



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

D-178831

August 13, 1973

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The Honorable Arthur F. Sampson  
Administrator, General Services  
Administration

Dear Mr. Sampson:

Reference is made to the letter dated June 5, 1973, from your General Counsel, submitting for our decision a request by AM General Corporation (AM General) for an upward price adjustment of \$2,116.01 as a result of a mistake in bid alleged after the award of contract GS-008-18071 by the General Services Administration.

The invitation for bids solicited prices on 26 sedans and 14 station wagons on an FAS Vessel, Port of Shipment basis. AM General, Chrysler Corporation, and General Motors Corporation submitted bids. Award was made to AM General for items 1, 2, 3, and 6 on February 7, 1973. On February 12, 1973, AM General advised your office that a mistake had been made in the bid prices for items 1, 2, 3, and 6. The items were awarded at the unit prices of \$1,890 for items 1, 2, and 3 and \$2,100 for item 6. AM General stated that the intended bid prices were \$2,343.90, \$2,201.45, and \$2,355.15 for items 1, 2, and 3, respectively, and \$2,756.80 for item 6. AM General alleges that its prices reflected only the base price of the vehicles and did not include costs of additional equipment and transportation.

The report of June 5, 1973, contains a statement from the contracting officer that he should have been on notice of the possibility of error in the bid of AM General. The contracting officer states that by subtracting the cost of the additional equipment and transportation, the base price of each vehicle would have been from \$1,424.85 to \$1,578.55. This is substantially below the base price obtained on similar vehicles in recent solicitations where the prices were from \$1,890 to \$2,100. Also, while AM General was the only bidder on items 1 and 3, similar vehicles were awarded to Chrysler Corporation on February 1, 1973, one week before the instant award. The prior contract price for a similar vehicle as required by items 1 and 3 was \$2,339.

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The general rule regarding allowance of an upward price adjustment arising from an error in bid alleged after award is that acceptance of the bid results in a valid and binding contract unless the contracting officer had either actual or constructive notice of the probability of error in the bid at or prior to the time of award. 45 Comp. Gen. 700 (1966). From the above comparisons which the contracting officer had available to him, our Office agrees that he should have been on constructive notice of the probability of error and requested verification of AM General's bid. Therefore, the contract may be modified to increase the price in the amount of the intended bids for items 1, 2, and 3. However, as regards item 6, the upward adjustment of AM General's bid to its intended price of \$2,756.80 would displace the second low bid of General Motors in the amount of \$2,531.61. For this reason, the bid of AM General on item 6 may be increased to only \$2,531.61, the amount of the next low bid.

Sincerely yours,

For the  
PAUL G. DEMBLING  
Comptroller General  
of the United States