

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## POLICIES

ARTICLE 5	-	CONTRACTING AND DEBARMENT
PART 5.1	-	EQUAL OPPORTUNITY
SECTION 5.12	-	PREFERENCE TO SMALL, VETERAN OWNED, AND LOCAL BUSINESS

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**PURPOSE:** To establish a policy allowing preference to Small Businesses, Veteran-Owned Small Businesses, and Local Businesses in the award of Contracts by the San Diego County Regional Airport Authority (the “Authority”).

### **POLICY STATEMENT:**

In the procurement of Contracts, the Authority’s President/Chief Executive Officer or his or her designee (the “**President/CEO**”) shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state, and local laws.

**OBJECTIVES:** Establish principles and practices to facilitate a Small Business, Veteran-Owned Small Business, and Local Business preference program that provides full disclosure and transparency of the Authority’s commitment to Small Businesses, Veteran-Owned Small Businesses, and Local Businesses in the award of selected Authority Contracts.

### **i. Definitions**

1. *Bonding and Contract Financing Assistance Program* – The program offered by the Authority intended to aid small and local businesses in obtaining first time bonding or increasing bonding capacity.
2. *Contracts* – Instrument used for the procurement of services and consulting agreements and the purchase of supplies, material, and equipment as outlined in Policy 5.01 and the procurement of contracts for Public Projects as outlined in Policy 5.02.
3. *Contract Owner* – A department within the Authority having responsibility for oversight and management of the Contract which the bid or proposal solicitation applies.
4. *Disadvantaged Business Enterprise (DBE)* – A Small Business that has been certified by the California Unified Certification Program (CUCP) in compliance with 49 CFR Part 23 or 26.

5. *Veteran Owned Small Business (VOSB)* – A Small business that has been certified by U.S. Department of Veterans Affairs.
6. *Inclusionary Approach* – A plan describing a Prime Contractor’s specific approach toward Small, Local and Veteran Owned Small Business outreach and participation. This plan shall also include estimated Small, Local and Veteran Owned Small Business percentage commitments for the project.
7. *Local Business* – A business that meets all of the following criteria:
  - a) Occupies workspace within the County. The business must submit proof of occupancy to the Authority by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business has been located within the county for a minimum of 6 months prior to the release of a solicitation for which a business responds as a Local Business participant. (U.S. Post Office boxes are not verifiable and shall not be considered for the purpose of this definition). The business cannot satisfy this requirement by operating as a virtual office.
  - b) Submits proof to the Authority that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any San Diego County taxes.
  - c) Submits proof to the Authority demonstrating one of the following:
    1. More than fifty percent (50%) of the workforce based in the local office resides in San Diego County; or
    2. The business must demonstrate that it is headquartered in the County. For purposes of the policy, the term “headquartered” shall mean that the business physically conducts and manages all of its operations from a location in the County.
  - d) Submits the Local Business Enterprise Affidavit of Eligibility form and is enrolled in the Authority’s Local Business Enterprise Directory at the time the bid or proposal is due.
8. *Prime Contractor* – A party or entity with whom the Authority enters into a legally binding agreement.
9. *Small Business* – A profit-making corporation, sole proprietorship, or partnership that:

- a. Is enrolled in the Authority's Bonding and Contract Financing Assistance Program, or
  - b. A business concern that is certified as a DBE by the California Unified Certification Program, or
  - c. Possesses valid certification issued by an agency, approved by the Authority, that verifies the firm is within the SBA size standards, or
  - d. Is an airport concessionaire that provides evidence that its business size is within standards established under 49 CFR Part 23, Section 23.33.
10. *Small Business Development* – A department within the Authority, or any subsequent department identified by the President/CEO, that oversees and monitors compliance with this Policy.
11. *Trade Assessment* – An estimated breakdown of specific trades needed to complete a defined scope of work.
12. *Total Allowable Preference Amount* - The maximum allowable preference awarded shall not exceed two hundred thousand dollars (\$200,000) on any single bid or proposal.
13. *Vendor Management System* – The registration system used by the Authority for business concerns to express interest in a particular trade and/or business opportunity.

**ii. Application - Small Business (SB) Preference**

1. When price is the primary selection criteria and a Small Business goal is not established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Small Business shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix and a Small Business goal is not established, the following shall apply:
  - a) The submittal from a verified Small Business shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Small Business goal is established, the following shall apply:

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**OBJECTIVES:** Establish principles and practices to facilitate a Small Business, Veteran-Owned Small Business, and Local Business preference program that provides full disclosure and transparency of the Authority’s commitment to Small Businesses, Veteran-Owned Small Businesses, and Local Businesses in the award of selected Authority Contracts.

