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The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Keahey's Moving Company

File: B-224273

Date: November 24, 1986

DIGEST

1. Bid which contains "n/c" (no charge) instead of dollar price for a line item in the solicitation's schedule is responsive, because such notation clearly equates with zero dollars, and thereby shows the bidder's affirmative intent to provide the requirement covered by the line item at no charge to the government.

2. A bid is not materially unbalanced where there is no reasonable doubt that the estimated quantities in the solicitation are inaccurate so as to call into question whether the bid represents the lowest ultimate cost to the government.

DECISION

Keahey's Moving Company (Keahey's) protests acceptance of the bid of Logistics Movers, Ltd. (Logistics) under invitation for bids (IFB) No. 1086-600008-whm, issued by the Department of State for a requirements contract for services and equipment needed to transport building materials, office furniture and equipment, and refuse. Keahey's contends that Logistics' bid is nonresponsive because Logistics entered "n/c" on some of the line items in the IFB's bid schedule, and because the bid improperly was unbalanced. We deny the protest.

The IFB's bid schedule called for bidders to submit hourly standard, overtime, and emergency wage rates on estimated hours of work for the labor categories of supervisor, truck driver, mover/laborer, packer, and fork lift operator. The schedule also called for an hourly rate on an estimated number of hours of use of a 2-1/2 ton, van-type truck. These hourly rates were to be provided for a base year and for each of 4 option years. Award was to be based on the lowest total aggregate price for the base year and the option years.

The State Department received two bids, one from Keahey's and one from Logistics. Logistics' evaluated aggregate bid of \$10,374,275 was lower than the protester's evaluated aggregate bid of \$10,643,650.

Keahey's protests that Logistics bid "n/c"--no charge--for both the basic and option years for the hourly rate on the use of the 2-1/2 ton truck. Keahey's points out that the IFB specifically provided that bidders had to quote on all line items in order to be responsive and that any bid which stipulated "minimum charges or graduated prices" for any or all line items would be rejected. Keahey's also alleges that in preparing its bid, the firm telephoned the contracting officer concerning the submission of a no-charge bid and was informed that all prices submitted had to be realistic and responsive and that excessively low prices or zero amounts would cause the bid to be rejected. Keahey's takes the position that the language of the IFB as confirmed by the oral statements of the contracting officer thus requires the State Department to reject Logistics' bid.

In addition, Keahey's argues that even if a no-charge entry was permitted, such an entry nevertheless renders Logistics' bid both mathematically and materially unbalanced and thus nonresponsive. Keahey's asserts that Logistics' bid is unbalanced mathematically because each element of the bid does not carry its proportionate share of the total cost of the contract work, and that Logistics' bid is materially unbalanced because there is a reasonable doubt that award to Logistics will result in the lowest ultimate cost to the government.

The State Department believes that a no-charge bid should be construed simply as a commitment by the bidder to furnish the required supplies or services at no cost to the government and that such a bid therefore is responsive. The State Department maintains that the IFB contained no express prohibition on the submission of a no-charge bid and, while conceding that a contract specialist cautioned Keahey's about unbalanced bidding, categorically denies that any contracting official orally instructed Keahey's that an item bid of no-charge would cause the offer to be rejected.

The State Department also argues that while Logistics' bid is mathematically unbalanced, there is nothing in the bid that would suggest that award to Logistics would not provide the lowest overall cost to the government. The agency notes that although the IFB does prohibit unbalancing between the bidder's prices for the base year and the option years, Logistics' bid follows an expected pattern of cost increase for a

services contract by allowing for regular, small increases (4 to 5 percent) for each option year after the base year.

The State Department further points out that Logistics' bid for the base year is \$130,000 lower than Keahey's and that it is also lower than Keahey's for all the option years except the fourth and final one, where it is only \$80,000 higher. As a general rule, a bid must be rejected as nonresponsive if the bid, as submitted, does not include a price for every item requested by the IFB. Spectrum Leasing Corp., B-216615, Feb. 19, 1985, 85-1 C.P.D. ¶ 211. In lieu of submitting a price, however, a bidder may indicate its intent to be obligated on a solicitation item by inserting in the appropriate space in the bid schedule a notation that the item will be provided at no cost or charge to the government. All that is necessary is some affirmative indication in the bid--such as inserting a zero, the words "no charge," dashes, etc.--that the bidder is aware of and intends to comply with the requirements represented by the line item. Grumman Aerospace Corp., 64 Comp. Gen. 553 (1985), 85-1 C.P.D. ¶ 596. An "n/c" notation like Logistics inserted in its bid clearly equates with zero dollars and represents Logistics' affirmative intent to obligate itself to meet a particular IFB requirement at no cost to the government. Spectrum Leasing Corp., B-216615, supra.

