



# Maximizing Opportunities for Small & Disabled Veteran Businesses

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# Will Cover Today

- Recent SB Legislation Information
- SB Advocate Role in Contracting Process
- Current Preference & Participation Programs
- How To Maximize Opportunities for SB and DVBE



# Objectives

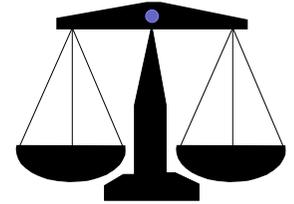
## Learn:

- What Existing Requirements Are
- How to Maximize SB & DVBE Contract Awards.





# SB Legislation

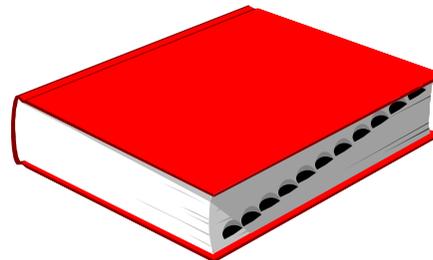


- New Small Business Definition (AB 2505 Olberg, Government Code 14837)
- New SB Bid Process (AB 835 Wright, Government Code 14838.5)
- SB Preference in IT Value Based Awards (AB 835 Wright, Public Contract Code 12102[d])
- The Small Business Advocate & Their Role (AB 2405 Leach, Government Code 14835)



# Small Business Definition (AB 2505 Olberg, GC 14837)

- An independently owned and operated business.
- Not dominant in its field of operation
- The principal office is located in California.
- The officers are domiciled in California.

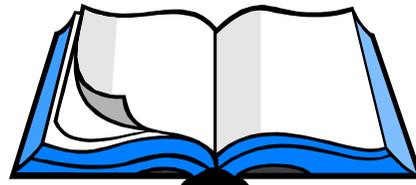




# Small Business Definition (AB 2505 Olberg, GC 14837)

**Service, construction or non-manufacturing business** (together with all affiliates) has:

- 100 or fewer employees; and
- An average annual gross receipts of \$10 million or less over the previous three years.

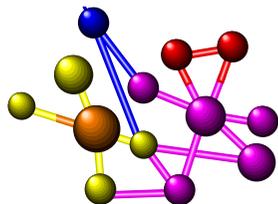




# Small Business Definition (AB 2505 Olberg, GC 14837)

## Manufacturing business:

- Has 100 or fewer employees;
- Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; and
- Classified between Codes 2000 to 3999, inclusive, of the Standard Industrial Classification (SIC) Manual published by the U.S. OMB, 1987 edition.





# New SB Bid Process (AB 835 Wright, GC 14838.5)

## Commodities & Information Technology:

- Agencies may award contracts of \$2,501 to \$49,999 to certified small businesses using informal competitive bid process with a minimum of **two** price quotations from responsible and responsive certified small businesses.





# New SB Bid Process (AB 835 Wright, GC 14838.5)

## Commodities or Information Technology:

- Eliminates advertising in the California State Contracts Register for IT service contracts between \$2,501 and \$49,999 if awarded to a certified small business.





# New SB Bid Process (AB 835 Wright, GC 14838.5)

## Non-IT Services:

- As enrolled, GC 14838.5 conflicts with public contracting requirements.
- DGS Office of Legal Services (OLS) recommends that AB 835 process **NOT** be used for non-IT services or consulting service contracts.
- For clarification, call your OLS attorney.
- DGS is introducing legislation to remove any conflicts.





# SB Preference in IT Value Based Awards

- AB 835 Wright also changed PCC 12102(d), which now requires the SB preference to be applied to cost portions of all IT proposals.





# SB Advocate Role in Contracting Process

- GC 14845 established a Small Business network within State service.
- Advocates required in agencies with contracting programs of \$100,000+ annually
- Small Business Advocates are posted, by department, as a publication on OSBCR web page at [www.dgs.ca.gov/osbcr](http://www.dgs.ca.gov/osbcr).





# SB Advocate Role in Contracting Process

- Act as liaison for small businesses.
- Outreach to small business community to educate and inform.
- Promotes small business participation in state contracts.
- Make information regarding pending solicitations available to, and consider offers from, California small businesses.





# SB Advocate Role in Contracting Process

## Ensure:

- Payments to small business are made promptly.
- Small business participation through innovation.
- Solicitations facilitate small business participation.
- Award criteria is appropriate and does not create a false or unnecessary barrier for small business.





