

## SMALL BUSINESS PREFERENCE AND COMPETITIVE SOLICITATIONS

(May 2005)

2624

### PREFERENCE AMOUNT

(May 2005)

2624.1

Departments granted competitive purchasing authority shall offer a 5 percent preference to California (CA) certified small businesses when conducting a competitive solicitation. The SB preference applies for competitive solicitations regardless of the solicitation format (RFQ, IFB) or dollar value with few exceptions.

**Exception:** The SB preference is not applicable when the solicitation is being conducted using the "SB/DVBE Option" procurement approach or if the acquisition is less than \$5,000.00 and price has been documented to be fair and reasonable. See [Section 2622.4](#) for additional information.

### APPLYING THE PREFERENCE

(No. 3 February 2006)

2624.2

Step	Action																				
1	Calculate 5% of the low net non-small business bid. Note: "Net non-small business bid" is the value of the offer excluding sales and use tax, finance charges, postage and handling charges. Shipping charges are also excluded from the net cost unless the shipping charge is included in the evaluation such as FOB Origin, Freight Collect or FOB Destination.																				
2	Subtract this amount from the low net certified small business bid.																				
3	Apply the results of Step 2 as follows: <table border="1" style="width: 100%;"> <tr> <td>If the certified small business is</td> <td>Then award is to the</td> </tr> <tr> <td>Lower than the non-small business bid</td> <td>Certified small business.</td> </tr> <tr> <td>Higher than the non-small business bid</td> <td>Non-small business.</td> </tr> </table> <p><b>Note:</b> Applying the small business preference formula is for evaluation purposes only and does not change the actual bids offered by any suppliers.</p>	If the certified small business is	Then award is to the	Lower than the non-small business bid	Certified small business.	Higher than the non-small business bid	Non-small business.														
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Lower than the non-small business bid	Certified small business.																				
Higher than the non-small business bid	Non-small business.																				
4	Document the procurement file in sufficient detail to support the award.																				
5	Documenting the file includes recording the small business preference calculations: <b>Example:</b> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Supplier A</td> <td colspan="2">Supplier B</td> </tr> <tr> <td colspan="2">Non-small business</td> <td colspan="2">Certified small business</td> </tr> <tr> <td>\$12,500.00</td> <td>Low Net Bid</td> <td>\$13,000.00</td> <td>Net Bid</td> </tr> <tr> <td>X</td> <td>.05 Preference factor</td> <td>&lt;625.00&gt;</td> <td></td> </tr> <tr> <td colspan="2"><u>\$ 625.00</u></td> <td colspan="2"><u>\$12,375.00</u></td> </tr> </table> <p><b>Results:</b> \$12,375.00 is less than \$12,500.00; consequently, the award is made to the certified small business (assuming all other conditions of the solicitation were met)</p>	Supplier A		Supplier B		Non-small business		Certified small business		\$12,500.00	Low Net Bid	\$13,000.00	Net Bid	X	.05 Preference factor	<625.00>		<u>\$ 625.00</u>		<u>\$12,375.00</u>	
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Refer to Section [2622.6](#) for CUF requirements.

REV

## **MAXIMUM PREFERENCE ALLOWED**

**2624.3**

(May 2005)

In accordance with [GC](#) section 14838 the maximum small business bid preference allowed may not exceed \$50,000.00 for any bid, and the combined cost of preferences granted may not exceed \$100,000.00 total.

Combined bid preferences (SB, TACPA, LAMBRA, EZA and/or recycled) may not exceed 15% or \$100,000.00 whichever is less.

In the event of a precise tie between a certified SB bid and a certified DVBE small business, the award must be made to the DVBE small business per GC section 14838(f).

[\(see next section\)](#)

[\(see HB Table of Contents\)](#)

[\(see Forms or Forms Samples\)](#)