

Small Business Innovation Fund

-8/1/2022-

The Small Business Innovation Fund, administered by Washington State Department of Commerce, aims to spur small business recovery, startup, and growth. This funding will focus on initiatives that serve BIPOC entrepreneurs, women-owned small businesses, and small businesses located in underserved, low-income, and rural areas.

**Eligible Applicants:** Non-profit organization who have a history of working with and providing assistance to small businesses in the State of Washington. A maximum of $5M will be awarded to each successful applicant. The number of awards depends on the number and quality of applications received. Non-profit organizations must show an aptitude and proficiency in assisting small businesses with the goals of recovery, startup, and growth. The Applicant must be licensed to perform work in Washington State. They must also be registered and maintain their status as a nonprofit entity, with the Secretary of State’s Office.

Small Business Innovation Fund contracts are used to:

* Serve BIPOC entrepreneurs and small businesses located in underserved, low-income, and rural areas
* Serve women-owned businesses
* Serve native and tribal owned businesses
* Increase aptitude for small businesses to succeed and survive

The Department of Commerce administers the grant program, application process and contracting.

Program Manager:

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Do you have questions? Please contact:

Application & Contracts Manager

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Contract award amounts: Maximum of $5M, minimum of $500,000 awarded to each successful applicant. We will award based on quality of content within the application and ability to execute the timeline of the contract.

The legislature has specified that: “The department may establish regional targets or other benchmarks to ensure equitable geographic distribution of funding.” In response to this, funds will be distributed according to the following regional framework:

1/3 King County

1/3 all other urban counties

1/3 all other rural counties

*Rural and urban counties are designated based on* [*RCW 82.14.370.*](https://app.leg.wa.gov/rcw/default.aspx?cite=82.14.370#:~:text=The%20local%20option%20tax%20is,2004%20c%20130%20%C2%A7%201.%5D)

\*\*Commerce has the discretion to negotiate dollar amounts of approved awards.

\*\*\*Commerce reserves the right to not allocate all funding.

**Period of Performance**: The period of performance of any contract resulting from this application is tentatively scheduled to begin on or about October 1, 2022 and to end on May 31, 2023. Amendments extending the period of performance, if any, shall be at the sole discretion of the Commerce.

Applicants must specify what funding can be spent by May 31, 2023 and what projects these costs will be incurred for. Applicants may also identify projects and costs in the event the legislature extends funding past June 30, 2023, however these projects will only be funded in the event this extension occurs. Majority of application consideration will be given to projects and project costs outlined in the contract period ending May 31, 2023.

Grant applications are accepted August 10, 2022 – September 2, 2022.

Grants are estimated to be awarded by October 1, 2022.

Contract performance period: Contract Execution through May 31, 2023.

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| **Milestones** | **Dates** |
| Applications available  | August 1 |
| Q/A Period | August 1-10 |
| Q/A Answers posted  | August 12 |
| Applications due  | September 2 |
| Applicants notified of award by  | September 20 |
| Negotiation Period/Contract Execution  | September 20-October 1 |
| Grants begin  | Upon contract execution (TBD) |

\*Commerce reserves the right to amend milestone dates.

# PROGRAM TERMS & CONDITIONS

**This program is funded with Federal Funding. All Federal funding requirements must be followed. General compliance guidance is below. If selected as a successful applicant, prior to contracting Commerce will ensure you are able to meet the requirements of the program, as stated below.**

**Funding:** Applicants are encouraged to demonstrate additional funding either private, in-kind or otherwise for the proposed project.

 **Goods & Services:** Required documentation – Documentation of payment of invoice for goods and services purchased that were used directly in the planning and development of project.

**Travel:** Required documentation – Documentation of payment for travel directly related to the pre-development planning to development of project. Per Diem rates only.

**Invoicing:** No payments in advance of or in anticipation of goods or services provided under this contract shall be requested or paid. All costs must be reported for the period incurred.

This will be a deliverables based contract. Deliverables will be collected on a quarterly basis and paid in concurrence. Information on online invoicing will be provided if selected as successful applicant, prior to contracting.