# SB Advocate Role in Contracting Process



- Ensure that offers from small businesses are considered before placing California Multiple Award Schedule awards (see CMAS Bulletin #20).

**Tip: DGS CMAS administrative fee is waived when a small business is used.**



# Preference & Participation Programs

- Preferences
  - Small Business
  - Recycle
  - Target Area Contract Preference Act
  - Enterprise Zone Act
  - Local Agency Military Base Recovery Area
- Disabled Veteran Business Enterprise Participation Program





# SB Preference

- Preference is 5% of lowest net bid if from non-SB.

To be eligible for the SB Preference, bidders must:

- Be certified by DGS OSBCR
- Claim preference in bid



I claim SB Preference





# DVBE Participation Program

- The DGS OSBCR certifies DVBEs.
- Certified DVBEs qualify for the State's 3% DVBE Participation Program.
- PCC 10115 requires all State agencies to award at least 3% of their total annual contract dollars to certified DVBE suppliers.
- Goal may be applied to individual contracts at the discretion of the awarding agency.





# DVBE Participation Requirement

- When the goal is applied to an individual contract, bidders must:
  - Commit to awarding to at least 3% of the total value of the contract to a certified DVBE(s); or
  - If unable to commit to meeting or exceeding the goal, demonstrate “Good Faith Effort” was made to identify, solicit and consider potential DVBE participants.

3%

or

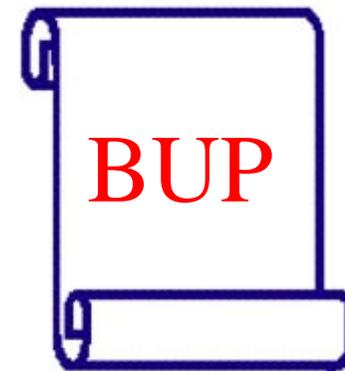
GFE

or . . .



# DVBE Utilization Plan

- Bidder may submit with bid, a “Notice of Approved Business Utilization Plan” (in lieu of above).
- DVBE Utilization Plans are approved by DGS OSBCR.





# Recycle Preference

- Applies to recycled tires and qualified paper products only
- Preference is 5% for recycled tires and 5-10% for qualified paper products
- \$50K max recycle preference if SB is precluded from award because of recycle preference
- Otherwise, \$100K max total of all preferences





# TACPA, EZA, LAMBRA Preferences

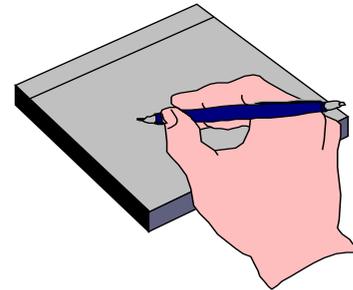
- These preferences applied only if SB award is not precluded from award.
- Preference varies 5-9%
  - Worksite 5%
  - Work Force 1-4%
- Max preference amount for each is \$50K
- Total of all applied preferences cannot exceed \$100K or 15%, whichever is less.





# Maximize SB/DVBE Opportunities

- Selecting Bidders
- Preparing Solicitation Requirements
- Evaluating Solicitation Responses





# Selecting Bidders/Contractors

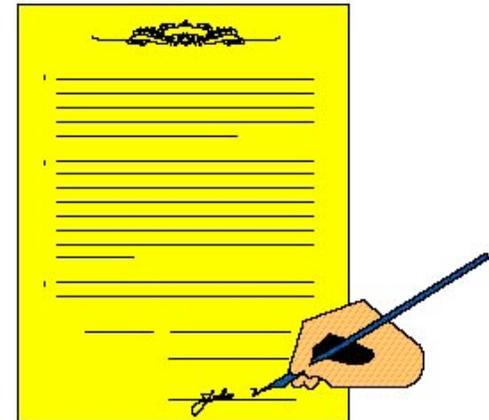
- Contract Award Processes
- Sources for SB/DVBE Bidders & Contractors
- Access to Bidder Lists
- Responsible vs Certified





# Contract Award Processes

- Competitive Bidding Process
- Other Award Processes





# Competitive Bidding Processes

- Informal
- Formal
- Commodities
- Info Technology
- Non-IT Services
- AB 835 Process





