



# Iowa Department of Transportation

## DEVELOPMENTAL SPECIFICATIONS FOR SMALL BUSINESS DEVELOPMENT CONTRACTS

Effective Date  
January 20, 2010

THE STANDARD SPECIFICATIONS, SERIES 2009, ARE AMENDED BY THE FOLLOWING MODIFICATIONS AND ADDITIONS. THESE ARE DEVELOPMENTAL SPECIFICATIONS AND THEY SHALL PREVAIL OVER THOSE PUBLISHED IN THE STANDARD SPECIFICATIONS.

### 09036.01 DESCRIPTION

The intent of this specification is to provide contracts where only small businesses compete against each other, and not against large established contractors. To compete for these contracts the firm shall meet Iowa Code requirements for a small business, but need not be a Targeted Small Business.

### 09036.02 DEFINITIONS

**Certified Small Business Contractors (CSBC)** – A contractor who has been recognized as meeting the requirements of a Small Business contractor by the Iowa DOT's Office of Contracts.

**Prequalification** – Submittal of a Contractors Financial-Equipment-Experience (FEE) Statement as described in Article 1102.01 of the Standard Specifications

**Small Business** – A firm which meets the requirement of Iowa Code 15.102, paragraph 6. The Code defines a "Small business" as any enterprise which is located in this state, which is operated for profit and under a single management, and which has either fewer than twenty employees or an annual gross income of less than four million dollars computed as the average of the three preceding fiscal years.

**Small Business Certification** – A document completed by a small business and submitted to the Iowa DOT's Office of Contracts certifying the firm complies with the size requirements of the Code of Iowa Small Business requirements. The Department may require the small business to provide additional proof of eligibility to verify the requirements of Iowa Code 15.102 are not exceeded.

**TSB Bond Waiver** – Iowa Code 12.44 requires agencies of state government to waive the requirement of satisfaction, performance, surety, or bid bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience, lack of net worth, or lack of capital. This waiver will not apply to businesses with a record of repeated failure of substantial performance or material breach of contract in prior circumstances. The waiver will only be applied to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding Iowa Code section 573.2. In order to qualify, the TSB shall provide written evidence to the Department of Inspections and Appeals that the bond would otherwise be denied the business. The granting of the waiver will in no way relieve the business from its contractual obligations and will not preclude the Department from pursuing any remedies under law upon default or breach of contract. The Department of Inspections and Appeals will certify TSBs for eligibility and participation in this program and will make this information available to other state agencies.

**Targeted Small Business (TSB)** – Iowa Code 15.102 paragraph 7a defines a "Targeted small business" as a small business which is 51% or more owned, operated, and actively managed by one or more women, minority persons, or persons with a disability.

### **09036.03 BIDDING FOR CONTRACTS**

Only firms designated as approved Certified Small Business Contractors (CSBCs) by the Department will be allowed to bid on proposals designated for Small Business Contractors. A CSBC wishing to bid on a proposal designated for Small Business Contractors shall submit a written request to bid using the standard Iowa DOT procedures to be approved to bid on a proposal. The Department will give either written approval or denial of each request. Prequalification by the Department is not required, but the Department may require a CSBC to provide references or examples of similar types of work in order to be approved for bidding on individual proposals. ~~If approved to bid, the CSBC shall submit either a Proposal Guaranty (Article 1102.11 of the Standard Specifications) or a TSB Bond Waiver with their bid.~~

Prior to execution of a contract, the CSBC will be required to provide:

1. A Certificate of Insurance (as required by Article 1103.04 of the Standard Specifications) and
2. Either a Performance Bond (as required by Article 1103.25 of the Standard Specifications) or a TSB Bond Waiver.

### **09036.04 CONSTRUCTION OF THE WORK**

Article 1108.01 of the Standard Specifications allows a contractor to subcontract up to 70% of the contract amount. On contracts designated for CSBCs the Contractor may subcontract 70% of the contract amount, but this work shall only be subcontracted to another CSBC.

While the Department recognizes that a small business may not have all the equipment and resources of may larger contractors, all requirements of the contract documents shall apply to the CSBC.

### **09036.05 PAYMENT FOR WORK**

Payment for work will be according to Article 1109.05 of the Standard Specifications. The Engineer will make advance payment of up to 25% of the contract amount when work is initiated if advanced payment is requested by the CSBC. This advance payment will be removed from the third progress payment voucher as work is performed.