



Citizens' Guide to the Small Business Reserve Program

navigating metro government's small business marketplace.

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Background

In June 2017, Metro Government contracted with an independent third-party to conduct the triennial disparity study. As part of that effort, a threshold analysis determined the average Metro Government contract was small enough for businesses to perform as prime contractors.

Among ten policy recommendations from the disparity study is the establishment of a small business reserve program. This race and gender neutral approach establishes a dollar amount under which certain contracts are eligible to be bid on only by small businesses. This is a long standing best practice to increase small business participation, ensuring that small firms are not competing directly with very large companies.

It is worth noting that most minority and woman-owned firms are also small businesses. This means that they too have a better chance of being awarded prime contracts when competing only against other small businesses.

Authority

While the City of Richmond vs. Croson decision disallows quotas or set asides, race and gender neutral small business prime programs are permissible and a long standing industry best practice.

Locally, the purchasing agent is authorized by R4.44.020.03 of the [regulations to the procurement code](#) to enact set asides for small businesses.

Overview

Generally, solicitations in the small business reserve program will be no more than \$250,000 in value and in one (1) of three (3) work categories:

- Construction;
- Architecture and Engineering;
- Professional Services.

The small business reserve program is a partnership between the Metro Government and the participants with expectations for both parties. The goal is to increase participation levels for small firms in government contracting. Participants in the small business reserve program must meet certain requirements and may be required to partake in certain training as directed by the business development officer.

By applying to the small business reserve program, the applicant is accepting the governing policies and procedures and accepting the responsibilities that condition participation in the program.

Goals & Objectives

Goals:

1. Increase the number of prime contracts awarded to small businesses.
2. Build a supplier network increasingly reflective of Metro Nashville's population.
3. Support the equal business opportunity program's equity and inclusion goals.

Objectives:

1. Partner with resource organizations to build participant capacity.
2. Align business development and outreach capacity building offerings with small business reserve program participant needs.
3. Record, report, and realign small business reserve program as necessary to ensure maximum participation of Metro Government departments and agencies.

Program Performance Measures

In order to evaluate the effectiveness of the small business reserve program, the following five (5) measures of success are established and will be tracked quarterly by the procurement data officer:

1. Solicitations:

- Number of projects/solicitations placed into the program.
- Number of projects/solicitations of same dollar value placed on the open market.

Success: More in the program > than not in the program.

2. Offers:

- Average number of bids received for projects/solicitations in the program.

Success: Between 1-3 bids, contingent on availability.

3. Awards:

- Percentage of projects/solicitations placed into the program resulting in award to a small business.

Success: > 90 percent.

4. Equity:

- Percentage of projects/solicitations in the program receiving bids from minority or women-owned businesses.
- Percentage of projects/solicitations in the program awarded to minority or women-owned businesses.

Success: Percentage equal or greater than availability for project/solicitation work category availability estimate under EBO.

5. Information:

- Number of projects/solicitations by work category.
- Number of projects/solicitations by department/agency.
- Number of awards to Elevate program graduates.

Success: Ratios consistent with, respectively, availability estimates, solicitation issuance, and number of program graduates.

Equity & Inclusion

Equity and inclusion are vital parts of all program evaluation metrics in the division of purchases. In conjunction with the equal business opportunity program, Metro Government will use the small business reserve program to ensure these overarching goals are being met.

Specifically, the success of the program in this regard will be assessed as follows:

1. Does the small business reserve program increase or decrease opportunities available to minority and women participants?
2. Does the small business reserve program have adverse or unintended consequences for certain populations?
3. Does the program promote a more diverse, equitable, and inclusive purchasing process

Since most MWBEs are also small businesses, this is both a reasonable desirable outcome.

Standards & Processes

General Application Requirements

Participants in the small business reserve program must meet the following minimum requirements:

- ✓ Registered [to do business](#) with Metro Government.
- ✓ Confirmed by Metro Government as a small business (SBE).
- ✓ Operated continuously for no less than two (2) consecutive years.
- ✓ Secured credit line of no less than \$50,000.
- ✓ Bonded for no less than \$100,000.
- ✓ Insured for no less than \$1,000,000 in professional liability coverage.
- ✓ Licensed for commercially useful function, where applicable.
- ✓ In good standing with Metro Government.

Participation in the program is discretionary, evaluated on an annual basis, and subject to revocation at any time by the purchasing agent.

Application Process

- A. Register to do business with Metro Government via iSupplier.
- B. Confirm status as a small business (SBE) with Metro Government.
- C. Complete the online small business reserve application and submit additional documentation demonstrating eligibility. These documents include:
 - *Proof of Funds Letter* from bank(s) or other financial institution(s) demonstrating firm has approved business line(s) of credit totaling no less than \$50,000.
 - *Certificate of Bonding* demonstrating no less than \$100,000 capacity.
 - *Certificate of Insurance* demonstrating no less than \$1,000,000 professional liability coverage.
 - *Copy of License(s)* issued by the state of Tennessee where necessary to perform commercially useful function.

