



**Department of General Services  
Procurement Division**

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**TO: Procurement and Contracting Officers  
Purchasing Authority Contacts  
Small Business and DVBE Advocates**

**RE: New SB/DVBE Off-ramp Policy/ Roster of Current Bundled/ Unbundled Statewide  
Contracts. Your Comments Requested!**

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On December 8, 2010, the DGS Small Business Advisory Council (SBC) held an all day meeting to explore what it would take to raise statewide Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) contracting participation to 50 percent and 6 percent respectively. One of the key initiatives the SBC brought forth was to ask DGS to develop a policy to make certain that most if not all Statewide Contracts issued by DGS provide a SB/DVBE off-ramp. A draft of this proposed policy may be accessed at:

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/DraftSBDVBEOffRampPolicy.pdf>

**To summarize where we are currently, DGS is proposing the following:**

**Offer a SB/DVBE off-ramp on all statewide contracts except those that have been unbundled and are awarded to a certified SB/DVBE.**

**In support of this proposal, the DGS published a list of all current statewide contracts indicating for each whether a contract is bundled or unbundled. This list may be accessed at:**

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/ContractIndexListing.pdf>

This proposal was developed based on input from attendees at the December 8<sup>th</sup> SBC meeting, which included a number of SB/DVBE Advocates as well as subsequent constructive feedback that indicated specific instances where a blanket policy of requiring off ramps on all statewide contracts could harm SB/DVBES. Specifically, if a SB/DVBE was awarded an unbundled contract for a discrete line item or category, the existence of an off-ramp would make it impossible for that business to obtain favorable pricing from wholesalers, secure financing from lenders, and/or maintain favorable pricing to the State. As an example, several

statewide contracts for asphalt are awarded to SBs in specific regions throughout the State. The State has little policy interest in offering an off-ramp on these contracts because doing so would harm the SB contractor while benefiting relatively few other firms.

The State would continue to offer off-ramps, specifically whenever a non SB/DVBE is awarded a statewide contract and for all bundled contracts, even when awarded to a SB/DVBE. An example of this type of contract would be the Maintenance, Repair and Operations or Office Products contracts where the contract is bundled and has disparate items that could be sold by hundreds of other firms). Even when the primary contract is awarded to a SB/DVBE, the State has an interest in providing an off-ramp to support the large number of SB/DVBEs that operate in these categories.

We need your feedback on this proposal. Please review the Draft Policy and the Bundled/ Unbundled Contracts List and then send your comments to Catrina Blair at: [Catrina.Blair@dgs.ca.gov](mailto:Catrina.Blair@dgs.ca.gov) by 5pm Tuesday February 8, 2011. After we have gathered your comments, we will schedule a teleconference which will provide further opportunity to discuss and seek consensus on the proposed policy. Teleconference details will be provided in a future communication.

Please note that the DGS rescinded the bulletin issued on December 24, 2010, to resolve this matter and in order to prevent confusion by bidders. Thank you in advance for your assistance and partnership in crafting this new and important policy.