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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,  
AND READINESS DIVISION

B-204495

SEPTEMBER 1, 1981



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The Honorable Donald J. Mitchell  
House of Representatives

**Subject:** Allegations of Unfair Bidding Requirements  
at Griffiss Air Force Base, Rome, New York  
(PLRD-81-63)

Dear Mr. Mitchell:

In your April 30, 1981, letter, you asked us to examine certain bidding procedures at Griffiss Air Force Base, Rome, New York. Your concern stemmed from allegations raised by a constituent, Mr. John Harvey, that bidding practices at Griffiss prevented small businesses from adequately competing. In this regard, he cited a requirement for a 20-percent cash deposit which amounted to \$12,000 or more.

We found that the procedures followed by Griffiss comply with existing Defense Acquisition Regulations which require a performance bond for any fixed-price construction contract in excess of \$25,000. The same regulations require a bid guarantee of not less than 20 percent of the bid amount. The bid guarantee may take the form of a bid bond, postal money order, certified check, cashiers check, irrevocable letter of credit, or certain bonds or notes of the United States. In Mr. Harvey's case, in lieu of a bid bond, which he says he cannot secure, the guarantee would have to be in one of the other forms mentioned above.

Mr. Harvey told us that he did not attempt to obtain the necessary bonding because he felt he was not eligible due to his present financial position. We asked him if he was aware of the Small Business Administration (SBA) Surety Bond Guarantee Program. Under this program, SBA will assist a businessman in compiling the necessary data required by the surety companies. Mr. Harvey said he was not aware of the program but said he would look into it.

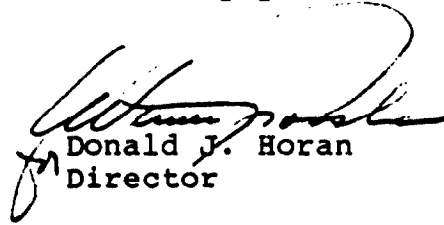
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Concerning the actual procurement to which Mr. Harvey referred, 38 small businesses bid on the contract. None of the bids came through the SBA Surety Bond Guarantee Program. Nevertheless, we believe that the sheer numbers show there is no intent at Griffiss to prevent small businesses from bidding.

Sincerely yours,



Donald J. Horan  
Director