



DWSD Procurement Policy Revisions

Workshop Reviews

Session 1	Ethics, Protests
Session 2	Exceptions to Competitive Solicitation; Contract Approvals and Amendments; and Contractor Suspension, Disqualification or Debarment
Session 3	Equalization Credits and Vendor Development Miscellaneous





Water & Sewerage
Department

Session 3

Equalization Credits and Vendor Development

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.**

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.

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

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.

Certified Detroit Businesses Development - Section 7.7

NEW

Where the Procurement Administrator, in collaboration with the head of the requesting Business Unit, has determined that three or more Certified Detroit Businesses are available and willing to provide the required construction, goods or services, those contracts may be identified for solicitation and awarded only to Certified Detroit Businesses.

Miscellaneous

NEW = Bidders not doing 100% of work must identify subs in their proposal (Sec. 7.3.6)

- Name of sub, tasks to be performed and percentage of task
- Sub can be named on more than one business' bid

“Task based bidding”

Procurement Administrator, in consultation with Business Unit may issue a solicitation identifying specific tasks for the scope of work and allow bidders/proposers to submit a response regarding one or more tasks. (Sec. 7.3.7)

Example: Solicitation is for main replacement, community outreach and restoration

Business A awarded bid for main replacement

Business B awarded bid for outreach

Business C awarded bid for restoration

OR

Business D awarded all the work