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DECISION

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

FILE: B-215393 **DATE:** October 25, 1984

MATTER OF: Walsky Construction Company

DIGEST:

Regardless of whether low bid was unbalanced, agency's cancellation of IFB after bid opening is reasonable where award is to be made on basis of extended unit prices for estimated quantities and estimated quantities are found to be grossly erroneous.

Walsky Construction Company (Walsky) protests the cancellation of invitation for bids (IFB) No. DACA85-84-B-0026 issued by the United States Army Corps of Engineers, Alaska District, for clearing, grubbing and grading a 54-acre site for family housing units.

The protest is denied.

The IFB consisted of three items. The first two items called for lump-sum prices. The third item was divided into two subitems. The first subitem (3a) called for unit and extended prices for the first 550,000 cubic yards (c.y.) of fill. The second subitem (3b) called for unit and extended prices for the next 200,000 c.y. The IFB provided that award would be made to the bidder whose total price was low for the three items.

Of the 11 bids received, Brice, Inc. (Brice), was the low bidder with a total price of $2,267,745. Walsky was the second low bidder with a total price of $2,274,400. On subitems 3a and 3b Brice bid $3.30 and $0.05 per c.y., respectively. For the same subitems, Walsky bid $2.64 and $2.44 per c.y., respectively.

After bid opening, the Corps determined that the estimates in item 3 were grossly erroneous in that the entire amount of fill would only be 470,000 c.y. Therefore, the contracting officer canceled the IFB and readvertised the procurement with the correct c.y. of fill.

Walsky contends that, instead of canceling the IFB, the contracting officer should have rejected Brice's bid as materially unbalanced and made the award to Walsky as the

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next low bidder. In that connection, Walsky contends that it was not necessary to resolicit since the contract contemplated that the actual quantity of fill would be less than 550,000 c.y. In this regard, Walsky relies on one contract clause that provides for no unit price adjustment if there is a variation from or elimination of the quantity in 3b and another clause that provides for a price adjustment only if the quantity in 3a is reduced by more than 10 percent. However, these clauses do not establish that the government's estimate was less than 550,000 c.y. They are applicable only in the event actual performance under the contract turns out to be different than the government's estimate in the bidding schedule. The fact remains that, for the purpose of the evaluation of bids, the IFB contemplated that the estimates in the bidding schedule were to control.

Regardless of whether the low bid was unbalanced, an agency's cancellation of an IFB after bid opening is reasonable where award is to be made on the basis of extended unit prices for estimated quantities and the estimated quantities are found to be grossly erroneous. Heuer, Inc., B-202017.2, Dec. 11, 1981, 81-2 C.P.D. ¶ 460.

for Milton J. Socolar
Comptroller General
of the United States