

**DECISION**



25241  
**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

**FILE:** B-210018; B-210018.2 **DATE:** May 23, 1983

**MATTER OF:** Armco, Inc., Stainless Steel Division; and  
D.K.F. Fabrication, Inc.

**DIGEST:**

Failure to state proper evaluation criterion in an IFB is a compelling reason to cancel and resolicit the requirement where award to the lowest priced offeror could not otherwise be assured.

Armco, Inc., Stainless Steel Division (Armco Steel) and D.K.F. Fabrication, Inc. protest the rejection of their bids under Invitation for Bids DACW66-83-B-0003 (IFB-0003) for revetment mats and the resolicitation of this requirement by the Corps of Engineers under Invitation for Bids DACW66-83-B-0011 (IFB-0011). Each of the protesters contends that it was the low responsive, responsible bidder under IFB-0003, and as such should have been awarded a contract. Armco Steel claims to have been in line for award by virtue of its low bid; DKF, the low bidder on resolicitation, contends that Armco's original bid should have been rejected as unbalanced, placing DKF's second low bid in line for award under IFB-0003. Award should have been predicated on IFB-0003 rather than IFB-0011, DKF says, entitling it to a higher price than it otherwise will be paid. DKF also claims bid preparation costs in connection with IFB-0003. We deny the protests and claim.

It is well settled that an agency may reject all bids after bids have been opened only for compelling reasons. See Massee Builders, Inc., 61 Comp. Gen. 227 (1982), 82-1 CPD 72. The Corps states that it rejected all bids because it found that IFB-0003 was inadequate and ambiguous and failed to comply with the provisions of the Defense Acquisition Regulation (DAR) concerning option quantities.

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IFB-0003 solicited prices for mats under four line items. Line item 0001 called for a price to furnish 210,000 squares of "non-corrosive 20-block fabric" with rounded end loops. Line item 0002 was denoted "Option 1" and called for pricing on 281,400 squares of the same kind of fabric. Line item 0003 ("Option 2") provided for pricing 281,400 squares of non-corrosive 20-block fabric with triangular end loops, while item 0004 ("Option 3") called for 281,400 non-corrosive 16-block fabric with triangular end loops. According to the IFB, bids were to be evaluated on the basis of all options, i.e., on a total of 491,400 squares of 20-block fabric with rounded end loops (items 0001 and 0002), 281,400 squares of 20-block fabric with triangular end loops (item 0003), and 281,400 squares of 16-block fabric with triangular end loops (item 0004).

Elsewhere in IFB-0003, bidders were advised that the Corps did not need or want 1,054,200 squares. The optional items were treated as alternatives in section H-2 of the solicitation, which advised offerors that:

"The Government will procure the quantity of supplies under either Item No. 0002, 0003, or 0004 identified in the schedule as Option 1, Option 2, or Option 3, in the quantity and at the price set forth therein. The Contracting Officer will exercise this option by giving written notice to the Contractor by or before 1 April 1983. \* \* \*" (Emphasis added.)

Read in this light, the IFB anticipated that 491,400 squares would be acquired--the sum of the base quantity (210,000 20-block squares) plus any one option lot (281,400 squares).

The Corps believes the IFB-0003 evaluation criterion, the language in section H-2, and the failure to include in IFB-0003 an option clause conforming to the requirements of DAR § 7-104.27 (1976 ed.) resulted in an ambiguous solicitation. Also, under IFB-0011, the Corps revised the statement of its needs and is now buying 655,200 squares, which include 218,400 20-block squares.

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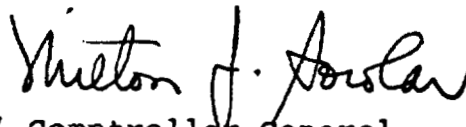
We have recognized that a compelling reason may exist for canceling an IFB where the Government has failed to provide in the solicitation for the proper evaluation of bids, if in the circumstances cancellation is in the best interest of the Government. 49 Comp. Gen. 135 (1969); Universal Communications Systems, Inc.; Fisk Telephone Systems, Inc., B-198533, April 27, 1981, 81-1 CPD 321; Reliable Reproductions, Inc., B-201137, February 17, 1981, 81-1 CPD 100. It is apparent that the evaluation criterion in IFB-0003, which would result in award to the firm offering to sell 1,054,200 squares at the lowest price, was inconsistent with the intent of section H-2, which limited the procurement to 491,400 squares.

It is equally clear that the Corps could not comply with the evaluation criterion in that IFB, that is, evaluate on the basis of items 0001 through 0004, and yet make award for its actual needs at the lowest cost to the Government. Armco's bid was evaluated as low, at \$5,828,256, compared to DKF's second low bid of \$11,162,111, after the option prices were added in accord with the IFB evaluation criterion. Armco, however, bid nominal prices for all option quantities, so that DKF's price for line items 0001 and 0004, corresponding to the quantities of materials advertised under IFB-0011, was less than Armco's price for those items.

Under the circumstances, we conclude that the Corps had a compelling reason to cancel IFB-0003 and resolicit the requirement.

As we have found no merit to DKF's protest, its claim for bid preparation cost is denied. Management Services, Inc., B-206364, August 23, 1982, 82-2 CPD 164.

The protests and the claim for bid preparation costs are denied.

*for*   
Comptroller General  
of the United States