

## The Michigan Department of Transportation's (MDOT's) Small Business Program

MDOT's Small Business Program (SBP) is a race- and gender-neutral program designed to provide contracting opportunities for small businesses on projects assisted by the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA) and Federal Transit Administration (FTA).

This program will be implemented by MDOT upon receipt of United States Department of Transportation (US DOT) approval and fully operational within six months of approval.

Firms bidding on work under this program must meet the same conditions and standards required of all contractors, consultants, suppliers and subcontractors performing work for the department and sub-recipient grantees who report to their respective US DOT operating authority through MDOT.

### **Eligibility Criteria**

In order to bid as a small business on SBP projects, vendors must:

- A. Submit documentation needed to determine whether they meet US Small Business Administration (SBA) and Disadvantaged Business Enterprise (DBE) small business size standard requirements. Certified DBE firms submit this documentation as a condition of certification.
  - a. Documentation must be submitted annually or at least one month prior to submitting a bid on a SBP project.
  - b. Documentation will be reviewed by the MDOT Office of Business Development (OBD) to ensure only small businesses participate in this program.
  - c. No vendor, including affiliate firms, with three year average gross receipts which exceed \$30.40 million will qualify for the SBP.
- B. Submit documentation needed to determine whether the owners exceed the personal net worth requirement of the DBE program. The current personal net worth maximum per owner is \$1.32 million per year; this figure excludes assets owned by the business applying for the SBP and the value of the primary residence of each owner.
- C. Be approved to work in the classification required to bid on a respective project when required by MDOT or state policy.
  - a. Prequalification requirements for construction contractors are located at <http://www.michigan.gov/mdot/0,4616,7-151-9625-58255--,00.html>.

- b. Prequalification requirements for consultant contractors are located at [http://www.michigan.gov/mdot/0,1607,7-151-9625\\_21540-34068--.00.html](http://www.michigan.gov/mdot/0,1607,7-151-9625_21540-34068--.00.html).

D. Non-Prequalified Consultant Services – The vendor must ensure that current financial information, in accordance with the Financial Requirements for Non-Prequalified Consultants/Vendor is on file and approved with MDOT’s Office of Commission Audits. This information must be on file and approved for the prime vendor and all sub vendors prior to a contact award.

E. Highway construction contractors must have sufficient capacity available to be eligible to bid, as determined by MDOT, in accordance with existing requirements.

F. Consultants and suppliers must comply with state and federal requirements.

#### **Project Selection for MDOT-let Projects**

MDOT-let projects will be designated as SBP prime set-aside projects when they meet selection criteria specified below. The MDOT Contract Selection Team (CST) with input from the responsible MDOT Region, using the following criteria, shall select SBP projects:

- a) Projects considered for the SBP must be funded in whole or in part by the FAA, FHWA or the FTA.
- b) There must be at least three small businesses qualifying to bid as a prime on each respective project.
- c) Projects must have small business subcontracting opportunities.

Large projects will be reviewed to determine the feasibility of unbundling project elements to facilitate competition by small business concerns. A notice detailing SBP participation requirements and expectations will be provided to potential bidders as part of the project advertisement and incorporated in contract documents.

#### **Project Selection Criteria for non-MDOT let Sub-Recipient Grantee Projects**

All bids for these projects will be received by the local agency. MDOT will partner with sub-recipient grantees to identify alternative acquisition strategies and to structure procurements to facilitate the ability of small businesses to compete for and perform prime contracts. Compliance with the provisions of this SBP will be required for all sub-recipients receiving federal funds through MDOT.

The MDOT Office of Aeronautics (AERO) with input from the respective grantee, using the following criteria, shall select FAA-assisted projects, which are not let by MDOT:

- Projects must have small business subcontracting opportunities; designated projects will be assigned a five percent small business participation goal.

- The number of businesses qualifying to bid as a small business at the time of advertisement
- The feasibility of unbundling large contracts into smaller contracts to facilitate competition by small business concerns.
- AERO will encourage prime vendors to facilitate participation by small businesses. Accomplishments and goal attainment will be tracked yearly by sub-recipients and AERO. These projects are locally-let and bids are accepted at the local level, not through the MDOT bidding process.
- FTA-assisted projects that meet the following criteria must have a five percent small business participation goal unless a waiver is granted by the MDOT Office of Passenger Transportation (OPT).
- All sub-recipient consultant projects over \$500,000 and construction (including rehabilitation) projects over \$500,000.