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3. *Contract Owner* – A department within the Authority having responsibility for oversight and management of the Contract which the bid or proposal solicitation applies.
4. *Disadvantaged Business Enterprise (DBE)* – A Small Business that has been certified by the California Unified Certification Program (CUCP) in compliance with 49 CFR Part 23 or 26.

5. *Veteran Owned Small Business (VOSB)* – A Small business that has been certified by U.S. Department of Veterans Affairs.
6. *Inclusionary Approach* – A plan describing a Prime Contractor’s specific approach toward Small, Local and Veteran Owned Small Business outreach and participation. This plan shall also include estimated Small, Local and Veteran Owned Small Business percentage commitments for the project.
7. *Local Business* – A business that meets all of the following criteria:
  - a) Occupies workspace within the County. The business must submit proof of occupancy to the Authority by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business has been located within the county for a minimum of 6 months prior to the release of a solicitation for which a business responds as a Local Business participant. (U.S. Post Office boxes are not verifiable and shall not be considered for the purpose of this definition). The business cannot satisfy this requirement by operating as a virtual office.
  - b) Submits proof to the Authority that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any San Diego County taxes.
  - c) Submits proof to the Authority demonstrating one of the following:
    1. More than fifty percent (50%) of the workforce based in the local office resides in San Diego County; or
    2. The business must demonstrate that it is headquartered in the County. For purposes of the policy, the term “headquartered” shall mean that the business physically conducts and manages all of its operations from a location in the County.
  - d) Submits the Local Business Enterprise Affidavit of Eligibility form and is enrolled in the Authority’s Local Business Enterprise Directory at the time the bid or proposal is due.
8. *Prime Contractor* – A party or entity with whom the Authority enters into a legally binding agreement.
9. *Small Business* – A profit-making corporation, sole proprietorship, or partnership that:

- a. Is enrolled in the Authority's Bonding and Contract Financing Assistance Program, or
  - b. A business concern that is certified as a DBE by the California Unified Certification Program, or
  - c. Possesses valid certification issued by an agency, approved by the Authority, that verifies the firm is within the SBA size standards, or
  - d. Is an airport concessionaire that provides evidence that its business size is within standards established under 49 CFR Part 23, Section 23.33.
10. *Small Business Development* – A department within the Authority, or any subsequent department identified by the President/CEO, that oversees and monitors compliance with this Policy.
11. *Trade Assessment* – An estimated breakdown of specific trades needed to complete a defined scope of work.
12. *Total Allowable Preference Amount* - The maximum allowable preference awarded shall not exceed two hundred thousand dollars (\$200,000) on any single bid or proposal.
13. *Vendor Management System* – The registration system used by the Authority for business concerns to express interest in a particular trade and/or business opportunity.

**ii. Application - Small Business (SB) Preference**

1. When price is the primary selection criteria and a Small Business goal is not established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Small Business shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix and a Small Business goal is not established, the following shall apply:
  - a) The submittal from a verified Small Business shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Small Business goal is established, the following shall apply:

- a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) Each bidder that meets or exceeds the established Small Business goal shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
4. When selection is based on a scoring matrix and a Small Business goal is established, the following shall apply:
- a) The submittal from each business that meets or exceeds the established Small Business goal shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**iii. Application – Local Business (LB) Preference**

1. When price is the primary selection criteria and a Local Business goal is not established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Local Business shall have their bid adjusted by subtracting the amount of the Local Business preference from the local business's original bid/proposal. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix, and a Local Business goal is not established, the following shall apply:
- a) The submittal from a verified Local Business shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Local Business goal is established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.

- a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) Each bidder that meets or exceeds the established Small Business goal shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
4. When selection is based on a scoring matrix and a Small Business goal is established, the following shall apply:
- a) The submittal from each business that meets or exceeds the established Small Business goal shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**iii. Application – Local Business (LB) Preference**

1. When price is the primary selection criteria and a Local Business goal is not established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Local Business shall have their bid adjusted by subtracting the amount of the Local Business preference from the local business's original bid/proposal. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix, and a Local Business goal is not established, the following shall apply:
- a) The submittal from a verified Local Business shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Local Business goal is established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.



