

Wayne County Airport Authority Small Business Enterprise (SBE) Program

SBE Equalization Credit

Certified SBE firms that submit bids, proposals, responses or quotes in response to Airport Authority solicitations for goods and services will be eligible to receive an equalization credit.

The application of the equalization credit is dependent upon the type of solicitation. When price is the only factor in determining the award of a contract, the amount bid or proposed by a SBE firm will be reduced by a percentage (as specified below) of the lowest bid submitted by a non-SBE firm. When contracts are awarded based on multiple evaluation criteria (e.g., years of experience, price, etc.), the SBE firm will receive additional points equal to a percentage (as specified below) of the total available points.

The percentage of the equalization credit depends on the value of the contract being solicited. For contracts valued at or below \$100,000, a 3% equalization credit is available. For contracts valued above \$100,000, a 2% equalization credit is available. A non-certified SBE firm may receive a 1% equalization credit on any size contract if they submit a bid, proposal, response or quote that includes subcontracting opportunities for certified SBE firms valued at 30% or more of the overall contract value. A certified SBE contractor will be treated as a non-certified SBE contractor when more than 50% of the work bid, proposed or quoted is to be completed by a non-certified SBE subcontractor.

The following example shows how the equalization credit will be used to determine the successful bidder on a contract valued under \$100,000, when price is the only factor in determining the award of the contract:

Bidder A --- \$60,920 --- (claims small business and is certified as an Airport Authority SBE)
Bidder B --- \$60,650 --- (claims small business but is not certified as an Airport Authority SBE)
Bidder C --- \$60,350 --- (does not claim small business)

In this example, the equalization credit is computed as follows:
 $\$60,350 \times 3\% = \$1,810.50$

The certified Airport Authority SBE bid is reduced by the amount of the equalization credit as follows:
Bidder A --- $\$60,920.00 - \$1,810.50 = \$59,109.50$

Bidder A would be awarded the contract. While the equalization credit is calculated to determine the lowest bidder, the application of the credit does not affect the actual price of the bid. Bidder A will be awarded the contract for \$60,920—the bid amount.



The following example illustrates how the equalization credit will be used to determine the successful proposer on a contract valued under \$100,000, when contracts are awarded based on multiple evaluation criteria (e.g., years of experience, price, etc.). In the example, there are three (3) evaluation committee members who can each assign up to 100 points, for a maximum score of 300 points.

- The contract is valued at \$90,000.
- Happy Days, Inc. is a Certified SBE Firm and receives a 3% point credit (based on the maximum points available).
- Sunshine Co. is not a Certified SBE, but has subcontracted 40% of the work to a SBE Firm and receives a 1% point credit.
- Blue Skies Today is a Certified SBE Firm and receives a 3% point credit.
- Red Letter Days is not a Certified SBE Firm and receives no credit and therefore, no additional points.

The credit percentage is then multiplied by the maximum points available (300).

The equalization credit for Happy Days, Inc., is computed as follows:

$300 \text{ points} \times 3\% = 9 \text{ points}$. $9 \text{ points} + 243 \text{ points} = 252 \text{ points}$.

Happy Days, Inc., now has the greatest number of points (252 points) and would be awarded the contract.

EVALUATION FORM
 REQUEST FOR PROPOSALS
 S10-
 Title

	Evaluation Criteria	Max Pts*	Happy Days, Inc.	Sunshine Co.	Blue Skies Today	Red Letter Days, Inc.
A.	Experience & Qualifications					
	Committee Member A	40	25	30	35	36
	Committee Member B		28	31	33	38
	Committee Member C		29	28	32	35
B.	Work Plan and Timeline					
	Committee Member A	40	38	27	30	35
	Committee Member B		37	29	25	36
	Committee Member C		35	30	29	35
C.	Fee					
	Committee Member A	20	18	19	15	12
	Committee Member B		16	17	16	10
	Committee Member C		17	17	17	12
	SUBTOTAL	100	243	228	235	249
	% of SBE Equalization Credit ¹ :		3%	1%	3%	0%
	SBE Equalization Credit Points Applied ² :		9	3	9	0
	GRAND TOTAL		252	231	244	249

SBE Equalization Credit:
¹Certified SBE firms are eligible for an equalization credit on non-federally funded contracts as follows:
 3% - Contracts valued at or below \$100,000
 2% - Contracts valued above \$100,000
 1% - Non-SBE subcontracting to SBE (at least 30% of work)
 1% - SBE subcontracting >50% - 70% of work to non-SBE
 0% - SBE subcontracting 71% or more of work to non-SBE
²Points Applied = % (see above) of available points. This amount will be added to the SBE's Subtotal.