

**DECISION**



*15183*  
**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

*PLI*

FILE: B-200534

DATE: October 15, 1980

MATTER OF: East Bay Auto Supply, Inc.

**DIGEST:**

Contractor's Eclaim for contract price adjustment to mitigate its overhead losses after Air Force reduced quantities ordered under the contract is not for review by GAO but is for disposition under contract's Disputes procedures.

East Bay Auto Supply, Inc. (East Bay) has submitted a claim under contracts Nos. F33617-80-D0002 and F33617-77-90141 awarded by the Air Force to provide parts for vehicles for use at the Rickenbacker Air Force Base in Ohio. East Bay contends that originally the Air Force and East Bay agreed that the severe reduction in the vehicle fleet was outside the scope and intent of the original contract and therefore a reduction in the discounts structure to mitigate East Bay's overhead losses was appropriate.

By letter dated June 19, 1979, the Air Force notified East Bay that due to a realignment of military forces at Rickenbacker a reduction in the vehicle fleet was contemplated, and thus the scope of the fiscal year 1980 contract with East Bay was being reduced.

On May 6, 1980, after monitoring the monthly sales since notification of the reduction, East Bay submitted a claim of \$14,336 for the period of July 1, 1979 through September 30, 1980 to mitigate the overhead losses sustained by the severe reduction (46 percent) of vehicles.

The Air Force on July 10, 1980, notified East Bay that no adjustments could be made as the contract provisions did not allow for one. Specifically, the Air

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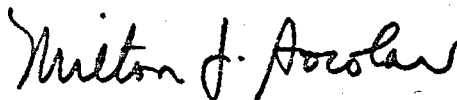
Force noted the last sentence of section L, paragraph 5(a) of the contract, which read:

"Except as may be otherwise provided herein, in the event the Government's requirements for supplies or services set forth in the Schedule do not result in orders in the amounts or quantities described as 'estimates' or 'maximum' in the Schedule, such event shall not constitute the basis for an equitable price adjustment under this contract."

East Bay, by letter dated August 5, 1980, asked the Air Force to give further consideration to its claim, adding that during telephone conversations in 1979, the Air Force had agreed that the reduction in fleet was severe enough to warrant changes in the discounts structure.

On September 24, 1980, East Bay filed its claim in this Office contending that the Air Force had initially agreed with a reduction in the discounts structure as the reduction in the vehicle fleet was extremely severe and was outside the scope and intent of the original contract.

East Bay's claim for a price adjustment as a result of the alleged reduction in scope of its contracts is not a proper subject for review by this Office. The questions raised are normally resolved under the procedures of the contract's Disputes clause mechanism, and therefore should be processed under the disputes procedures provided for in the contracts. Ellerbe Associates, Inc., B-196608, February 8, 1980, 80-1 CPD 116.



Milton J. Socolar  
General Counsel