- b) Each bidder that meets or exceeds the established Local Business goal shall have their bid adjusted by subtracting the amount of the Local Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
- 4. When selection is based on a scoring matrix and a Local Business goal is established, the following shall apply:
  - a) The submittal from each business that meets or exceeds the established Local Business goal shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**iv. Application –Veteran Owned Small Business (VOSB) Preference**

- 1. When price is the primary selection criteria and a Veteran Owned Small Business Goal is not established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a VOSB shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the VOSB preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a VOSB shall have their bid adjusted by subtracting the amount of the VOSB preference from the VOSB's original bid. The adjusted bid is used to determine the award of the contract.
- 2. When selection is based on a Scoring Matrix, and a VOSB goal is not established, the following shall apply:
  - a) The submittal from a verified VOSB shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
- 3. When price is the primary selection criteria and a VOSB Goal is established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a VOSB shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the VOSB Preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) Each bidder that meets or exceeds the established VOSB goal shall have their bid adjusted by subtracting the amount of the VOSB preference from their original bid. The adjusted bid is used to determine the award of the contract.

4. When selection is based on a scoring matrix and a VOSB goal is established, the following shall apply:
  - a) The submittal from each business that meets or exceeds the established VOSB goal shall be granted to two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**v. Additional Requirements**

1. The maximum allowable combined preference or points awarded shall not exceed seven percent (7%) on any single bid or proposal.
2. The maximum amount of the adjustment cannot exceed \$200,000.
3. The final contract award shall be the amount set forth in the original bid or proposal.
4. For qualification based criteria, the use of the preference points shall be applied to determine which proposers shall be interviewed for final consideration.
5. The Prime Contractor must provide a distinct and clearly defined portion of work for all subcontractors whose participation is submitted in response to the corresponding goal. Any substitution or termination in performance of said work without the Authority's prior written consent may be grounds for contract termination, at which time the Authority may negotiate a new contract to the next highest ranked proposer without need to re- compete, provided there is no less than 50% of the contract term remaining.

**vi. Methodology Used to Establish Small Business, Local Business, and/or Veteran Owned Small Business Goals.**

1. Small Business Goal – A Small Business goal shall be established by the following methodology:
  - a) The Trade Assessment categories needed to fulfill the scope of work shall be developed based on the Contract Owner's estimate.
  - b) A Trade Assessment Scope Percentage (Scope%) shall be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the Contract.
  - c) A Trade Assessment Availability Percentage (Availability%) shall be calculated by taking the total number of registered businesses within the Authority's vendor management system that (1) meet the Small Business criteria as defined by this Policy and (2) are capable of performing the specific Trade Assessment category. This number is divided by the total number of businesses in the same specific Trade Assessment categories from the same source.

- d) A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Each Trade Assessment category is added up, resulting in the applicable goal.
  - e) The total Small Business Goal cannot exceed fifty percent (50%) for each Contract.
  - f) The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.
2. Local Business Goal – A Local Business goal shall be established by the following methodology:
- a) Identify the Trade Assessment categories needed to fulfill the scope of work.
  - b) A Trade Assessment Scope Percentage (Scope%) shall be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the contract.
  - c) A Trade Assessment Availability Percentage (Availability%) shall be calculated by taking the total number of registered businesses within the Authority's vendor management system that (1) meet the Local Business criteria as defined by this Policy, and (2) are capable of performing the specific Trade Assessment category. This number is divided by the total number of businesses in the same Trade Assessment categories from the Authority's vendor management system.
  - d) A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Then each Trade Assessment category is added up resulting in the applicable goal.
  - e) The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.
3. Veteran Owned Small Business (VOSB) Goal – A VOSB goal shall be established at three percent (3%) for all projects with apparent subcontracting opportunities.

**vii. Exemptions**

1. Federally funded projects require conformance with 49 CFR Parts 18 and 26 and the contractual requirements included in grant agreements between the Authority and the FAA.
2. Concession Contracts require conformance with 49 CFR Part 23.
3. This Policy shall not apply if it conflicts with applicable federal, state or local laws or regulations.
4. An Inclusionary Approach may be applied to contracts where subcontracting opportunities exist, but have not been clearly defined. An Inclusionary Approach requires the Prime Contractor to provide an outreach plan, establish a goal, and report efforts and achievements to the Small Business Development Department.

[Amended by Resolution No. 2018-0134 dated December 6, 2018.]

[Amended by Resolution No. 2014-0132 dated December 4, 2014.]

[Amended by Resolution No. 2012-0043 dated April 12, 2012.]

[Amended by Resolution No. 2011-0011 dated January 6, 2011.]

[Amended by Resolution No. 2009-0141 R dated November 5, 2009.]

[Adopted by Resolution No. 2009-0057 dated April 2, 2009.]