

## EXHIBIT A



### Equalization Credits – Section 7.6

- **Significant changes throughout**
- **Goals:**
  1. Creating more competition during bid process; building vendor diversity
  2. Teaching smaller businesses the administrative process to become BID READY
  3. Breaking up contracts so smaller businesses can be the prime
- **NEW** = Added Detroit Headquartered Business, Small Business and Micro Business as certified businesses to receive equalization credits.
- **NEW** = Detroit resident business is a business where 51% of employees are Detroit residents **OR** a business that makes a binding commitment 51% of employees performing work under a contract will be City residents.



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### Equalization Credits – Section 7.6 (Continued)

	Bids/Proposals >\$25,000 <\$1 million	Bids/Proposals Equal to or Greater than \$1 million
Detroit Headquartered Business (DHB)	2%	1%
Detroit Based Business (DBB)	1%	.05%
Detroit Based Small Business (DBSB)	2%	1%
Detroit Based Micro Business (DBMB)	2%	1%
Detroit Resident Business (DRB)*	3%	2%
Joint Venture**	9%	6%
Mentor Venture**	8%	5%

**\*DRB**

Incentivizes non-Detroit companies to hire Detroiters and to increase competition.

**\*\*Joint and Mentor Ventures**

Incentivizes larger DHB/DBBs and non-Detroit businesses to *partner/mentor* with Detroit Certified Businesses vs. using them as subcontractors.



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## EXHIBIT A (Continued)

### Equalization Credits – Section 7.6 (Continued)

#### "Stacking" Credits:

- Vendors can either get Detroit Headquartered OR Detroit Based (not both).
- Vendors can either get Detroit-based Small OR Detroit-based Micro (not both).
- Detroit Resident percentage can be stacked with others.
- Joint Ventures and Mentor Ventures cannot be stacked with any other certifications.

#### Scenarios:

- If a DHB + DBSB + DRB = Maximum of 7% credits for <\$1M; 4% credits for >\$1M
- If a DBB + DBMB + DRB = Maximum of 6% credits for <\$1M; 3.5% credits for > \$1M
- Joint Ventures and Mentor Ventures will receive more credits than above scenarios



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### Equalization Credits – Section 7.6 (Continued)

- Applying Equalization Credits
  - Applied during the evaluation/scoring process to determine lowest price or highest ranked bidder
  - Does not affect actual bid or price total
- Bid Types
  - Request For Bids. Credits **reduce** price during bid evaluation process
    - Example: DRB bids \$1 per widget, for scoring process the bid is .97cents per widget (3% lower)
  - Requests For Proposals. Scores based on qualifications, expertise **and price**. Credits **added to** total points scored.
    - Example: DRB's score based on all criteria is 10. With credits, the score is 13 (3% higher)
  - Request for Qualifications. Scores based on qualifications first—**not price**. Credits **added to** total points scored.
    - Example: DRB's score based on qualifications is 10. With credits, the score is 13 (3% higher).  
THEN
      - Procurement Administrator may negotiate pricing
      - If cannot agree on pricing, may reissue solicitation or award bid to next responsible bidder/proposer.



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