Deadlines:For deliverables Invoices no later than

October 1, 2022 – January 1, 2023 January 15

January 1 – March 31, 2023 April 15

April 1 – May 31, 2023 June 15

**Use of Funds:** Available assistance includes, but is not limited to, the following types of activities:

* Small business incubator programs
* Small business accelerator programs
* Local procurement initiatives
* Small business competitiveness programs focused on hiring and retention
* Improvements and repairs to physical workplaces, including in response to public health guidelines or acts of vandalism
* Other initiatives that will support under represented businesses in our state build capacity to long-term sustainability

**Expenditure Accounting:**The sub recipient shall maintain all financial records according to generally accepted accounting procedures (GAAP) and have internal financial control systems in place to ensure that expenditures against the contract are reasonable and appropriate and that accounting records sufficiently and properly reflect all costs expended in performance of the contract.

**Monitoring:**Commerce program staff may schedule monitoring visits during and after the contract period to evaluate the fiscal progress and performance of the program and provide technical assistance. The purpose of monitoring is to ensure statutory and contractual compliance on the part of sub recipients. To ensure compliance with contract requirements and to ensure that financial records support program expenditures, Commerce staff may schedule on-site visits.

If a Sub-contractor is being used by sub - recipient: monitoring must be completed to assure/certify compliance with the Federal Award and/or Performance based desk monitoring reliant on deliverables/progress reports

**Reporting Requirements:** Quarterly –Each sub recipient shall submit a quarterly report to the contract review committee on the outcomes achieved. Commerce will provide the reporting template. The report will require the sub recipient to report on the following measurable outcomes quarterly:

* Number of Small Businesses Served (RCW 39.26.010 (22))
	+ Less than 50 employees OR less than $7M in gross revenue annually
* Jobs Created
* Jobs Retained (Sole proprietorship included)
* Number of Minority Owned Business Served
* Tribal Businesses Served
* Women-owned Businesses served
* OMWBE Certified Businesses served
* Regions Served. How did contractor ensure businesses were within these regions?
* Growth in Revenue or anticipated growth
* North American Industry Classification System (NAICS) codes of businesses served

Reports must be submitted quarterly with invoice requests, based on the deadlines outlined under invoicing deadlines.

**Reporting Retention:** Financial management systems shall reflect accurate, current, and complete disclosure of financial results of each state funded project/program. Sub recipients are to maintain books and records, supported by source documentation, that sufficiently and properly reflect the source of funds and all costs expended for program purposes. These records and financial statements are subject to inspection, review, reproduction, and/or audit by Commerce or its designees for at least six years after the dispersal of funds, the termination or expiration of the contract, or the resolution of litigation or audits related to the program, whichever is latest.

**Termination:** This contract may be terminated by Commerce upon giving notice in writing to the contract recipient at least thirty (30) days in advance of the date of termination. If the contract is terminated for any reason, all reports and data gathered by sub recipient prior to termination shall, at the option of Commerce, become property of Commerce. If termination occurs pursuant to this section, reimbursement to sub recipient shall be made on the basis of work performed prior to the effective date of termination as mutually agreed upon by both parties. Determination of final adjustments, either payments or refunds, shall also be mutually agreed upon by both parties.

* *Termination for Cause* – If for any reason, the sub recipient violates any terms and conditions of the program, Commerce will give the sub recipient notice of failure or violation. Sub recipient will be given the opportunity to correct the violation or failure within thirty (30) days. If failure or violation is not corrected, this contract may be terminated immediately by written notice from Commerce.
* *Funding* – In the event funding from the state or other sources is withdrawn, reduced, or limited in any way after the effective date of the matching grant and prior to normal completion, Commerce may terminate the contract under the “Termination” clause, without the thirty-day notice requirement; in lieu of termination, the contract may be subject to renegotiation at Commerce’s discretion to reflect new funding limitations and conditions.

**Program Records**

The Sub recipient/Contractor must maintain the following records:

* Original contract between Commerce and Sub recipient/Contractor
* All FEDERALLY required forms
* Insurance documentation
* Procurement policies and procedures, as applicable
* Records related to procurements/selection of subcontractors
* Subcontracts, as applicable, and all associated documentation, including written approval from Commerce to enter into such
* Back up/source documentation to support information provided in quarterly, annual and final reports.
* Other records relating to Sub recipient/Contractor performance of work funded by the Federal award.

NOTE: In accordance with state requirements, all records must be maintained for a period of six (6) years following the date of final payment.

**Financial records and eligible costs**

For contracts, sub recipient line item costs, including indirect rate, will be obtained as part of contract negotiation.

