

INFORMATION PAPER

June 2004

SUBJECT: Small and Disadvantaged Business (SADBU) Participation in the Residential Communities Initiative (RCI) Program

1. RCI Program Overview.

a. The RCI program focuses on quality residential communities for soldiers and their families. A major stakeholder in every RCI project is the local/small business community, and the RCI process promotes and emphasizes the use of local businesses, large, small and/or disadvantaged.

b. The RCI Request For Qualifications (RFQ) procurement process attracts quality developers who can leverage private sector capital for the 50-year term of the RCI project. The Army does not have the capital or expertise to accomplish these projects and therefore seeks firms that can demonstrate their capability to compete and execute these projects.

2. General.

a. RCI projects are comprehensive and historically have resulted in substantial benefits for many local businesses, including those that qualify for consideration as small, disadvantaged, minority, or woman owned. Local businesses are sometimes concerned about the economic impact of bringing a major developer and property manager into the area. However, experience to date is positive and has proven that RCI projects have substantially benefited local businesses.

b. Army continues to receive good news stories about the high level of participation by local businesses, and this information is shared with all stakeholders. Although small businesses have not been awarded projects as the prime partner, they have been awarded projects as members of a joint venture or Limited Liability Corporation.

c. As of December 2003, local businesses have received over 70 percent of all work that is subcontracted by RCI development partners. Furthermore, the Army and RCI partners continue to work closely with local communities and improve local business outreach efforts to ensure they have maximum opportunity to become economically engaged in these projects.

d. The Army has committed to small business participation by placing the requirement for Small Business Utilization Plans in offerors' bids. This process involves an evaluation factor in the solicitation, and offerors must submit detailed

information on past, present and future small business utilization including plans. Solicitation submissions must include documented policies/practices relating to small business participation and points of contact that can validate the use of small businesses for each project performed within the last three years. In case of a joint venture, which is the case for several of our RCI projects, information regarding the use of small businesses on past projects is required for each principal member. Offerors must articulate their firm's approach to ensuring that small businesses will have maximum subcontracting opportunities. They must also provide plans for how much of the overall cost of the RCI project will be subcontracted to small businesses. RCI solicitations require offerors to outline plans and schedules for conducting small business outreach events. Each of the partners at the initial RCI sites has conducted conferences for local (large and small) businesses to educate and encourage companies to participate in the housing privatization program.

3. Summary. The RCI Program recognizes the importance of local/small business community participation in the Army's housing privatization projects. A Small and Disadvantage Business Utilization (SADBU) liaison officer has been appointed within the RCI Program Office who coordinates local/small business programmatic items with the Army's SADBU Office and RCI program stakeholders. For additional information on the RCI Program local/small business progress, contact Mr. Ivan Bolden, 703-601-2481, Ivan.Bolden@hqda.army.mil.