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

FILE: B-209003.2 **DATE:** January 20, 1983

MATTER OF: Pacific Coast Utilities Service, Inc.

DIGEST:

A bid guarantee is computed using the total basic price only, even where an invitation for bids contains an option clause and states that bid evaluation will be based on the total and option periods.

Pacific Coast Utilities Service, Inc. protests the Department of the Army's award of a hospital housekeeping services contract to Ameriko Maintenance Company, a lower bidder under invitation for bids (IFB) DAKF01-82-B-0039. Pacific Coast contests the adequacy of Ameriko's bid bond, and requests that the firm be denied award of the contract on grounds of nonresponsiveness.

We deny the protest summarily.

The IFB provides that the bid guarantee must contain a penal sum of not less than 20 percent of the "bid price." Interpreting "bid price" to mean the total price of the contract for both the basic and option years, Pacific Coast maintains that the bid guarantee submitted by Ameriko--representing 20 percent of the amount bid for the basic contract period--is inadequate. Pacific Coast argues that, in the case of a hospital housekeeping services contract where continuity of services is desirable, the Government needs bid guarantees based on the total bid price, including the option years, to assure that the contractor will execute the appropriate contract documents and performance and payment bonds for each option exercised by the Government.

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The protester's argument is without legal merit. Although the inclusion of a bid guarantee which conforms to the requirements of the IFB is an element of responsiveness, see Baucom Janitorial Service, Inc., B-206353, April 19, 1982, 82-1 CPD 356, the bid guarantee requirement does not apply to the option prices.

A bid guarantee is designed to assure that a bidder will not withdraw within the designated acceptance period and will execute a written contract and furnish the required bonds within the period specified in the bid. Defense Acquisition Regulation (DAR) § 10-101.4 (1976 ed.).

An option is simply a unilateral right of the Government by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or to extend contract performance. DAR § 1-1501; see 41 Comp. Gen. 758, 760 (1962). The exercise of an option is contingent on a number of factors: a continuing need for the services, the availability of funds, and the advantage to the Government of exercising the option instead of conducting a competitive procurement. DAR § 1-1505(c). Given the contingent nature of options, the adequacy of a bid bond is determined on the basis of the price for basic items, without regard to optional quantities or renewal periods. Building Maintenance Corporation, B-187843, January 25, 1977, 77-1 CPD 55, aff'd. on reconsideration, B-187843, February 23, 1977, 77-1 CPD 131. The Government generally does not desire to pay the contractor, in the form of a price that includes a premium for a bond that covers option quantities or periods, for the protection of only a contingent interest.

The protest is summarily denied.

for Milton J. Socolar
Comptroller General
of the United States