

# General Engineering and Professional Services / Small Business Program Update

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Director of Procurement

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## **Overview:**

**Update on Small Business Enterprise  
(SBE) Program**

**Update on General Engineering and  
Professional Services**

# Small Business Enterprise Program

- **Minority Business Enterprise (MBE) Program Repealed 2005**
- **SBE Program adopted May 2006**
- **SBE Rule effective August 3, 2006**
- **Amendment approved July 2007**



# Program Components

- Bid Equalization Program
- Sheltered Market
- Participation – Requests For Bid (RFB), Requests For Proposal (RFP)
- Certification of Small Businesses



# Bid Equalization Program



- “Bid Equalization Program” means a procurement initiative designed to assist Small Business Enterprises (SBE) when bidding for contracts.

# Scale for Bid Equalization



- **1%** Contracts with an estimated value of \$2,000,000 or more
- **5%** Contracts with an estimated value of between \$500,001 and 1,999,999
- **10%** Contracts with an estimated value of \$500,000 or less

# Bid Equalization Example for 10%

## Bid Equalization Example using 10% as Incentive Bonus

Bid Incentive example	Lowest Non-Certified Firm	Lowest Certified SBE Firm
Bid	\$100,000	\$103,000
Bid Equalization (10%)	-0-	<10,300>
Final Bid Tabulation	100,000	\$92,700

- In this example, with a 10% bid incentive the Certified SBE is awarded as the lowest bid.

# Sheltered Market Program



- Designating Contracts and Purchases for Sheltered Market
  - Identify at least three (3) Small Business Enterprises available to perform work within the industry identified in the solicitation

# Participation

- For Requests For Proposals (RFP), there shall be a maximum of 10 points awarded for 25% of total contracted amount.

10 POINTS FOR SBE PARTICIPATION	
≥ 25%	10 Points
≥ 23%	9 Points
≥ 21%	8 Points
≥ 19%	7 Points
≥ 17%	6 Points
≥ 15%	5 Points
≥ 13%	4 Points
≥ 11%	3 Points
≥ 9%	2 Points
≥ 7%	1 Points

# Participation

- For contracts awarded based on Requests For Bids (RFB), there shall be an SBE goal based on availability not to exceed 25% of total contracted amount.

COMMODITY CODE DESCRIPTION	AVAILABLE VENDORS	AVAILABLE CERTIFIED SBE VENDORS	% AVAILABLE SBE VENDORS
Archeological/Historical Studies	43	7	16.3%
Facilitator Services	90	17	18.9%
	133	24	18.0%

# Criteria for Small Business Enterprise Certification



The SBE must demonstrate that the previous three-year average gross receipts of the business, together with its affiliates, does not exceed:

- \$13 million for Construction,
- \$5 million for Commodities, and
- \$6 million for professional services.

## Milestones

- 1,260 Certified Small Businesses as of March 17, 2008
- Participation by Small Businesses in Information Technology and General Engineering Professional Services Solicitations

# Milestones

- **Information Technology Services Solicitation submitted November 2006**
  - 57 Proposals Received
  - 34 Total Awards
  - 25 SBE Prime Contracts awarded
  - 73% of awarded firms were SBE

## Milestones

- General Engineering Professional Services Solicitation submitted February 2007
- 381 Proposals Received
  - 139 Firms Short Listed
  - 104 Recommended Awards proposed
- 309 Individual Firms (prime and subcontractors)
- 168 of the 309 firms are SBEs (54%)
- 20 SBE Prime Contracts (19%)
- Approximately 81 or 26% are new firms to the District

# Web Site Information –

- Pending Solicitations
- Current Solicitations
- Award Information
- SBE Directory

# General Engineering Professional Services (GEPS) Update

- Inspector General Office conducted an Audit of the Administration of the Previous General Engineering Services (GES) Contracts
- The results were reported February 2007 to the Finance & Audit Committee
- There were Five Recommendations given by the Inspector General (IG)
- Management agreed and provided a response

# **Audit of Administration of General Engineering Services (GEPS) Contracts**

- **There are three recommendations that will be discussed**
  - **Ensure Equitable Distribution of Work**
  - **Monitor and Track SBE Participation**
  - **Supplement Procurement Staff to monitor SBE utilization process**

# Ensure Equitable Distribution of Work

- In a memorandum dated August 7, 2007 and signed by Carol Ann Wehle, the Executive Director emphasized to project managers the Governing Board's goal of spreading work equitably among all firms.

# Ensure Equitable Distribution of Work

- Procurement acts as the gate keeper in the process of Spreading the Work equitably
- The Director reviews the request and approves work order assignment.
- Procurement tracks all work order assignments and work order executions and reports to the District Procurement Subcommittee weekly and the Governing Board monthly.

# Monitor and Track SBE Participation



- Staff utilizes the Supplier Diversity & Outreach (SDO) database to analyze contract compliance for GES contracts
- For the new GEPS contracts subcontractor payments will be tracked in SAP – vendor database

# Monitor and Track SBE Participation

- Contract Compliance is performed by contacting the prime and verifying SBE utilization
- Then the SBE is contacted to verify receipt of payments by the prime



# Supplement Procurement Staff to monitor SBE utilization process

- Christine Howard was hired as Sr. Compliance Analyst in the Procurement's Small Business Enterprise Section on February 25, 2008



# Questions?