OPT will add the following requirements to their procurement guidelines for all projects that meet the above criteria:

- If the sub-recipient is using the Invitation for Bid (IFB) method of procurement, the IFB must include the following:
  - Submissions that meet the five percent small business participation goal will be given a five percent price preference when determining the lowest qualified bidder. In determining the lowest bid amount of the qualified bids, the bid amount of those bids that meet the small business goal will be reduced by 5 percent. The contract will be awarded based on the approved bid amount of the selected bid.<sup>1</sup>

If the sub-recipient is using the Request for Proposal (RFP) method of procurement, the RFP must include the following:

- Five percent of the total possible points will be assigned to meeting the five percent small business participation goal. The bidder must meet the five percent goal to the associated points. The contract will be awarded to the bidder with the greatest number of points based on all scored items.
- OPT will use its existing methods for sub-recipient procurement oversight to ensure these requirements are included in bid documents and followed in the vendor selection. These projects are locally-let and bids are accepted at the local level, not through the MDOT bidding process.

A sub-recipient may request a waiver for these requirements if they determine that meeting the requirements will be a significant hindrance to contracting. In approving a waiver, OPT in consultation with the OBD will use the following criteria:

- Project does not contain work in which small businesses can competitively bid in their respective area of the state.
- There are a limited number of businesses available in NAICS codes needed to perform the contract in the respective area of the State where the project will be undertaken.

<sup>1</sup>For IFB procurements, this method of showing preference, i.e. discounting the bid price of those that meet the preference is already being used in the State of Michigan for veteran's preference under section 261 of The Management and Budget Act, PA 431 of 1984, as amended.

### **Direct Report Agencies**

Direct report agencies currently develop and submit DBE-related plans, reports, and other items directly to their respective US DOT operating authority. These Michigan agencies are not a part of this plan but have submitted their own RN small business programs directly to the USDOT. The following list of agencies currently report directly to a USDOT operating authority and are therefore not bound to this agreement:

Detroit Department of Transportation	Kalamazoo Metro Transit System	Hancock-Houghton County Memorial Airport
Detroit Transportation Corporation	Livingston Essential Transportation	Kalamazoo-Kalamazoo-Battle Creek International Airport
SEMCOG	Macatawa Area Express (MAX)	Lansing-Capital Region International Airport
SMART	Muskegon Area Transit System	Marquette-Sawyer International Airport
Ann Arbor Transportation Authority	Niles Dial-A-Ride	Muskegon County Airport
Battle Creek Transit	Twin Cities Area Transportation Authority	Pellston Regional Airport
Bay Metro Transportation Authority	Charlevoix Municipal Airport	Saginaw-MBS International Airport
Blue Water Transportation Commission	Detroit Metropolitan Wayne County Airport	Sault Ste. Marie-Chippewa County International Airport
Capital Area Transportation Authority	Flint-Bishop International Airport	Traverse City-Cherry Capital Airport
Flint Mass Transportation Authority	Grand Rapids-Gerald R. Ford International Airport	Harbor Transit
Jackson Transportation Authority		Interurban Transit Partnership (RAPID)

### **Implementation Schedule:**

1. Within 30 days of receiving US DOT approval MDOT will begin identifying potential projects.
2. Within 60 days of receiving US DOT approval, notice of the new program will be sent to all firms who have registered to bid on MDOT projects. This notice will include a list of required information that must be provided to determine eligibility to bid as a small business.
3. Within 60 days of receiving US DOT approval MDOT will prepare and post on our website a directory of eligible businesses.
4. With 120 days of receiving US DOT approval MDOT will implement the approved program.

A notice detailing SBP participation requirements and expectations will be provided to potential bidders as part of the project advertisement.

### **Actions Taken to Foster Small Business Involvement and Recruitment**

MDOT routinely holds conferences and participates with government and public partners to advertise its opportunities and recruit and train vendors and we will mention the SBP at these events. Additionally, in advance of advertisement of SBP projects, MDOT will:

- Post notices to advise potential bidders about upcoming SBP projects
- Hold public participation meetings as appropriate
- Provide personal notification to eligible small businesses using E-mail, fax, or telephone contact to identified small businesses
- Advertisements and recruitment information will be posted on MDOT Websites.

### **MDOT Assurances**

1. To qualify for this program, a firm, including its affiliates, must be a small business as defined by the U.S. Small Business Administration (SBA) in 13 CFR Part 121.
  - a. Even if a firm meets the SBA size requirements above, it is only eligible to participate in the Small Business Program if the firm (including its affiliates) has previous three year average annual gross receipts that are below \$22.14 million.
2. No geographic preferences or limitations shall be imposed on any federally assisted procurement included in the program.
3. The Small Business Program is acceptable under state law.
4. There are no limits on the number of contracts awarded to firms participating in the program, as long as financial capacity is not exceeded.

5. The small business program does not replace the MDOT DBE Program or otherwise operate as a replacement for the DBE program. The Small Business Program is race- and gender-neutral. DBE dollars earned under this program will count toward the race-neutral portion of MDOTs overall DBE goal.
6. This program does not create barriers to new, emerging and untried businesses.