



Comptroller General
of the United States

Washington, D.C. 20549

301:211

Decision

Matter of: B&H Contracting Company, Inc.

File: B-254250

Date: November 16, 1993

Benjamin N. Thompson, Esq. for the protester.
George Callejas for Callejas & Ross, Inc., an interested party.

LTC Noel J. Phetteplace, and Gregory H. Petkoff, Esq.,
Department of the Air Force, for the agency.
C. Douglas McArthur, Esq., and Christine S. Melody, Esq.,
Office of the General Counsel, GAO, participated in the
preparation of the decision.

DIGEST

In the absence of any allegation or evidence that awardee's bid contains overstated prices for specific line items, or that agency is unlikely to exercise options for additional performance periods, there is no basis to conclude that awardee's bid is materially unbalanced.

DECISION

B&H Contracting Company, Inc. protests the award of a contract to Callejas & Ross, Inc., under invitation for bids (IFB) No. F31601-93-B-A034, issued by the Department of the Air Force for maintenance of protective coatings. The protester asserts that the awardee's bid is materially unbalanced.

We deny the protest.

On April 21, 1993, the agency issued the solicitation for a fixed-price requirements contract for a base year, with four 1-year options, to provide materials and services, including preparation and clean-up, to perform a variety of services related to the application of protective coatings, including interior and exterior painting and marking of crosswalks, streets and parking lots at Pope Air Force Base in North Carolina. The solicitation provided for evaluation of options and for award to the low aggregate bidder based on the agency's estimates of work involved for each of 34 line items (170 line items over the anticipated 5-year period of performance).

Three firms submitted bids on June 14. The low bidder failed to submit a signed certificate of procurement integrity, and the agency found that bid nonresponsive. On June 24, B&H filed a protest with the agency, asserting that the next apparent low bid, that of Callejas & Ross, was materially unbalanced with respect to 25 line items over the anticipated 5 years of performance. Beyond identifying these 25 line items, the protester did not allege that any specific price was either understated or overstated. The agency denied the protest on July 23, and this protest to our Office followed.

To be rejected as unbalanced, a bid must be shown to be both mathematically unbalanced and materially unbalanced; to be mathematically unbalanced, a bid must contain both understated prices for some items and overstated prices for other items. Allegations of understated pricing alone, without any indication of overstated pricing, provide no legal basis for concluding that a bid was mathematically unbalanced. Atlantic Research Corp., B-247560, June 26, 1992, 92-1 CPD ¶ 543.

The protester here identifies 24 line items for which the awardee's prices are lower than the protester's--and thus presumably understated in the protester's view. Other than repeatedly asserting that the awardee's bid is unbalanced, the protester identifies no specific line items for which the awardee's prices allegedly are overstated.¹ Our own review of the record reveals that the awardee's bid prices are higher than the protester's for certain line items; however, the protester does not attempt to explain why these prices should be considered overstated--in fact, as noted above, B&H does not even identify these line items--and we see no basis otherwise in the record to so conclude.

Since unbalancing can occur between base and option period prices as well as between line items, we also have examined the awardee's prices for the base and option periods. The awardee's bid for the 3-month base period (\$717,652.50) is

¹The protester cites one line item for which its price is lower than the awardee's (line item 001AG, parking lot layout during the 3-month base period). For this item, the awardee's price (\$.12 per square foot) is closer to the agency's estimate (\$.104 per square foot) than the protester's price (\$.07 per square foot). The difference in price amounts to \$2,500 for the estimated requirement of 50,000 square feet; by contrast, the protester's prices are cumulatively higher by approximately \$750,000 for the remaining 24 line items identified in the protest. The effect of the pricing for line item 001AG thus is clearly de minimis.

nearly twice as high as the protester's (\$381,565), and is equal to 52 percent of the awardee's bid for the first full option year. Nevertheless, the record shows the awardee's base period bid to be in line with the government estimate (\$737,000), as the agency expected base period bids to be higher based on the need to acquire labor and stock to support subsequent performance. The awardee's bid becomes low during the second option year; the protester does not allege and the record does not show any basis for concluding that the agency is not likely to exercise the options. Our analysis of whether bids are materially unbalanced between base period and option years hinges upon whether the agency reasonably anticipates exercise of the option. Professional Waste Sys., Inc. et al., 67 Comp. Gen. 68 (1987), 87-2 CPD ¶ 477. Absent any evidence that the agency does not anticipate exercise of the options, we have no basis for concluding that the awardee's bid is materially unbalanced between the base and option years.

The protest is denied.



for James F. Hinchman
General Counsel

²The agency noted that B&H has labor and stock in place which may account for its lower base period bid.