CalVet’s DVBE First Policy

California state agencies must spend 25 percent of their contracting dollars with state-certified Small Business (SB) firms and 3 percent with certified Disabled Veteran Business Enterprise (DVBE) firms. The California Department of Veterans Affairs (CalVet) strives to exceed these goals and often uses the SB/DVBE Option procurement method for purchases between $5,000 and $250,000 (up to $314,000 for public works projects) to directly solicit DVBEs first. If unable to obtain a minimum of two bids or quotes, the opportunity to bid/quote is then directed to certified SB firms; and, if unable to award to an SB firm, the solicitation is advertised to all vendors.

New Business?

Obtain appropriate licenses/certifications. Examples:

- Business license
- SB/DVBE certification
- Contractors State License Board – A (General Engineering Contractor), B (General Building Contractor), C/D (Specialty Contractor. Examples: HVAC, Electrical, Flooring/Floor Coverings, Landscaping, PVC piping systems for irrigation and drainage)
- Department of Industrial Relations (DIR) – Public works contractor registration required unless small public works project work – under $25,000 for new construction, alteration, installation, demolition or repair; under $15,000 for maintenance. Go to the DIR website for details
- CA Water Boards – Water treatment – Drinking water & wastewater operator certification programs

Learn about bonding requirements, such as:

- Payment bond. Posted by the prime to guarantee that subs and suppliers on the project will be paid
- Performance bond. Posted by the prime to guarantee that the prime will complete their contractual obligation

Insurance requirements may include:

- Liability – employees feel the employer was negligent and workers comp was not adequate to cover cost of medical bills or lost wages
- Workers compensation – no-fault insurance for workers who are injured while working

Read the contract’s general terms and conditions for bonding and insurance requirements.

Register to do Business with the State!

Before you can apply for the SB, SB-Public Works, or DVBE certification, you must be registered with the State. It’s free! Go to www.caleprocure.ca.gov to register your business.
Become Certified!

All CA state agencies aspire to award at least 25 percent of their annual contracting dollars to certified SBs and are mandated to award at least 3 percent to certified DVBE firms.

Benefits of certification:

- Your business is listed in a database which state and local agencies use to find SBs and DVBEs
- Certified SBs are eligible for higher interest penalties for late, undisputed invoices
- CA state agencies and departments can use a streamlined procurement method—SB/DVBE Option—to contract directly with certified SB or DVBE firms for non-IT and IT goods and services valued between $5,000 to $250,000 (up to $314,000 for public works contracts) after obtaining responsive and responsible quotes from at least two SBs or DVBEs
- Increases your opportunity to do business with CalVet! CalVet’s DVBE First policy strives to award to a certified DVBE firm first and, if unsuccessful, to a certified SB firm. If unable to award to a DVBE or SB, we open the solicitation to all vendors

For information about becoming a certified SB or DVBE firm, visit the DGS website at https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Register-Apply-or-Renew-a-Small-Business-and-Disabled-Veteran-Business-Enterprise.

Already a Certified SB/DVBE firm?

Maintain your certification. DGS emails a notice of expiration 90 days in advance. If the email is undeliverable, a hard copy is sent.

Keep your profile current:

- Ensure contact information is accurate
- Evaluate UNSPSCs
- Evaluate keywords
- Locations. Be realistic. Choose statewide only if you truly can cover the state
- If you’re strictly a supplier, choose manufacturer or non-manufacturer. Do not select service

CUF = Commercially Useful Function

All certified SB/DVBE firms must perform CUF. SB/DVBE firms perform CUF when doing ALL of the following:

1. Executes a distinct element of the contract scope of work including supplying of goods/services
2. Performs, manages, or supervises the work including supplying of goods/services
3. Performs work that is normal for the firm’s business services and functions
4. Is responsible, with respect to products, inventories, materials and supplies required for the subcontract, negotiating price, determining quality and quantity, ordering, installing (if applicable), and paying for the material
5. Does not subcontract a portion of the work greater than expected by industry practices

A SB/DVBE certified firm does NOT perform CUF when:

- The firm is an extra participant involved in a transaction, contract, or project through which funds are passed through in order to obtain the appearance of SB/DVBE participation
- The firm is not being used to perform the work as stipulated in the bid

CalVet performs a CUF review for each certified SB/DVBE, prime or subcontractor. There is no formal protest if prime or subcontractor is determined to be non-CUF compliant; however, bidders may follow the protest and/or dispute process outlined in the solicitation.

Tip:

Indicators of non-CUF compliance:

The SB or DVBE complains that they are not being used to perform work stipulated in the bid.

The SB or DVBE complains that they are not being paid. The prime or a different business performs the work specified in the Bidder Declaration.

The SB or DVBE is no longer continuing to provide the goods/services listed in the initial bid response.

Tip:

Respond to all Requests for Quote or Information to remain on distribution lists.
### SB or DVBE Subcontractor Substitutions

**SB subcontractor:** After award of a contract based on the application of the Non-Small Business Subcontractor preference, the prime contractor must use the SB subcontractor unless a substitution is requested in writing to CalVet, and CalVet approves the substitution in accordance with Title 2 California Code of Regulations (CCR), Section 1896.10.

