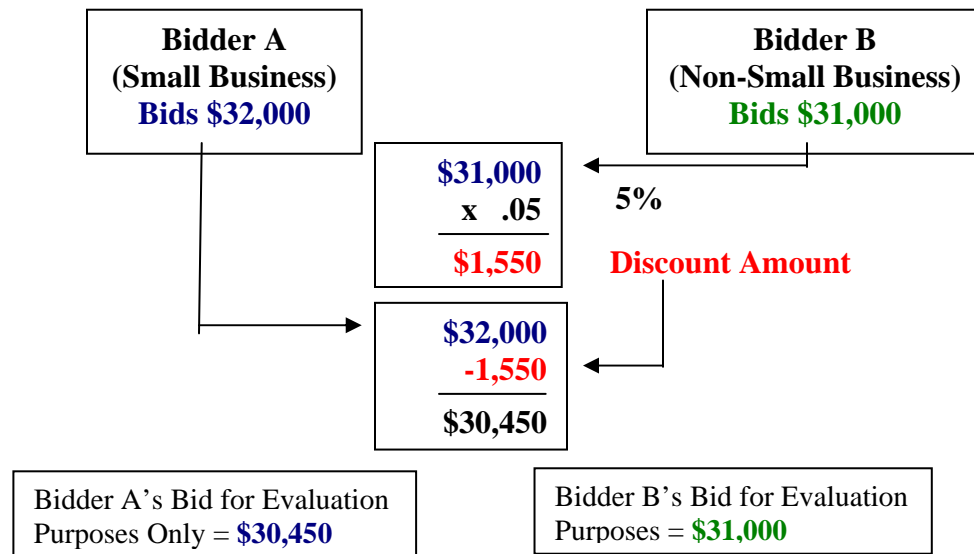


Small Business Enterprise (SBE)¹

Bid Discount Process

The discount amount is computed by taking 5% of the apparent lowest, responsive, and responsible bid. This discount amount is subtracted from the small business bid amount. If the computed total makes the small business the lowest bidder, the contract is awarded to the small business for the amount of their initial bid. In the following example, Bidder A is a small business and Bidder B is not.



For bid evaluation purposes the 5% bid discount is applied resulting in Bidder A's bid being \$30,450 compared to Bidder B bid of \$31,000. Therefore, Bidder A is deemed to be the lowest, responsive, and responsible bidder and awarded the contract for the original bid amount of \$32,000 which will be paid by the District, assuming all other conditions of the solicitation were met.

The bid discount increases the competitiveness of SBEs, which results in more SBE awards. These awards will assist the District in expanding its vendor pool on larger contracts. This expansion should increase competition and may reduce project costs. However, if the District makes the initial investment of paying slightly more for awards to SBEs on contracts, the result will be to "grow" more SBEs and microbusinesses into competitive vendors and firms providing more value for District dollars.

¹ "Small Business", as defined by the State, is an independently owned and operated business which is not dominant in its field of operation and which, together with affiliates, has 100 or fewer employees and average annual gross receipts of fourteen million dollars (\$14,000,000) or less over the previous three years or is a manufacturer with 100 or fewer employees.