

PL-1

14056

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

FILE: B-196496

DATE: June 17, 1980

MATTER OF: Gretchen's Key punch Inc.

DLG 04816

DIGEST:

[Protest Against Bid Rejection]

Cancellation of IFB by contracting officer because low responsive bid was determined to be unreasonable as to price is not subject to objection where bid was substantially higher than Government estimate and prior contract price for similar work and record discloses no evidence of bad faith or fraud on part of contracting activity in making its determination.

Gretchen's Key punch Inc. (Gretchen's) protests the rejection of its low bid under invitation for bids (IFB) FWS-9-7959, issued by the United States Fish and Wildlife Service for key punch services at the Denver Service Center.

DLG 04817

Two bids were received. The low bid was submitted by Gretchen's in the amount of \$0.0035 per keystroke. The contracting officer estimated that an acceptable bid would be in the range of \$0.0015 to \$0.0020 per keystroke. Therefore, the contracting officer notified Gretchen's that its bid was being rejected due to its unreasonable price and made a determination to cancel the solicitation and readvertise.

Invitation for bids No. FWS-9-8006 was issued for the keypunching services and three bids were received, ranging from \$0.00108 to \$0.002028 per keystroke. Gretchen's was sent an invitation to bid but

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did not bid. A contract was awarded to Action Key Punch Service, Inc., in the amount of \$0.00108 per keystroke.

Gretchen's contends that its bid of \$0.0035 per keystroke was reasonable and that the contracting officer's decision to the contrary was erroneous because: (1) he failed to consider the difficulty of the job in determining what is a reasonable price; (2) he is not qualified to state that a reasonable bid would be from \$0.0010 to \$0.0025 per keystroke and (3) relied on the estimated price range obtained from several prospective bidders who were called after bid opening.

The contracting activity disagrees with the allegations for the following reasons. Gretchen's price was compared with recent prices obtained for substantially the same work. The prior year's contract was awarded at \$0.000625 per stroke and the estimate for the work in question was in the range of \$0.0015 to \$0.0020 per keystroke. Further, the contracting officer had procured keypunch services before and the work called for in the IFB was basically a straight keypunching effort with two programs to be set up--one for counting the keystrokes and the other for verification. A 24-hour turnaround time was required. Moreover, the requirements of this procurement were compared to services performed previously and currently at other Denver Government offices and the costs for similar services were found to be far below Gretchen's bid price.

The contracting activity denies Gretchen's contention that prior to resolicitation an employee of the contracting activity acted improperly in calling several companies to ascertain whether they would be interested in bidding lower than the \$0.0035 per keystroke that Gretchen's bid. The contracting activity states that during the month of October 1979, the Denver Service Center, using its small purchase authority, contacted several keypunch firms in the area to obtain quotes to perform the service for 1 month. A purchase order was issued to the company submitting the low quote of \$0.00108 per keystroke.

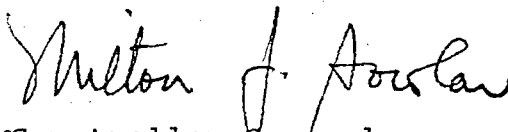
The only other information contained in the record regarding telephone calls to other prospective bidders is the following in the contracting officer's determination and findings:

"Calls were made to several prospective bidders to determine the reason for not bidding. There were several contracts to bid at the same time and they were too busy to bid. The estimated price range for this work was stated to be from .0012 - .0019 per keystroke."

Federal Procurement Regulations (FPR) § 1-2.404-1(a) (1964 ed. circ. 1) provides, in substance, that after bids have been opened, award must be made to the lowest responsive, responsible bidder unless there is a compelling reason to reject all bids and readvertise. However, under FPR § 1-2.404-2(c) (1964 ed. amend. 121), the invitation may be canceled after opening if the contracting officer determines in writing that the bids are unreasonable as to price. Our Office has stated that a determination as to unreasonableness of price will be sustained barring bad faith or fraud. See Penn Landscape & Cement Work, B-196352, February 12, 1980, 80-1 CPD 126; Hercules Demolition Corporation, B-186411, August 18, 1976, 76-2 CPD 173.

The record discloses that Gretchen's bid was substantially higher than the Government estimate, the price obtained for the prior contract for these services and the prices received on the resolicitation. Based on this information, and in the absence of any evidence of bad faith or fraud on the part of the contracting activity, we conclude that the rejection of Gretchen's bid due to its unreasonable price was proper.

The protest is denied.



Acting Comptroller General
of the United States