**DVBE subcontractor:** The prime contractor must use the DVBE subcontractor unless a substitution is requested in writing to CalVet in accordance with 2 CCR, Section 1896.73. Approval by DGS/Office of Small Business and DVBE Services (OSDS) is required for all DVBE substitutions. For more information about the DVBE substitution procedure, visit the DGS website at https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-DVBE-Substitution-Report.

If you do not use the substitution processes outlined above, it is considered a SB and/or DVBE Program violation and will be reported to DGS, who may impose sanctions.

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### State Agency Buy Recycled Campaign

The State Agency Buy Recycled Campaign (SABRC) is a joint effort between the CA Department of Resources Recycling and Recovery (CalRecycle) and DGS. The current SABRC requires every state agency to ensure that at least 50 percent of reportable purchases—goods and materials that may be reported or categorized within a specified product category—are recycled products. On January 1, 2020, the percentage increases to 75 percent of reportable purchases (except for paint, antifreeze, and tires, which will remain at 50 percent). There are 11 reportable product categories. These categories are listed below with product examples. Find more product examples and minimum postconsumer content requirements on the CalRecycle website.

**Tip:** Visit CalRecycle’s website for resources and tools to implement a successful SABRC program at www.calrecycle.ca.gov.

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td>1. Paper Products</td>
<td>Paper janitorial supplies, file folders, cartons, corrugated boxes, tissue, and toweling</td>
</tr>
<tr>
<td>2. Printing and Writing Paper</td>
<td>Copier, envelopes, uncoated writing papers, index cards, calendars, brochures, reports</td>
</tr>
<tr>
<td>3. Mulch, Compost, and Co-Compost</td>
<td>Soil amendments, ground covers, organic materials used for water conservation</td>
</tr>
<tr>
<td>4. Glass Products</td>
<td>Windows, laboratory or hospital supplies, fiberglass (insulation), desktop accessories, flat glass sheets, containers</td>
</tr>
<tr>
<td>5. Lubricating Oil Products</td>
<td>Intended for use in a transmission, engine, power steering, hydraulic, industrial, or automobile, bus, truck, heavy equipment, or machinery powered by an internal combustion engine</td>
</tr>
<tr>
<td>6a. Plastic Products</td>
<td>Office products, containers, benches, fencing, clothing, mats, packaging, signs, posts, building products, garden hose, and trays</td>
</tr>
<tr>
<td>6b. Plastic Products: Printer or Duplication Cartridges</td>
<td>Laser and inkjet printer cartridges, toner cartridges for copy machines</td>
</tr>
<tr>
<td>7. Paint</td>
<td>Water-based paint, graffiti abatement, interior and exterior, and maintenance</td>
</tr>
<tr>
<td>8. Antifreeze</td>
<td>Recycled antifreeze, and antifreeze containing a bittering agent or made from polypropylene or other similar non-toxic substance</td>
</tr>
<tr>
<td>9. Tires (Retreaded)</td>
<td>Truck, bus tires, those used on fleet vehicles (and passenger cars where available)</td>
</tr>
<tr>
<td>10. Tire-Derived Products</td>
<td>Flooring, mats, wheelchair ramps, parking bumpers, hoses, bumpers, truck bedliners, pads, road surfacing, control products, mudflaps, and posts</td>
</tr>
<tr>
<td>11. Metal Products</td>
<td>Staplers, paper clips, steel furniture, rebar, pipe, plumbing fixtures, lockers, sheet metal, girders, building and construction products, bridges, braces, nails, screws</td>
</tr>
</tbody>
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Bidder Declaration

The Bidder Declaration (GSPD-05-105) allows the Prime bidder to identify if they are a DVBE and identify DVBE subcontractors, their proposed contract function, and corresponding percentage of participation.

- Read the instructions before completing the Bidder Declaration. If you are not a CA state-certified Micro Business, SB, DVBE, or Non-Profit Veteran Service Agency, select “None” for item 1.a. and consider becoming CA-state certified!
- Your signature is not required on the Bidder Declaration as it is part of your bid package, which you’ve certified under penalty of perjury that the information you’ve provided is true and correct.
- Honor your commitment to use the SB and/or DVBE firm in the percentage stated on the Bidder Declaration.

Be Responsive!

Submit a responsive quote/bid. Understand the request, and its general terms and conditions. One missing item could deem your submission non-responsive.

- Submit your quote/bid on time! If faxing, the last page of your bid must be received before the bid closes
- Provide all required documentation, e.g., CUF form, Bidder Declaration form
- Claim applicable preferences, For example, if you’re a certified SB, you can receive a 5 percent bid preference on applicable state solicitations. CalVet automatically applies the preference when applicable, however some agencies may require you to “claim” the preference

Public Works | Poster Requirements

Public works projects have special requirements. The following posters must be posted at the jobsite:

- State Prevailing Wage Rate
- Pay Day Notice (DLSE 8 or similar)
- Discrimination in Employment (DFEH 162 English)
- La Ley Prohíbe la Discriminación y el Acoso en el Empleo (DFEH 162S Spanish)
- Contractor’s EEO Policy

Federally funded contracts have additional poster requirements.

For individuals with sensory disabilities, this document is available in alternate formats. For alternate format information, email the SB/DVBE Coordinator at SBDVBECompliance@calvet.ca.gov or call at 916.635.5999.

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