Source records will not be required to submit with reimbursement requests; rather, they must be maintained and available upon request and/or monitoring by Commerce or an auditor. Sub recipients/Contractors must maintain records of direct and indirect costs tied to administration of the Federally-funded program, potentially including:

* Indirect costs (shared administrative costs that can’t be allocated to any specific contract) and approved rate.
* Program staff salaries and benefits. This can include supervisory staff directly involved in the management of the program. *Staff must complete time sheets linking actual time worked to the FEDERALLY fund source*.
* The organization’s general executive management costs are *not eligible unless* tied to the program through an approved cost allocation plan on record with Commerce. The cost allocation plan must be applied equitably and demonstrate the cost of providing the program.

**Costs that are NOT eligible**

* Funds cannot fund lobbying and political activities.
* Funds cannot be used to advertise for specific businesses.

**Audit**

As detailed in section 9 of the General Terms & Conditions of the federal FEDERALLY contract with Commerce, all entities that expend $750,000 or more in federal awards from any and/or all sources in any fiscal year shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Sub recipient and/or Contractor shall:

* Submit to COMMERCE the reporting package specified in OMB Super Circular 2 CFR 200.501, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor.
* Submit to COMMERCE follow-up and developed corrective action plans for all audit findings.

If the Sub recipient and/or Contractor expends less than $750,000 in federal awards from any and/or all sources in any fiscal year, notification shall be provided to Commerce that they did not meet the single audit requirement.

**Risk Assessment**

Commerce will perform an organizational survey and risk assessment on all Sub recipients/Contractors, this will occur prior to contract execution.

If the Sub Recipient chooses to have Sub Contractors

* A risk assessment must be completed prior to contracting, based on Commerce’s policies regarding due diligence.

*The ideal time to perform a risk assessment is during the evaluation of a bid or proposal by a vendor to provide goods or services.*

* Contracts can be performance based. If they meet the contract obligations, there is no need for monitoring or providing information on indirect or cost categories.

*The monitoring of contracts can be performance based. Unless it is included within the contract, the disclosure or monitoring of specific cost allocations within the contractor’s working budget is not required.*

**Nondiscrimination and Inclusion; Title VI of the Civil Rights Act of 1964** requires that, “No person shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.”

In addition to ensuring nondiscrimination, Sub recipients/Contractors are strongly encouraged to ensure under-represented and non-English speaking business owners in your community have a fair chance of receiving assistance. Steps may include:

* Working with local advocacy and outreach groups to announce the assistance availability to hard-to-reach business owners in your community
* Allowing non-English speakers a fair amount of time to apply and gather the necessary documentation
* Tracking MWBE status

**Public Disclosure and Proprietary Information**

Any records submitted to Commerce shall become the property of Commerce. Unless prohibited by law and to the extent required under Chapter [42.56 RCW](https://apps.leg.wa.gov/rcw/default.aspx?cite=42.56) Washington State Public Records Act, contents of RFx (competitive) responses, contracts, reports and other information submitted by a Sub recipient/Contractor may be released in response to a request for records. Accordingly, the Sub recipient/Contractor should notify Commerce if it believes any application information to be confidential.

Any information that the Sub recipient/Contractor desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW, or other state or federal law that provides for the nondisclosure of your document, must be clearly designated. The information must be clearly identified. Consistent with state law, Commerce will decide in its sole discretion, what if any exemptions to disclosure may apply. Each section of the document containing the information claimed to be exempt from disclosure must be clearly identified by the words “Proprietary Information” printed on the lower right hand corner of the page, or at the beginning of the document, as applicable. Marking the entire document exempt from disclosure or as Proprietary Information will not be honored.

If a public records request is made for information that has been marked as "Proprietary Information," and Commerce believes it is not exempt from disclosure, Commerce will notify the Sub recipient/Contractor of the request and of the date that the records will be released to the requester unless the Sub recipient/Contractor obtains a court order enjoining that disclosure. If the Sub recipient/Contractor fails to obtain the court order enjoining disclosure, Commerce will release the requested information on the date specified. If a Sub recipient/Contractor obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to Chapter 42.56 RCW, or other state or federal law that provides for nondisclosure, Commerce shall maintain the confidentiality of the Sub recipient/Contractor information per the court order.

**Federal Freedom of Information Act (FOIA)**

Unless prohibited by law and to the extent required under the FOIA, contents of RFx (competitive) responses, contracts, reports and other information submitted by a Sub recipient/Contractor to Commerce and subsequently submitted by Commerce to FEDERALLY may be released by FEDERALLY in response to a written request for federal records that cites FOIA. Commerce will share with FEDERALLY all requests from Sub recipients/Contractors regarding proprietary information as outlined above.