Information on *iSupplier*, ***small business status confirmation***, and the *small business reserve application* can be found at nashville.gov/finance/procurement/business-assistance-office.

General Program Requirements

In order to remain in the program, participants must adhere to the following general requirements:

- ✓ Commit to performing as a prime contractor.
- ✓ Maintain license or certification for commercially useful function, where applicable.
- ✓ Maintain and update-as-necessary registration with iSupplier.
- ✓ Maintain approval by Metro Government as a small business (SBE).
- ✓ Bid on no less than three (3) projects during the fiscal year, subject to solicitation availability.
- ✓ Perform no less than 51 percent of the work on any award.
- ✓ Solicit subcontracting opportunities, where appropriate, from minority and women-owned businesses (M/WBEs) to meet Metro Government's equal business opportunity program (EBO) subcontracting goals.
- ✓ Participate in a minimum of three (3) trainings per year offered by Metro Government or other approved resource partner.
- ✓ Participate in an annual audit and any other requested meeting(s) with the business development officer and/or purchasing agent.
- ✓ Agree to help future small business reserve participants by becoming a mentor in the mentor/protégée program.
- ✓ Comply with all federal, state, and local contracting laws, policies, and procedures.
- ✓ Remain in good standing with Metro Government.

Removal from Program

The purchasing agent may, at her sole discretion, remove any participant from the small business reserve program on either a temporary or permanent basis. Examples for which a participant may be removed include, but are not limited to the following:

- ✓ Failure to maintain program requirements.
- ✓ Willful disregard for federal, state, or local contracting laws, policies, or procedures.
- ✓ Poor work performance and/or work-safety violations on a Metro Government project.
- ✓ Unfavorable results arising from the annual audit.
- ✓ Subcontracting work in excess of the allowable limit.
- ✓ Failure, in the judgment of the purchasing agent, to remain a viable partner and participant in the small business reserve program.

Prior to removal from the program, a participant may be counseled by the business development officer and assigned to participate in a corrective action plan. Consistent with the code and regulations, any decision made by the purchasing agent is subject to the standard process of appeal.

Frequently Asked Questions

1. What is the Small Business Reserve Program?

The small business reserve is a unique marketplace where small businesses compete only against other small businesses for Metro Government contracts. Reserving certain solicitations increases the likelihood of small firms receiving prime contracting opportunities from Metro Government.

2. How does a supplier get into the small business reserve?

Suppliers that wish to compete for reserved contracts must apply to the program demonstrating that the enterprise meets certain minimum requirements. See **General Application Requirements** for more information.

Please note that while being registered with and approved by Metro Government as a small business (SBE) are requirements of program participation, they alone are **not** sufficient. The small business reserve has further requirements that must be demonstrated during a separate application.

3. How does the Small Business Reserve Program work?

Subject to sufficient program availability, generally, contracts under \$250,000 in value will be solicited through the small business reserve.

4. How are will small business reserve procurements designated?

Generally, contracts at or below \$250,000 in value will be placed in the reserve.

In determining whether to place a solicitation in the small business reserve, the availability of firms in the program ready, willing, and able to perform the work will be evaluated. Sufficient availability must be present to ensure a competitive bidding process.

5. How will an offeror know a solicitation is designated for the small business reserve?

The solicitation will state that clearly that it is issued pursuant to the small business reserve program and that only offers received from those enrolled in the program will be deemed responsive.

The following is an example of language which may be included in any solicitation issued pursuant to the small business reserve:

This solicitation is issued pursuant to the small business reserve program. Contracts arising from this solicitation may only be awarded to those small business enterprises that have demonstrated, via application and approval, they meet the requirements of the small business reserve program. Offers from suppliers not approved to be part of the small business reserve program may be deemed non-responsive.

6. Do equal business opportunity (EBO) program goals apply to solicitations placed in the small business reserve program?

Participants in the small business reserve are expected to solicit subcontracting opportunities, where appropriate and available, from minority-owned (MBE) and woman-owned (WBE) enterprises. The inclusion of specific EBO goals will be determined, by the purchasing agent, on a case by case basis and stated clearly in the solicitation.

Because contracts included in the small business reserve will generally be under \$250,000, it may be reasonable to assume that a majority of the work will be performed by the awarded prime contractor.

7. What is the difference in the small business reserve program and the equal business opportunity program?

The small business reserve program is race and gender neutral, prime contracting program. Suppliers must be willing to function as the prime contractor, which means being paid directly, managing the entire contract, and reporting directly to compliance staff at Metro Government.

The equal business opportunity program is a race and gender conscious, subcontracting program. Suppliers must be certified as minority or women-owned firms and willing to work as sub-contractors. This means being paid by the prime contractor and reporting to the prime contractor for compliance.