Further, we do not agree with the protester that the IFB expressly prohibited the submission of a no-charge bid. The requirement that bidders had to quote on all line items meant nothing more than that a bidder could not leave blank a line item space in the bid schedule but had to take some affirmative step to establish that the firm was aware of and willing to commit to meeting those solicitation requirements covered by the line item. See American International Rent-A-Car, B-211326, Apr. 22, 1983, 83-1 C.P.D. ¶ 452. Nor do we believe that the IFB provision that a bid stipulating "minimum charges" would be rejected prohibited the submission of a no-charge bid. As the Navy points out, this provision was intended to caution bidders that because the number of labor hours for each category of the required services were only estimates, a bid could not stipulate that the hourly rates for these labor categories depended on the agency's ordering a minimum number of hours of services.

As to the protester's position that it was orally instructed that a no-charge bid would be deemed unacceptable, we find no support in the record for the allegation in light of the State Department's categorical denial. In any event, we consistently have held that bidders rely on oral advice at

their own risk. Inventive Packing Corp., B-213439, Nov. 8, 1983, 83-2 C.P.D. ¶ 544.

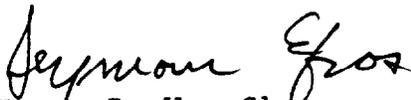
The protester's contention that Logistics' bid is materially unbalanced is based on the argument that Logistics' no-charge bid for truck use is artificially low and that Logistics' other line item bids therefore must be artificially high. Keahey's contends that if the State Department orders substantially less truck time than estimated in the IFB and substantially more time than estimated for services like those of a forklift operator, for which Logistics bid more (\$10.00 - 12.28 per hour) than did Keahey (\$7.00 per hour), the cost of a contract with Logistics could exceed the cost of a contract with Keahey's.

Consideration of the materiality of price unbalancing begins with a determination of the accuracy of the IFB's estimate of the anticipated quantity of work; a bidder intending to benefit from an unbalanced bid will quote high prices on items it believes will be required in larger quantities than those used for bid evaluation, and/or low or minimal prices for items that it thinks will be used in lesser quantities. See Edward B. Friel, Inc., et al., 55 Comp. Gen. 488, 493 (1975), 75-2 C.P.D. ¶ 333. If, however, the solicitation's estimates reasonably represent the agency's actual needs, the firm's bid should be accepted if it is low, since there would be no reason to believe that contracting with the firm will not actually result in the lowest cost. Paragon Van Lines, Inc., B-222018.2, June 25, 1986, 86-1 C.P.D. ¶ 591.

It is significant that Keahey's, the incumbent contractor for the last 5 years for the State Department's moving services requirements, did not question prior to bid opening the accuracy of the IFB's estimated hours for the various labor categories; it is only during the course of pursuing this protest that Keahey's has challenged the estimates. In any event, the State Department insists that the estimates are reasonably accurate representations of the its actual anticipated needs, and notes that they were prepared by the office responsible for the day-to-day administration of contracts for moving services. The protester's position thus is based solely on speculation that Logistics' prices for some items are inflated artificially, and that the IFB's estimates might prove to be wrong, despite the State Department's assertion that they are as accurate as possible. In these circumstances, there is nothing substantive in the protest record which creates a reasonable doubt that acceptance of Logistics' bid would result in the lowest ultimate cost to the government. As far as we can determine, Logistics'

evaluated cost is as accurate an indicator of the ultimate cost to the government as is the protester's evaluated cost. See SMC Information Systems, B-224466, Oct. 31, 1986, 86-2 C.P.D. ¶ ____.

The protest is denied.

for 
Harry R. Van Cleve
General Counsel