous since the total item prices do not equal \$42,769.62 and the meaning and intent of what the price in parenthesis for item No. 11506 is unclear. While Ferguson argues that standard accounting practice treats numbers enclosed in parentheses as negative numbers to be subtracted from the bid price, Ferguson asserts that it is actually impossible to determine from Johnson's bid what it intended the parentheses to mean. For example, Ferguson hypothesizes that Johnson's bid could have intended the \$23,279 be added to its bid making it \$69,039.62, which would make Ferguson the low bidder, or that this figure would be subtracted from the bid making the total bid \$19,499.62, or that this figure is an obvious mistake whose meaning is not discernible from the face of the bid. Ferguson concludes that since it is impossible to know what Johnson actually intended to bid, the Forest Service must reject Johnson's ambiguous bid and award the contract to Ferguson as the next low bidder.

The agency denies that there is any ambiguity in Johnson's bid and that it understood Johnson's parenthetical price for item No. 11506 to mean that this price was included elsewhere in the bid. In this regard, we note the parenthetical amount equals the total amount of item Nos. 02100 through 02805, i.e., all items except item No. 00026, the comfort station.

A bid must be rejected if the price is ambiguous and under one of the possible interpretations the price is not low. Associated Mechanical, Inc., B-243892, Aug. 23, 1991, 91-2 CPD ¶ 192. While a bid is ambiguous only where it is subject to two or more reasonable interpretations, High Country Equip., Inc., B-242669, Apr. 19, 1991, 91-1 CPD ¶ 392, an item in a bid that has more than one possible interpretation is not ambiguous if the application of reason serves to remove the doubt and thus renders only one reasonable interpretation of the bid. 51 Comp. Gen. 831, 833-34 (1972); Blueridge Gen., Inc., B-246189, Feb. 24, 1992, 71 Comp. Gen. _____, 92-1 CPD ¶ 218. Here, Johnson's bid is not ambiguous because it has only one reasonable interpretation, i.e., that the price given in parentheses was already included in the prices for other items and should not be used to calculate the total bid price.

Granted, there are two possible interpretations of the meaning of the parentheses on the item No. 11506 price. As Ferguson asserts, it is common accounting practice to treat figures enclosed in parentheses on financial documents as negative numbers. Outside of the field of accounting, however, it is common to parenthesize information to interject a comment or digression. See Webster's Third New International Dictionary, Unabridged, 1641 (1966).

Applying reason, we find that the accounting usage cannot apply sensibly to Johnson's bid. First of all, a bid of negative \$23,270 for constructing campsites would be considerably out of line with the other bids and the government estimate for item No. 11506;² this is sufficient in itself to treat the accounting usage interpretation as unreasonable. 51 Comp. Gen. 831 supra. Indeed, since Johnson provided "positive" prices for other line items that the IFB indicates comprise item No. 11506, e.g., bituminous paving, it is illogical to surmise that the price for item No. 11506 was negative. Additionally, a negative price for an item would mean that the bidder has offered to pay the government for the privilege of providing the work required for that item.³ This interpretation is not consistent with the entrepreneurial environment of government procurement. Finally, a bid is not a financial statement, nor a supporting document to such a statement, to which accounting terms may naturally apply. Nor is there an expectation that the bid preparers for this procurement for building campsites be versed in accounting terms and practices. Thus, it is not reasonable to assume that Johnson intended to communicate its bid using the specialized language of accountants and the possible interpretation of the parenthetical price in Johnson's bid as a deduction from the total bid price is not reasonable.

Johnson's intended bid, and its intent to include the price for item No. 11506 in the prices of other line items, is reasonably evident from the face of Johnson's bid, particularly in light of the other bids received. See Blueridge Gen., Inc., supra. Examining Johnson's bid, we notice that all of the line items, excluding item No. 11506, add to \$42,769.62, which is the total price indicated on the bid. This total bid price is only approximately \$1,000 less than

²The bid abstract reveals the following prices for item No. 11506:

Government Estimate	\$ 5,000 ¹¹
Johnson	"Included in above prices"
Ferguson	3,600
Bidder #1	2,560
Bidder #2	16,960
Bidder #3	3,000
Bidder #4	7,500
Bidder #5	6,000
Bidder #6	3,850

³While portions of the camping unit work are included in the other line items, this item required additional work beyond the other line items.

Ferguson's bid and is in line with the other bids and the government estimate.⁴ Also, the IFB specification for item No. 11506 instructs bidders to price work needed for "total completion" of the camping units in the other line items of the IFB specifically describing that work. From our review, it appears that all line items, except the one for construction of the comfort station, item No. 00026, are related to the construction of the camping units, including the removal of obstructions affecting the construction and useability of the new camping units. Moreover, Johnson's price of \$23,270 for the camping unit related items (line item Nos. 02100 through 11506 inclusive) is in line with Ferguson's price of \$27,272, the government estimate of \$25,364 and the other bidders' prices that range from \$21,476 to \$36,613 for these items.