**Subcontracting**

The Sub recipient/Contractor may only subcontract work if it obtains written approval of Commerce. If Commerce approves subcontracting, the Sub recipient/Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts.

**Information required regarding subcontracts must be submitted to Commerce and include the following**:

* Service to be subcontracted
* The amount being requested to subcontract
* Procurement process
	+ Method of procurement notification
	+ Review process and how you selected and/or rejected applicants
* Debarment check ([sam.gov](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsam.gov%2FSAM%2F&data=04%7C01%7Ctracy.gunter%40commerce.wa.gov%7Cbd2916ed51a747e3473208d8f54f6ef4%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637529068807948135%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=b%2BPDIVCXTV%2BvOzwH8tlYR9v7ShH4YzrNnc3WuAn%2FZOQ%3D&reserved=0))
* Executed subcontract

**Subcontractor Insurance Requirements**

A subcontractor who receives less than $10K does not have to carry *fidelity* insurance. However, they are still required to carry *commercial general liability* insurance in the amount determined by the contractor to be adequate to cover the activities outlined in the subcontract.

**Procurement Standards**

The Sub recipient/Contractor must establish and adhere to procurement policies and procedures in accordance with the blend of general Federal procurement standards ([2 CFR 200.317-327](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=1f3b67815173ffcfa058c1b129ee42ea&mc=true&n=sp2.1.200.d&r=SUBPART&ty=HTML#se2.1.200_1317)) and State procurement standards ([RCW 39.26](https://apps.leg.wa.gov/rcw/default.aspx?cite=39.26)) ([Direct Buy Policy 2020](https://www.des.wa.gov/sites/default/files/public/documents/About/Procurement_reform/Policies/DES-125-03DirectBuy.pdf)) as outlined below when awarding subcontracts funded by FEDERALLY.

* Micro-purchase: ($10K and below) Can be awarded without soliciting competitive price quotations if the price is reasonable (Federal)
* Small purchase: ($10,001 to $30K) Price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate (Federal)
* Large purchase: ($30,001 and above) Formal procurement process required (State)

***Procurement details***

The Contractor’s procurement system should include at least the following:

1. A code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in the awarding of contracts using federal funds.
2. Procedures that ensure all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.
3. Minimum procedural requirements, as follows:
	1. Follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items.
	2. Solicitations shall be based upon a clear and accurate description of the technical requirements of the procured items.
	3. Positive efforts shall be made to use small and minority-owned businesses.
	4. The type of procuring instrument shall be determined by the Sub recipient/Contractor, but must be appropriate for the particular procurement and for promoting the best interest of the program involved.
	5. Contracts shall be made only with reasonable subcontractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement.
	6. Some form of price or cost analysis should be performed in connection with every procurement action.
	7. Procurement records and files for purchases shall include all of the following:
4. Contractor selection or rejection.
5. The basis for the cost or price.
6. Justification for lack of competitive bids if offers are not obtained.
	1. A system for contract administration to ensure Sub recipient/Contractor conformance with terms, conditions and specifications of the FEDERALLY Contract, and to ensure adequate and timely follow-up of all purchases.

**Develop and implement standards of conduct** ([2 CFR 200.318](https://www.ecfr.gov/cgi-bin/text-idx?SID=13bc73a9569946985c059e8195fb32a0&mc=true&node=se2.1.200_1318&rgn=div8))

The Sub recipient/Contractor is to maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

**Competition** ([2 CFR 200.319](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=16f1aa347993044f94cc1cdddafcf17b&mc=true&n=sp2.1.200.d&r=SUBPART&ty=HTML#se2.1.200_1319))

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition. Procurements must incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements which the proposers must fulfill and all other factors to be used in evaluating bids or proposals.

Reference [Federal Acquisition Regulation: Increased Micro-Purchase and Simplified Acquisition Thresholds](https://www.federalregister.gov/documents/2020/07/02/2020-12763/federal-acquisition-regulation-increased-micro-purchase-and-simplified-acquisition-thresholds)

### Encourage small and minority business, women’s business enterprises, and labor surplus area firm participation ([2 CFR 200.321](https://www.ecfr.gov/cgi-bin/text-idx?SID=930ed407d36803251b09aa3e5af4fa16&mc=true&node=se2.1.200_1321&rgn=div8))

The Sub recipient/Contractor is to take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus are firms are used when possible. To comply with affirmative action requirements, contractees must, at a minimum:

1. Post the procurement advertisement on the State Office of Minority and Women’s Business Enterprises (OMWBE) website at [www.omwbe.wa.gov](http://www.omwbe.wa.gov/), select “Bids & Opportunities” and then click on the “OMWBE WebAdmin” link to email your notice in a Word document, **OR**
2. Develop a list of minority- and women-owned businesses and send the procurement advertisement to five contractors from the list. You can use the [directory on the OMWBE website](https://omwbe.wa.gov/directory-certified-firms) or develop your own local list.

