

Information Digest

INFORMATIVE DIGEST/ POLICY STATEMENT OVERVIEW

The DGS proposes to adopt subchapter 10.6 to create a Disabled Veteran Business Enterprise (DVBE) incentive program for use by all State agencies when awarding contracts. The purpose of the proposed regulations is to establish an incentive to ensure that departments meet their mandated 3 percent DVBE participation goal set forth in Public Contract Code section 10115, subdivision (c). This is accomplished by requiring departments to provide an incentive to bidders proposing DVBE participation, thereby increasing the likelihood of contract award to a contractor using DVBE. The amount of the incentive is 1 percent, but may be increased if needed to meet the DVBE participation goal. A higher incentive is allowed to increase the likelihood of securing DVBE contractors or subcontractors.

Section 1896.99.120 establishes the incentive amount as 1 percent, or if needed to meet DVBE participation goals, a higher percentage not to exceed 5 percent may be applied.

Section 1896.99.100 subdivision (a) through (d) establishes how the incentive will be applied. These requirements are as follows: (1) identification of the incentive amount in the solicitation, (2) application only to responsive bids from responsible bidders proposing the minimum required participation, (3) calculation of the incentive by reducing the bid price by the amount of the incentive times the lowest responsive and responsible bid for low price solicitations, (4) calculation of the incentive by increasing the bidder's score by the incentive amount is included in the sum of non-cost points, and (5) incentive points cannot be used to meet any required minimum points. Additional non-mandatory features include the following: (1) departments that have met or exceeded the DVBE 3 percent goal for 2 out of the previous 3 years may exempt contracts from the DVBE incentive, and (2) solicitations may provide an incentive scale that provides more incentive tied to more DVBE participation. Section 1896.99.100 subdivision (c) prohibits a non-small business from displacing a small business due to the DVBE incentive.

PLAIN ENGLISH OVERVIEW

Plain English Policy Overview

The proposed regulations provide a DVBE incentive process. The DVBE incentive is only applied for bidders proposing DVBE participation as required for departments awarding contracts. The DVBE incentive percentage is 1 percent. Use of a higher percentage(s) is allowed. This percentage(s) shall not exceed 5 percent. The higher percentage(s) is allowed based on need to meet participation goals. For awards based on low price, the bid is evaluated by subtracting a computed amount from the bid price. The computed amount is the incentive times the lowest responsive and responsible bidder's price. This subtraction of price is for evaluation purposes only. For awards based on highest score, the bidder's score is increased by the incentive points. The incentive points are described in each solicitation.