

City of Austin Small Business Procurement Program Outline

The Small Business Procurement Program (the SBP Program) is established to enhance the City's continued efforts to promote prime contract opportunities for Small Businesses (SBs) in the area.

In order to qualify as a SB, a firm must meet the following requirements:

- Must be independently owned and operated;
- Cannot be dominant in its field of operation;
- Must satisfy the size standards established by the United States Small Business Administration in 13 C.F.R. Part 121.¹

I. Construction and Commodities Bid Preference (the SB Bid Preference)

The SB Bid Preference helps SBs be more competitive in the bid process by applying up to a 5% bid preference to all responsive bids submitted by a SB up to \$50,000 in a single bid solicitation and \$100,000 in a single project. The SB Bid Preference is limited to applications for solicitations for construction contracts and commodities.

Applying the SB Bid Preference - Example using 5% bid preference:

Contractor	Submitted Bid Amount	5% Preference Amount \$25,000.00	Bid after applying SB preference	Status of Bidder
A	\$500,000.00		\$500,000.00	Non-Small Business
B	\$515,000.00		\$515,000.00	Non-Small Business
C	\$520,000.00	\$25,000.00	\$495,000.00	Small Business
D	\$524,000.00	\$25,000.00	\$499,000.00	Small Business

1. The low bid amount is multiplied by 5% to determine the SB Preference amount (i.e., \$500,000 x .05 = \$25,000).
2. The calculated SB Preference amount is subtracted from the bid amount for all responsive SB bid amounts.
3. After applying the SB Preference, bids are re-evaluated based on the revised bid amounts to determine 'low' bid.
4. In the example above, the SB Bid Preference is applied to Contractors C and D. Contractor C is the successful bidder and awarded the contract so long as all bid requirements are successfully met. The actual contract with Contractor C is for \$520,000 and not the \$495,000 used for evaluation.
5. The SB Bid preference is only used for computation purposes to determine the winning bidder. The contract is awarded at the actual bid amount.

¹ This qualification is subject to further revision and refinement.

Limitations on the SB Bid Preference:

1. In no event shall the SB Bid Preference exceed \$50,000 in a single bid solicitation.
2. In no event shall the combined values of all SB Preferences exceed \$100,000 in the same project with multiple solicitations; i.e. Design Engineering, construction, etc.