

## **NON-SMALL BUSINESS SUBCONTRACTOR PREFERENCE AND COMPETITIVE SOLICITATIONS** **2625**

(May 2005)

### **PREFERENCE AMOUNT** **2625.1**

(May 2005)

Departments granted competitive purchasing authority shall offer a 5 percent preference to non-small business(es) (non-SB) that commits 25 percent of its net bid price to CA certified small business (SB) subcontractor participation per [GC](#) section 14838(b)(1)(2). Exception: The non-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.

### **DOCUMENTING THE COMMITMENT** **2625.2**

(May 2005)

A non-SB supplier claiming 25 percent CA certified SB subcontractor participation must include in a bid response the following information in support of the subcontracting claim:

- Subcontractor name(s)
- Subcontractor address(es)
- Subcontractor phone number(s)
- A description of the work to be performed and/or products supplied and,
- The dollar amount or percentage of the net bid price (as specified in the solicitation) per subcontractor.

**Note:** Each listed CA certified SB must perform a “commercially useful function” in performance of the contract as defined in [GC](#) section 14837(d)(4).

### **REQUIRED SOLICITATION LANGUAGE** **2625.3**

(May 2005)

**Purchasers** must include non-SB preference language in all written solicitations, except those solicitations conducted as a “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

When applying the non-SB preference to a solicitation that is not written, the same concepts as required for a written solicitation must be applied and the appropriate documentation must be retained in the procurement file.

[Click](#) here to access the required non-SB solicitation language.

# APPLYING THE PREFERENCE

(No. 2 September 2005)

2625.4

Supplier	Bid Amount	Bid after applying SB preference	Status of Bidder
A	\$19,870.00	\$18,921.25	Claims Non-SB sub contract preference and commits to 25% certified SB participation
B	\$18,975.00	\$18,975.00	Does not claim to be SB and does not claim non-SB subcontractor preference
C	\$19,520.00	\$18,571.25	Claims to be certified SB

R  
E  
V

Step	Action																				
1	<p>Calculate 5% of the net bid price of the lowest responsible and responsive bid. In this example Bidder B is the lowest responsive bid.</p> <p style="margin-left: 40px;"><u>Supplier B</u> \$18,975.00 Net bid price x .05 Preference factor <b>\$ 948.75</b> Preference value to be applied for evaluation purposes to non-SB and SB suppliers.</p>																				
2	<p>Subtract this amount from the bid amount of Supplier A claiming non-SB subcontractor preference and Supplier C claiming certified SB.</p> <p><b>Note:</b> Applying the SB preference formula is for evaluation purposes only and does not change the actual bids offered by any suppliers.</p>																				
3	<p>Apply the results of Step 2 as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Supplier A</th> <th colspan="2" style="text-align: center;">Supplier C</th> </tr> <tr> <th colspan="2" style="text-align: center;">Non-SB claiming subcontractor preference</th> <th colspan="2" style="text-align: center;">Certified SB</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$19,870.00</td> <td style="text-align: right;">Net bid price</td> <td style="text-align: right;">\$19,520.00</td> <td style="text-align: right;">Net bid price</td> </tr> <tr> <td style="text-align: right;"><u>&lt;948.75&gt;</u></td> <td style="text-align: right;">Preference amt.</td> <td style="text-align: right;"><u>&lt;948.75&gt;</u></td> <td style="text-align: right;">Preference amt.</td> </tr> <tr> <td style="text-align: right;">\$18,921.25</td> <td style="text-align: right;">Adjusted amt. after applying preference</td> <td style="text-align: right;">\$18,571.25</td> <td style="text-align: right;">Adjusted amt. after applying preference</td> </tr> </tbody> </table> <p>Results: \$18,571.25 is less than \$18,975.00; consequently, the award is made to the certified SB.</p>	Supplier A		Supplier C		Non-SB claiming subcontractor preference		Certified SB		\$19,870.00	Net bid price	\$19,520.00	Net bid price	<u>&lt;948.75&gt;</u>	Preference amt.	<u>&lt;948.75&gt;</u>	Preference amt.	\$18,921.25	Adjusted amt. after applying preference	\$18,571.25	Adjusted amt. after applying preference
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4	<p>Document the procurement file in sufficient detail to support the award. This includes recording the SB preference calculations.</p> <p><b>Note:</b> If the result of applying the preference to Supplier A and Supplier C was reversed, the award would still be made to the certified SB because a non-SB subcontractor claiming subcontractor preference cannot remove an award from a certified SB.</p>																				

**TIES BETWEEN SUPPLIERS CLAIMING PREFERENCES**      **2625.5**  
(May 2005)

In the event of a precise tie between a certified SB bid and a non-SB subcontracting with CA certified SB, the award will be made to the certified SB.

[Click](#) here to access the small business regulations contained in the CCR, Title 2 section 1896.

**MAXIMUM PREFERENCE ALLOWED**      **2625.6**  
(May 2005)

The maximum preference allowed to a non-SB business claiming SB subcontracting may not exceed \$50,000.00 for any bid. Combined bid preferences (SB, TACPA, LAMBRA, EZA and/or recycled) may not exceed 15% or \$100,000.00 whichever is less.

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

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

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