



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Grove Roofing, Inc.

File: B-233747

Date: February 23, 1989

DIGEST

Where the low bid contains a price ambiguity, and where the bid is not low under one of two reasonable interpretations of the ambiguity, bid was properly rejected since ambiguously priced low bid may only be accepted if the ambiguity does not affect the evaluation, the bid is low under either interpretation of the ambiguity, and the low bidder agrees to accept the interpretation which is most favorable to the government.

DECISION

Grove Roofing, Inc., protests the rejection of its allegedly ambiguous bid as nonresponsive under invitation for bids (IFB) No. N62472-88-B-4219, issued by the Department of the Navy for the acquisition of minor roof repair services. Grove argues that the Navy improperly evaluated bids.

We deny the protest.

The IFB contemplated the award of a fixed-priced indefinite quantity contract for the performance of a variety of roof repair services. The IFB's instructions to bidders stated that the bidder submitting the low price for "bid items 0001 through 0033 [would be considered] the low bidder." Schedule B of the solicitation contained a total of 34 separate line items, and bidders were required to enter a unit price and extended price (unit price multiplied by the estimated quantity) for 32 of the line items. In addition, line item 33 contained a pre-established cost of \$20,000 for parts and materials and required bidders to enter a stated percentage and complete an algebraic formula to arrive at a

C-4787/138057

total for the line item.^{1/} Line item 34 (management services) was "not separately priced." Below line item 34, schedule B contained the following notation: "Total Price For Bid Items 001 Thru 0032 = ____." Further, in addition to submitting a schedule B, bidders were required to submit a standard form (SF) 1442 (bid cover sheet), in which they were required to enter the total dollar amount of their respective bids.

At bid opening the contracting officer read aloud all bids, using figures contained in SF 1442. Grove was the apparent low bidder at that time. Upon closer examination, however, the contracting officer discovered that Grove had used the "total for bid items 001 thru 0032" figure as its total bid, thereby excluding the amount which it had bid for line item 33. In addition, the contracting officer was unable to determine from the face of Grove's bid whether the firm was bidding a "burden" or "discount" rate for line item 33.^{2/} Accordingly, Grove's bid was rejected as nonresponsive.

The protester argues that the Navy erred in rejecting its bid. According to the protester, the agency's award decision was to be based upon lowest price, and the above quoted notation appearing at the end of the bidding schedule (calling for the total for line items 1 thru 32) dictated that award be made on that basis.

We merely note that the record clearly shows that if award were to be based solely on line items 1-32, as requested by the protester, the protester's bid would not be low. Accordingly, the protester's apparent assumption that it is entitled to the award if the agency is required to base its award decision on line items 1-32 is simply erroneous.

1/ The formula contained in line item 33 was as follows: "\$20,000 + or - (20,000 x ____%) = \$____." This line item permitted the bidders to price their "burden" or "discount" rate for parts and materials. Thus, for example, a firm offering a 15 percent burden rate would enter the number 15 in the first space of the line item and would enter the sum of \$23,000 in the second space ($\$20,000 + (20,000 \times 15\%) = \$23,000$) as its total bid price for line item 33.

2/ For line item 33, Grove bid as follows: " $\$20,000 + \text{or} - (\$20,000 \times 15\%) = \$3,000$."

Next, Grove challenges the Navy's determination that its bid was ambiguous, requiring rejection of the bid. The Navy argues that the protester did not indicate whether a burden or discount rate was being offered and that it could not determine from Grove's calculations whether one or the other was being offered.

We think that Grove's bid was properly rejected. First, it could not be determined from the face of Grove's bid whether it was bidding a "burden" or "discount" rate for line item 33. Given the 15 percent figure inserted in the first space of the formula, its bid for line item 33 would either have to be \$23,000 if a burden rate was being offered or \$17,000 if a discount rate was being offered. Thus, there were two reasonable interpretations of its bid, creating an ambiguity. See Polycast Technology Corp., B-203871, Nov. 2, 1981, 81-2 CPD 373.

A low bid with an ambiguity in its price is not nonresponsive and may generally be accepted if the ambiguity in the bid does not affect the evaluation, the bid is low under either interpretation of the ambiguity, and the low bidder agrees to accept the interpretation which is most favorable to the government. See Polycast Technology Corp., B-203871, *supra*; Schindler Haughton Elevator Corp., B-208461.2, June 16, 1983, 83-1 CPD 660. However, where the bid is low under only one of the two reasonable interpretations, the bid must be rejected. Isometrics, Inc., B-208898, Dec. 30, 1982, 82-2 CPD 588. Here, the record shows that Grove is not low under one of the two reasonable interpretations, that is, the firm is not low if it bid a burden rate on line item 33. Accordingly, the bid was properly rejected.^{3/}

The protest is denied.


James F. Hinchman
General Counsel

3/ We note that Grove alleges in its comments that its bid for line item 33 was \$3,000 and that such a sum was possible given the fact that a discount could be offered. While it is true that, in fact, such a discount could have been offered, this argument does not resolve the ambiguity contained in the line item; in order to yield a sum of \$3,000 (given the formula specified in line item 33) a discount rate of 85 percent would have had to be offered rather than the 15 percent appearing in Grove's bid.