



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Sletten Construction Co.  
File: B-227829.2  
Date: November 24, 1987

### DIGEST

Bid which is low for the total of the base item and option item, both of which were awarded at the time of contract award, is not materially unbalanced since there are no circumstances present under which it would not constitute the lowest cost to the government.

### DECISION

Sletten Construction Co., protests the Army Corps of Engineers' award of a contract under invitation for bids (IFB) No. DACA05-87-B-0029 to McCarthy Construction/Mark Diversified, Inc. Sletten contends that McCarthy/Mark unbalanced its bid by overstating its price on the base bid item while understating its price on the two options items.

We deny the protest.

The IFB's base bid item was for the construction of a combat support center at Nellis Air Force Base, Nevada. The first option item was for the construction of housing and the second option item consisted of landscaping and sidewalks. Bids were to be evaluated on the basis of the total price of the base item plus the two options. The options could be exercised at the time of contract award or within 240 days. The IFB provided, pursuant to Federal Acquisition Regulation, 48 C.F.R. § 52.217-5 (1986), that unbalanced bids could be rejected as nonresponsive.

The three lowest bids were as follows:

<u>Bidder</u>	<u>Base Bid</u>	<u>Option Item 1</u>	<u>Subtotal</u>
Mast	\$ 4,497,614	\$ 4,485,812	\$ 8,983,426
McCarthy/Mark	\$ 6,320,551	\$ 3,531,524	\$ 9,852,075
Sletten	\$ 4,851,667	\$ 5,267,300	\$ 10,118,967

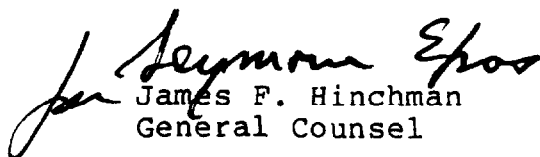
<u>Bidder</u>	<u>Option Item 2</u>	<u>Total Price</u>
Mast	\$ 323,385	\$ 9,306,300
McCarthy/Mark	\$ 317,653	\$ 10,169,728
Sletten	\$ 192,500	\$ 10,311,467

Mast, the low bidder, was permitted to withdraw its bid because of error. McCarthy/Mark was therefore the low bidder under the evaluation scheme set forth in the IFB. On July 29, 1987, the Corps awarded the contract to McCarthy/Mark for the base bid item and option No. 1 in the amount of \$9,852,075.

We have recognized two aspects to unbalanced bidding, both of which must exist before a bid is rejected. First, the bid must be found to be mathematically unbalanced, which involves an assessment as to whether each bid item carries its share of the total cost of the work plus profit, or whether the bid is based on nominal prices for some work and enhanced prices for other work. Second, the bid must be materially unbalanced, that is, there must exist a reasonable doubt that an award to the bidder submitting a mathematically unbalanced bid will result in the lowest ultimate cost to the government. IMPISA International, Inc., B-221903, June 2, 1986, 86-1 C.P.D. ¶ 506. However, we have found material unbalancing only where estimates for the work in question are not valid or where evaluated options are not reasonably expected to be exercised. ABC Siding & Remodeling, B-213390, July 10, 1984, 84-2 C.P.D. ¶ 32.

Here, Sletten contends that McCarthy/Mark's bid should be rejected as unbalanced because McCarthy/Mark was not low for the base item. However, there is no question that based on the award as made (base bid plus the first option) the acceptance of McCarthy/Mark's bid results in the lowest cost to the government, as there is no question of estimated quantities or possible nonexercise of options. Accordingly, McCarthy/Mark's bid could not be considered materially unbalanced. Id.

The protest is denied.

  
 James F. Hinchman  
 General Counsel