



DVBE Incentives for Suppliers

**Senate Bill 115
(Statutes of 2005, Florez)**

Department of General Services
Procurement Division
Spring 2006



A vertical strip of the American flag is visible on the left side of the slide, showing the stars and stripes.

Senate Bill 115 (Stats. Of 2005, Florez)

- Chapter 451, added Military and Veterans Code §999.5(a) (see www.leginfo.ca.gov)
- Effective: January 1, 2006
- Requires DGS to develop policies for the incentives and implement statewide

A vertical strip of the American flag is visible on the left side of the slide, showing the stars and stripes. The rest of the slide has a solid blue background.

What is the DVBE Incentive?

-
- A DVBE incentive encourages participation of CA certified DVBEs in competitive solicitations

A vertical American flag is positioned on the left side of the slide, showing the stars and stripes. The rest of the slide has a solid blue background.

When is the Incentive Included?

- Solicitations that include the DVBE Program Requirement (i.e., to meet the goal of *at least* 3% participation), *must* include an incentive
- If a solicitation is *not* required to contain a DVBE program requirement (or it is waived), inclusion of the incentive is *optional*

A vertical strip of the American flag is visible on the left side of the slide, showing the stars and stripes. The rest of the slide has a solid blue background.

Applying the Incentive

- DVBE incentives are correlated to DVBE participation percentages
- Incentive amounts may vary between solicitations

A vertical American flag is positioned on the left side of the slide, showing the stars and stripes. The background of the slide is a solid dark blue.

DVBE Program Requirements packet

- The DVBE Program Requirements packet contains instructions to bidders, forms to be included with the bid and the incentive model used by DGS PD and holders of purchasing authority
- (see handout & slides following)

A vertical strip of the American flag is visible on the left side of the slide, showing the stars and stripes.

DVBE Incentives – The Methodology

- Low price uses a price adjustment for evaluation purposes only;
- *BUT* incentive is **not less than 3% or more than 10%** based on confirmed DVBE participation
- Point Score awards points



Scale Example (Low Price Award)

For evaluation purposes, the net bid price is adjusted by the incentive amount:

Confirmed DVBE Participation	Incentive Amount
1% and up to but not including 2%	3%
2% and up to but not including 3%	5%
3%	7%
> 3%	10%

A vertical strip of the American flag is visible on the left side of the slide, showing the stars and stripes.

Low Price Incentive “Caps”

- Incentive “capped” at 10% or \$100,000, whichever is less, of the #1 ranked responsive net bid price
- Cumulative adjustments are capped at the lesser of 15% or \$100,000

DVBE Incentive Example – Low Price Award

Bidder	A	B	C	D
Responsive/ Responsible?	Yes	Yes	Yes	No
Preference eligibility	None	None	None	None
Bid Amount	\$81,000	\$81,500	\$83,000	\$80,000
Initial Rank	1	2	3	N/A
DVBE Participation	0	0	3%	3%
DVBE Incentive Amt.	0	0	\$5,670 (7%)	N/A
Evaluated Bid	\$81,000	\$81,500	\$77,330	N/A
Final Rank	2	3	1	N/A

DVBE Incentive Example – Complex Low Price Award

Bidder	A	B	C	D
Resp'v/Resp'l?	Yes	Yes	Yes	No
Preference?	None	Small Business	Micro-Business	None
Bid Amount	\$81,000	\$81,500	\$83,000	\$80,000
Initial Rank	1	2	3	N/A
SB Preference		- \$ 4,050	- \$ 4,050	N/A
Subtotal		\$77,450	\$78,950	N/A
Ranking after SB preference	3	1	2	N/A
DVBE Particip'n	None	1%	2%	None
DVBE Incentive	0	(3%) \$2,430	(5%) \$4,050	N/A
Evaluated Bid	\$81,000	\$75,020	\$74,900	N/A
Final Rank	3	2	1	N/A

A vertical American flag is positioned on the left side of the slide, showing the stars and stripes. The rest of the slide has a solid blue background.

High Score Method

- An administrative requirement awards **points** based on amount of DVBE participation
- Points are only awarded to those who are responsive to the DVBE Program Requirement and propose DVBE participation



High Score Method (continued)

- Same incentive scale as above
- Available Points **Example:**
 - 200 pts – administrative
 - 400 pts – technical
 - 400 pts – cost
 - DVBE points incentive, as follows:

DVBE Participation	Possible Points
1% and up to but not including 2%	18
2% and up to but not including 3%	30
3%	42
Over 3%	60

A vertical American flag is positioned on the left side of the slide, showing the stars and stripes. The rest of the slide has a solid blue background.

Other Considerations

- Evaluation of DVBE incentive occurs *after* SB preference & before other preferences
- *Can not displace a certified SB* for award
- DVBE participation is a *firm commitment* to use the DVBEs identified in the bid