

147843 Arsenoff



Comptroller General
of the United States
Washington, D.C. 20548

Decision

Matter of: Heritage Reporting Corporation
File: B-248860.2
Date: October 23, 1992

Marc F. Efron, Esq., Crowell & Moring, for the protester, Joseph Gallo, Esq., for Ann Riley & Associates, Ltd., and Edward J. Tolchin, Esq., Fettmann & Tolchin, for Capital Hill Reporting, Inc., interested parties. William Kane, Esq., United States International Trade Commission, for the agency. Robert C. Arsenoff, Esq., and John Brosnan, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

A solicitation for a requirements contract was properly canceled, and the requirement resolicited where the solicitation's estimated quantities did not reasonably reflect the government's actual needs and where the use of accurate estimates in evaluating bids created a reasonable doubt as to which bid represented the lowest overall cost to the government.

DECISION

Heritage Reporting Corporation protests the decision of the United States International Trade Commission (ITC) to cancel invitation for bids (IFB) No. ITC-IB-92-0001 for stenographic reporting services. Heritage contends that ITC did not have a compelling reason to cancel the solicitation after bids were opened.

We deny the protest.

The IFB was issued on April 29, 1992, and contemplated the award of a requirements contract; it solicited bid prices for various types of transcripts of ITC proceedings for a base period to extend from the date of award to September 30, 1992, and for two subsequent 1-year option periods. Award was to be made to the bidder offering the lowest overall price for all periods combined. For each type of transcript, the IFB provided an estimated number of transcript pages to be provided by the contractor. The set of estimates for the base period and each of the option periods was identical. Bidders were to include unit prices

per transcript page as well as extended prices for each type of transcript; these extended prices were, in turn, totaled for each performance period. The following five bids were received:

Bidder	Base Period	Option Year 1	Option Year 2	Total
Heritage	\$ 42,541.36	\$133,097.16	\$133,097.16	\$308,735.68
Capital Hill	\$114,663.25	\$114,663.25	\$114,663.25	\$343,989.75
Bidder A	\$125,669.63	\$125,669.63	\$125,669.63	\$377,008.89
Bidder B	\$138,948.28	\$138,948.28	\$138,948.28	\$416,844.84
Bidder C	\$257,593.25	\$257,922.35	\$258,251.60	\$773,767.20

Subsequent to bid opening, Capital Hill filed an agency-level protest alleging, among other things, that it would be improper to evaluate base period prices on the basis of the same yearly estimates of transcript pages used for the 12-month option periods, since the base period was only scheduled to run for approximately 4 months from the anticipated June 5 award date.

In examining Capital Hill's allegations, the agency discovered that its estimates for the base period were exaggerated by 68 percent and concluded that, had the IFB contained appropriate estimates reflecting the agency's actual needs for the base period, Heritage would not have been the low bidder. In this regard, ITC has provided the following analysis of the two lowest bids using the unit prices submitted by each bidder and corrected estimates for the base period:

Bidder	Base Period	Option Year 1	Option Year 2	Total
Heritage	\$ 13,613.24	\$133,097.16	\$133,097.16	\$279,807.56
Capital Hill	\$ 36,692.24	\$114,663.25	\$114,663.25	\$266,018.74

On June 10, the agency decided to cancel the IFB and resolicit its requirements; the principal reasons for cancellation were that the grossly overestimated quantities for the base period did not accurately represent ITC's actual needs for transcripts during that period and that the use of the exaggerated estimates for evaluation purposes did not ensure that the contract would be awarded on the basis of lowest overall cost.

Heritage argues that ITC did not have a compelling reason to cancel the IFB once bid prices had been exposed since the evaluation terms of the IFB were clear and since, in its view, the government was assured of receiving the lowest overall price by accepting the protester's bid as submitted. In this regard, Heritage asserts that it made a business

lower its base period prices because it could
costs "over the relatively high volume of Base
estimated in the IFB," and contends that it should
alized as a result.

is no requirement that estimated quantities in a
n for a requirements contract be absolutely
ey must be based on the most current information
and be reasonably accurate representations of the
s actual anticipated needs. See All Weather
, Inc., B-217242, July 23, 1985, 85-2 CPD ¶ 71.
s presented no evidence to show that the agency's
quantities of transcript pages for the base period
grossly overstated and no evidence to rebut the
analysis that the use of accurate estimates would
ult in another bidder being low; further, the
ports the ITC's position.

IFB significantly overstates the government's
s for certain items, and it is clear from the
the overstatement distorts the apparent savings
y the low bidder so that an award might not
result in the lowest ultimate cost to the govern-
accurate estimated quantities are used to evaluate
us, in our view, it was appropriate for ITC to
IFB and resolicit its requirements using accurate
See Duramed Homecare, 71 Comp. Gen. 193 (1992),
126; Edward B. Friel, Inc., 55 Comp. Gen. 231
-2 CPD ¶ 164.

is denied.


F. Hinchman
al Counsel