Since Johnson's parenthetical price and total bid price are in line with the prices that the other bidders offered to construct the camping units and with their total bid prices, it is reasonable to interpret Johnson's parenthetical price as a comment interjected to indicate that the price bid for this item was included in the prices of other line items and that this item was not specifically priced. 51 Comp. Gen. 831 supra; Blueridge Gen., Inc., supra. The contracting officer had no difficulty determining the meaning of the parenthetical price, as evidenced from his notation "Included in above prices" on the bid abstract. He found that the format of Johnson's bid schedule was consistent with his understanding of a not-specifically-priced bid, which he had discussed with Johnson prior to submission of bids.⁵

It is also not reasonable to assume that Johnson could have mistakenly put the parentheses around the price on item

⁴The other bids ranged from \$43,772 to \$77,700 and the government estimate was \$47,364.

⁵A contracting officer may refer to communications that occurred prior to bid opening to understand the terms of the written bid when the written bid is consistent with the contracting officer's understanding of the communication. See generally FJB Eng'g Co., B-181147, Sept. 12, 1974, 74-2 CPD ¶ 162; Macke Co. v. United States, 467 F.2d 1323, 1326 (Ct.Cl. 1972); Sylvania Elec. Prods., Inc. v. United States, 458 F.2d 994, 1005-07 (Ct.Cl. 1972). This should not be confused with a bidder relying on pre-bid-opening oral communication with procuring agency personnel to bind the agency. See, e.g., Cuernilargo Elec. Supply, B-240249, Nov. 2, 1990, 91-1 CPD ¶ 68 (oral advice does not bind the government and a bidder relies on such advice at its own risk).

No. 11506, and that it intended an additional \$23,270 for this item. The parentheses in Johnson's bid are very distinct and encompass both the unit price and total price for this item. Since it reasonably should be assumed that the parentheses were intentionally inserted around these prices to show that they are different than the other items, it is not reasonable to simply add this price to the other items to arrive at the total bid price, where, as here, there is a reasonable explanation for the parentheses.⁶

Alternatively, Ferguson argues that assuming Johnson did not specifically price the item, and that its price for item No. 11506 is included in the prices for other line items, its bid must be rejected as nonresponsive. We disagree.

As a general rule, a bid must be rejected as nonresponsive if the bid, as submitted, does not include a price for every item requested by the IFB. Telex Com. Inc., Mil-Tech Sys., Inc., B-212385; B-212385.2, Jan. 30, 1984, 84-1 CPD ¶ 127. The reason for this rule is that where a bidder fails to submit a price for an item, the bidder generally is not obligated to provide that item as part of the other requirements for which prices were offered. Id. An exception to this rule occurs where a bidder does not specify a price for a line item, but indicates in some affirmative fashion on the bid that it is aware of and commits to providing the supplies and services covered by that line item with no addition to the total price bid. AUL Instruments, Inc., B-220228, Sept. 27, 1985, 85-2 CPD ¶ 351; Spectrum Leasing Corp., B-216615, Feb. 19, 1985, 85-1 CPD ¶ 211; National Mediation Bd.--Request for Advance Decision, B-209037, Oct. 8, 1982, 82-2 CPD ¶ 323. As previously explained, the only reasonable interpretation of Johnson's bid is that it included the price of item No. 11506 in the price of other line items and therefore it has acknowledged and has offered to provide the supplies and services covered by that item under its bid price of \$42,769.62.

Ferguson also argues that Johnson's bid should be rejected as unbalanced by virtue of its not specifically pricing item No. 11506. Before a bid can be rejected as unbalanced, it must be found both mathematically unbalanced and materially unbalanced. Sanford Cooling, B-242423, Apr. 15, 1991, 91-1 CPD ¶ 376. A bid is mathematically unbalanced where it is based on nominal prices for some of the line items and enhanced prices for other line items. Id. A mathematically unbalanced bid must be rejected where there is a reasonable doubt that acceptance of such bid will result in the lowest

⁶It would be even more unreasonable to assume that Johnson intended some other positive bid amount other than \$23,270 for item No. 11506.

overall cost to the government, i.e., that the mathematically unbalanced bid is also materially unbalanced. Id. The guiding factor for determining whether a mathematically unbalanced bid is also materially unbalanced is the accuracy of the government's estimate of the anticipated quantity of work to be performed--if the estimate is reasonably accurate, then a mathematically unbalanced low bid may be accepted. Edward B. Friel, Inc. et al., 55 Comp. Gen. 488 (1975), 75-2 CPD ¶ 333.

The record in this case does not demonstrate that Johnson's bid was mathematically unbalanced because, although Johnson did not specifically price item No. 11506, there is no showing that Johnson's other item prices were enhanced; these item prices do not appear to be out of line with the government estimate or the other bids. See Ampex Corp., B-243855.3, Dec. 9, 1991, 91-2 CPD ¶ 525. However, even if we were to assume Johnson's bid was mathematically unbalanced, its bid cannot be said to be materially unbalanced because there is no evidence, or even an allegation, that questions the accuracy of the government's estimated quantities of work to be performed. Therefore, there is no basis to reject Johnson's bid as unbalanced.

Based on the foregoing, we find that Johnson's bid is unambiguous and responsive, and properly can be accepted for award by the Forest Service.

The protest is denied.


James F. Hinchman
General Counsel