NOTE: The laws of Washington do not permit favoring or disfavoring any groups in contracting and procurements. Keep in mind that even with OWMBE-certified and Veteran-certified vendors, Sub recipients/Contractors **cannot:**

* Give advance notice of an upcoming procurement (not also given to the public generally)
* Give additional points in the procurement evaluation phase
* Use OWMBE or Veteran status as a tie breaker
* Give procedural leniency

**Complaints and Protests (**[Policy #DES-170-00](https://des.wa.gov/sites/default/files/public/documents/About/Procurement_reform/Policies/DES-170-00ComplaintsProtests.pdf)**)**

Sub recipients/Contractors must have complaint and protest processes in place.

**Debarment and suspension** ([Executive Order 12549](https://www.archives.gov/federal-register/codification/executive-order/12549.html))

Sub recipients/Contractors must comply with EO 12549 to ensure no subcontracts are awarded to entities that are debarred or suspended. A written check of debarment obtained from [sam.gov](https://sam.gov/SAM/) must be obtained and submitted to Commerce prior to contracting.

* Create an account
* Go to the search page
* Under domain, select ‘Entity Information’
* Under filter by, select ‘Entity’



* Use DUNS number rather than organization name when searching database for the most refined results
* Save results in electronic file
* Make a note/track the expiration date and complete another search at that time so that a current result is always on file
* NOTE: In order to do business with the federal government, an entity MUST [register](https://sam.gov/content/entity-registration) with sam.gov. If a search yields no results, either the entity has set their registration to private or they have not yet registered.

# Application Process

**Application Submittals:** Applicants are required to submit an electronic copy of the application through Smartsheet here: [Small Business Innovation Fund Application (smartsheet.com)](https://app.smartsheet.com/b/form/640e4d504f5145239b363875ca54e7b5). Application must be received by September 2, 2022.

Commerce will send a response once an application is received, however the agency does not assume responsibility for any e-mail delivery problems. Late applications will not be accepted and will be automatically disqualified from further consideration.

Failure to respond to any portion of the application document or answer the narrative questions may result in rejection of the application as non-responsive. All applications and any accompanying documentation become the property of Commerce and will not be returned.

Submission of an application does not guarantee that applicants will receive funds. Commerce reserves the right to reject all applications and resolicit.

Commerce plans to award multiple contracts from this application process.

Commerce reserves the right to negotiate partnership contracts with high scoring applications with similar projects.

**Application Evaluation and Selection:** The following evaluation criteria will be used to assess the likelihood of requested funding to be accepted and contracting to begin.

The Application & Contracts Project Manager will to assess all applications to ensure that meet minimum criteria to be considered for funding. Then will forward to a review committee who will score applications based upon evaluation methodology outlined below.

Applications will be reviewed and ranked based upon the quality of answers to the written questionnaire portion of the application. Review Committee will be reviewing answers on how they address opportunity, outcome, solution, project readiness/management and the overall budget and give scores of low (1-2), medium (3-4) and high (5-6). Any applicant who scores low in any of the categories listed above, will not move forward to selection and ranking.

Applicants with the most “High” rankings will be prioritized and put forth to Commerce Director to ensure equitable and geographic distribution of funding. Commerce Director will ensure not only the equitable and geographic distribution of funds, but also ensures each of the categories within Legislation of BIPOC, low income, rural/underserved are awarded.

**Unsuccessful Applicant Notification:** Unsuccessful Applicants will be notified by e-mail.

**Debriefing of Unsuccessful Applicants:** A debriefing conference may be requested from an unsuccessful Applicant. The request must be received by the Sustainable Business Development Manager within three business days after receiving email notification.

Discussion will be limited to a critique of the requesting Applicant’s application. Comparison evaluation of the other proposals will not be discussed. A debriefing conference may be conducted in person or on the telephone and will be scheduled for a maximum of forty-five (45) minutes.