



Contract Types NES

Case Study: Faulty IDIQ Estimate

GSA solicited bids for a contract to provide travel management services for federal agencies in Maine. The successful offeror was required to provide personnel, equipment, materials, supervision, and other items or services necessary to perform the management and operation of a travel office to service federal government customers. In return, the successful bidder would receive commissions for providing government travelers with reservations with airlines, hotels, and other travel providers.

The cover page of the solicitation provided in bold capital letters, "INDEFINITE-DELIVERY, INDEFINITE-QUANTITY CONTRACT." The solicitation contemplated that one, two, or three separate indefinite-delivery, indefinite-quantity ("IDIQ") contracts could be awarded to provide the same travel management service. The bottom of the cover page of the solicitation expressly provided: "[T]his is an indefinite-delivery, indefinite-quantity contract with guaranteed revenue minimum of \$100. This differs significantly from a requirements contract."

The solicitation indicated that bidders "shall base their offers on fiscal year 1994 figures" for federal agency travel management services usage in Maine. The figures illustrated in the solicitation estimated business of approximately \$1,000,000 per year. The solicitation stated in three places: "The fiscal year 1994 tables are for informational purposes only and do not represent any guarantee of sales . . . and do not reflect any commitments received by GSA from the federal agencies" It further stated: "It is not known how many federal agencies will choose to use this contract, and it is not known how much business this contract will generate for the contractor." The solicitation also stated that: "The resultant contract(s) is a preferred source for the agencies located in the outlined geographic location whenever an agency has a need for commercial travel management services."

Prior to the due date for the submission of bids, GSA learned that certain DoD units - which comprised over half of the expected business in Maine under the relevant solicitation - would no longer be utilizing GSA-contracted government travel management services. GSA failed to notify bidders of this information.

On October 25, 1995, GSA awarded Trips 'R Us a contract for travel management services in the states of Maine. During the contract period Trips 'R Us realized gross sales in excess of \$500,000 under the contract.

Trips 'R Us submitted a breach of contract claim to GSA on the basis that GSA had told offerors to base offers on fiscal year 1994 figures but had failed to provide offerors with information, known to GSA, that indicated that such figures were substantially overstated. After the CO denied its claim, Trips 'R Us appealed to the GSBICA.

(1) Did GSA meet its obligations under the IDIQ Contract?

(2) Is Trips 'R Us entitled to compensation for GSA's faulty estimate?