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DECISION



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

[Protest Alleging Proposal Awardee's Bid Is Unbalanced]

FILE: B-201254

DATE: February 3, 1981

MATTER OF: Kollmorgen Corporation

DIGEST:

Protest against award on basis that low bid is unbalanced between basic and option quantities is denied, since, assuming low bid is mathematically unbalanced, it is not materially unbalanced as award will be made for both quantities and thus there is no doubt that award will be made at lowest ultimate cost to Government.

Kollmorgen Corporation protests the contemplated award to Sperry Corporation under invitation for bids (IFB) No. N00024-80-B-4690 issued by the Navy for certain periscopes. Kollmorgen contends that Sperry's bid is unbalanced and, therefore, nonresponsive.

We conclude that the protest is without merit.

The IFB called for a basic quantity of seven type 2F periscopes and option quantities of three type 2D periscopes, one type 2E periscope, and one type 2F periscope. The basic quantity is for new submarine construction, and the option quantities are for submarine overhaul.

The option quantities represent firm existing requirements. However, at the time that the solicitation was prepared, funds for the overhaul requirement were not available. Accordingly, the overhaul requirement was reflected as an option quantity in items 0003, 0004, and 0005 of the IFB. The IFB provided that the Government could exercise an option for all but not part of items 0003 through 0005 at any time within 180 days after the effective date of the contract.

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The IFB also provided that bids will be evaluated for purposes of award by adding the total price for all option quantities to the total price for the basic quantity. Further, the IFB warned that any bid which is materially unbalanced as to prices for basic and option quantities may be rejected as nonresponsive; an unbalanced bid is one which is based on prices significantly less than cost for some work and prices which are significantly overstated for other work.

In accordance with the "Evaluation of Options" provision contained in the IFB, Sperry's combined basic/option bid was low. Award has been deferred pending resolution of this protest.

The Navy reports that funds are now available for both the basic and option quantities under the IFB and that it will make award for all five items in the IFB, thus ensuring that award of the contract to Sperry will result in the lowest cost to the Government.

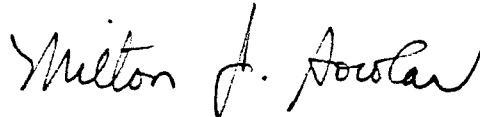
Kollmorgen's argument that Sperry's bid is unbalanced is focused primarily on the basic/option unit prices for the type 2F (middle length) periscope because (1) the type 2F option quantity has a unit price (\$116,126) substantially less than that of the type 2F basic quantity (\$177,216); (2) the option unit price for the type 2F (middle length) is substantially less than the option unit price (\$163,120) for the type 2E (shortest) periscope; and (3) the option unit prices for the longest (type 2D) and shortest (type 2E) are only \$498 apart.

Our Office has recognized the two-fold aspects of unbalanced bidding. The first is a mathematical evaluation of the bid to determine whether each bid item carries its share of the cost of the work plus profit, or whether the bid is based on nominal prices for some work and enhanced prices for other work. The second aspect--material unbalancing--involves an assessment of the cost impact of a mathematically unbalanced bid. A bid is not materially unbalanced unless there is a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will not result in the

lowest ultimate cost to the Government. Consequently, only a bid found to be materially unbalanced may not be accepted. Propserv Incorporated, B-192154, February 28, 1979, 79-1 CPD 138; Mobilease Corp., 54 Comp. Gen. 242 (1974), 74-2 CPD 185; Reliable Trash Service, B-194760, August 9, 1979, 79-2 CPD 107.

Even if we assume that Sperry's bid is mathematically unbalanced, we do not find the bid to be materially unbalanced. The Navy always considered the option items to be firm requirements, funding is now available, and the Navy intends to exercise the option. Thus, there is no doubt that award will be made at the lowest ultimate cost to the Government.

Consequently, Kollmorgen's protest against the award to Sperry is denied.



For the Comptroller General
of the United States