

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

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FILE: B-213200**DATE:** March 12, 1984**MATTER OF:** Mid-State Ag Service, Inc.**DIGEST:**

Complaint against City of Webster, South Dakota, procurement is dismissed where federal grant funds involved in the project are relatively low both as to percentage of contract price and total dollar amount.

Mid-State Ag Service, Inc. has submitted a complaint concerning the award of a contract to construct a 500,000 gallon portable water storage tank to Engineering America, Inc. under an invitation for bids issued by the City of Webster, South Dakota, a secondary grantee of federal funds. The contract is funded up to 25 percent of approved costs by a block grant not to exceed \$54,000 from the State of South Dakota Department of Water and Natural Resources to the City of Webster, in turn funded by Community Development Block Grant No. B-83-DC-46-0001 awarded to the state by the United States Department of Housing and Urban Development. Mid-State complains that the City of Webster improperly rejected its low bid as nonresponsive and also unreasonably determined the firm nonresponsive to perform the contract. We dismiss the complaint.

In our public notice entitled "Review of Complaints Concerning Contracts under Federal Grants," 40 Fed. Reg. 42406, September 12, 1975, we indicated that this Office would undertake reviews concerning the propriety of contract awards made by grantees in furtherance of grant purposes upon the request of prospective contractors. See International Business Machines Corp., B-194365, July 7, 1980, 80-2 CPD 12. However, due to the size of the federal government's operations and our own limited resources, we must necessarily exercise discretion in determining the matters in which we become involved. See Engineering Service Systems, Inc., B-208553, September 27, 1982, 82-2 CPD 284. Hence, our public notice cautioned that we would not review complaints in which federal funds in the project as a whole are insignificant. See The Harris Corporation, B-194151, April 22, 1980, 80-1 CPD 282.

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Here, HUD's administrative report establishes that 25 percent of the funds to finance construction are of federal origin, with a total amount not to exceed \$54,000. Unlike the situation in The Harris Corporation, supra, where we believed that the total dollar amount involved (\$326,980) was significant and warranted our review (even though that amount was somewhat less than 25 percent of the contract price), we believe in the present case that both the percentage of federal funds involved in the contract price and the \$54,000 maximum dollar amount are relatively low and that our review is not warranted.

The complaint is dismissed.

Harry R. Van Cleve

Harry R. Van Cleve
Acting General Counsel