

# Small Business Development Contracts

## Questions and Answers

Nov. 13, 2009

**What is a small business development contract?** These are contract let by the Iowa Department of Transportation (DOT) where only small firms are allowed to bid on the contract.

**What is considered a small business?** The Iowa DOT will be using the Iowa Code definition of a small business for eligibility. Iowa Code 15.102, section 6 defines a small business as any enterprise located in the state under a single management with either fewer than 20 employees OR an annual gross income of less than \$4 million based on a three-year average, and has a place of business in the state of Iowa. There is no ethnic or gender limitations.

**Why is the Iowa DOT having small business development contracts?** Most highway construction work requires large construction equipment and the ability to purchase large amounts of materials. This makes it difficult for small contractors to break into the highway construction market. The intent of the small business development contracts is to provide contracts where only small businesses compete against each other, and not against large established contractors.

**How big will the small development contracts?** The Iowa DOT plans to have some contracts less than \$50,000, and no contracts greater than \$100,000

**How many small business development contracts does the Iowa DOT plan on awarding?**

For the 2010 construction season, the Iowa DOT plans on awarding 12-15 contracts. These contracts will be spread around the state of Iowa. All of projects will be on the primary or interstate systems. There will not be any on the county or city roadways.

**What types of work will be the small business development contracts?** The Iowa DOT plans to take bids on a variety of work types. Most of the work will be types of work that does not require specialized equipment. Types of work being considered are tree removal, pavement patching, joint sealing, sidewalk repair, replacing culvert aprons, and small pavement painting.

**Paperwork? I have heard there is a lot of paperwork for Iowa DOT contracts?** Performing Iowa DOT contracts does entail paperwork. However, none of the contracts being considered for small business development contracts contain federal funds. Therefore, there will be no predetermined wage requirements, no disadvantage business enterprise program requirements or other federal contract requirements.

**Specification requirements. I have heard the Iowa DOT has a big book of requirements the contractor must follow?** Yes, the Iowa DOT does have a Standard Specifications Book. However the Iowa DOT is planning on condensing the requirements for the small business development contracts into an attachment to the proposal.

**When will the Iowa DOT be taking bids on the small business development contracts?**

The small business development contracts will be included in the regular Iowa DOT monthly lettings. These are held the third Tuesday of each month at 10 a.m. (except for the January letting, which will be held on the third Wednesday due to the Martin Luther King Jr. holiday). The Iowa DOT anticipates the small business development contracts for 2010 work will be in the January through April 2010 lettings.

**When will details of the projects be available?** The Iowa DOT advertises their monthly lettings on the third Tuesday of each month for the following month. So contractors have a month to obtain the plans/specifications and study the project requirements. The projects the Iowa DOT plans to take bids on are listed in the Iowa DOT's *Weekly Letting Report*, which can be found on the Internet at [www.ia.bidx.com/main/index.html](http://www.ia.bidx.com/main/index.html). The small business development

contracts will be grouped together at the end of the letting. They will be assigned bid order numbers starting at 981, 982, etc.

**Will contractors wanting to bid on the small business development contracts be required to complete the Iowa DOT's Contractors Financial-Equipment-Experience Statement?** No, the Iowa DOT will not require completion of the Iowa DOT's normal prequalification form. However, contractors wanting to bid on the small business development contracts will have to complete the Small Business Certification form where the contractor certifies that they meet Iowa Code requirements of a small business.

**How can a contractor get plans and specifications?** Plans and specifications can be obtained by calling the Iowa DOT's Office of Contracts at 515-239-1414, or by ordering them via the Internet at [www.ia.bidx.com/main/index.html](http://www.ia.bidx.com/main/index.html).

**When will contractors be notified that they will be awarded a contract?** Typically the Iowa DOT finalizes the letting by Thursday the week of the letting and mails out contracts on Friday or the following Monday. Contractors can call the Iowa DOT's Office of Contracts at 515-239-1414 to obtain letting results.

**Will the contractors have to provide bonds?** The Iowa DOT plans to waive the requirement for a proposal guarantee (e.g., bid bond). However, Iowa Code requires a contractor to provide a performance bond with their signed contract. Contractors who are certified as targeted small businesses (TSBs) will be allowed to provide a TSB bond waiver for a performance bond up to \$50,000.

**Is it possible to find out which contractors have taken out plans or are planning on bidding?** Yes, the Iowa DOT will maintain a list of contractors who have been approved for bidding each small business development contract. You can get the list of contractors by calling the Iowa DOT's Office of Contracts at 515-239-1414.

**When will I get paid for the work?** The Iowa DOT records what work the contractor has performed and makes progress payments every two weeks. The Iowa DOT may withhold partial payment for work if material certifications have not been submitted for the work installed.

**Who do I talk to if I have questions?** Prior to letting, all questions should be made to the Iowa DOT's Office of Contracts at 515-239-1414. It is helpful if you know the bid order number of the project when you call in. Once you have a signed contract, all questions should be made to the project engineer in charge of contract administration for that contract. The project engineer will be listed on the contract.