# Informal Competitive Bidding

<u>Category</u>	<u>Min # of Bidders</u>
• Commodities: \$100 - \$15K	2-3
• IT: < \$2,500 - \$500K	7
• AB 835 Process: < \$2,500	1-2 SB
• AB 835 Process: \$2,500 - \$49,999	2 SB







# Other Award Processes

- California Multiple Award Schedules
- Master Agreements & Commodity Contracts
- Sole Source
  - State Price Schedules (SPS)
  - Only Source & Emergencies
- Low Dollar Contracts
- Sheltered Workshops





# Sources for SB/DVBE Bidders

- DGS-PD
  - PIN
  - CMAS
  - MACS
  - SPS
- DGS-OSBCR
  - SB & DVBE Database
- Other Potential Sources

*State of California*





## Other Potential Sources

- CalTrans DBE Lists
- SBA Directories
- SB & DVBE Publications
- D & B Database
- Trade, Daily Publications
- Web Search Engines
- Web Communities





# Access to Bidder Lists

- PIN
  - Become PIN user; or
  - Contact Supplier Registration Unit at (916) 323-5443
- OSBCR
  - Visit [www.dgs.ca.gov/osbcr](http://www.dgs.ca.gov/osbcr) ; or
  - Call (916) 322-5060





# Responsible vs Certified

- Is Certification an Adequate Measure of Responsibility?
- What Can You Do to Find Responsible Suppliers?
- Development of Efficient Markets & Responsible Suppliers
- Dealing with Risk





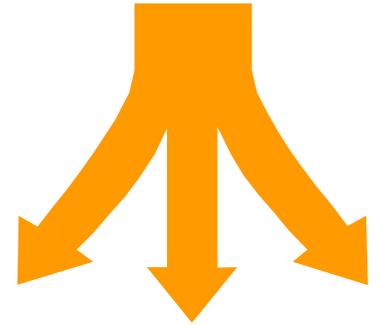
# Preparing Solicitation & Contract Requirements

- Do market research before publishing solicitations to determine SB, DVBE competitiveness.
- Allow for subcontracting opportunities.
- Structure requirements w/ SB & DVBE sensitivity.





# Splitting Projects



## GC 14838(e):

“... make awards, whenever feasible, to small business bidders for each project bid upon within their prequalification rating. This may be accomplished by dividing major projects into subprojects so as to allow a small business contractor to qualify to bid on these subprojects.”



# Subcontracting Opportunities

- What Can Contracting Officials Do to Encourage SB, DVBE Subcontracting?
- Share Expectations w/ All Bidders ASAP





# Show SB/DVBE Sensitivity



- Minimize bonding and LD requirements
- Maximize performance incentives
- Use appropriate responsibility criteria
- Streamline bidding process & reduce paperwork required



# Show SB/DVBE Sensitivity



- Make multiple awards
- Make line item awards
- Include SB Preference, subcontracting info
- Include DVBE Participation requirement
- Talk w/ SB, DVBE bidders & SB Advocates re any obstacles



# Show SB/DVBE Sensitivity



- Share initial bidders list for partnering potential
- Allow CAL-Card use for faster payment
- Include prompt payment discount in evaluation



# Evaluating Solicitation Responses

- Apply preferences in a manner that maximizes SB awards  
See CAM 3.5.2.





# Maximizing SB Dollars

## GC 14838(b):

“... In bids in which the state has reserved the right to make multiple awards, this fifty thousand dollar (\$50,000) maximum preference cost shall be applied, to the extent possible, so as to maximize the dollar participation of small businesses in the contract award.”



# Preference Max Example

<u>Item</u>	<u>BB Bid</u>	<u>SB Bid</u>	<u>Pref.</u>	<u>Net SB</u>
1	\$300K	\$301K	\$15K	\$286K
2	\$400K	\$405K	\$20K	\$385K
3	\$500K	\$530K	\$25K	\$505K
1+2+3	\$1200K	\$1236K	\$50K	\$1186K



# Maximizing Opportunities

- Include SB, DVBE Suppliers
- Structure Requirements With Sensitivity
- Evaluate Preferences in a Manner That Maximizes SB Awards





# Summary



Described Current SB, DVBE Requirements



Talked About SB Advocate Role



Reviewed Current Preference & Participation Programs



Offered Ways to Maximize SB, DVBE Opportunities



# Questions & Answers

