



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT
Business Services Bureau

SMALL BUSINESS ENTERPRISE (SBE) PROGRAM

PARTICIPATION INSTRUCTIONS

Revised March 11, 2016

INSTRUCTIONS TO BIDDERS

SUMMARY

This Small Business Enterprise (“SBE”) Program shall apply to all City Manager Departments, in accordance to Ordinance NO. ORD-11-0010, adopted June 7, 2011 and enacted on July 8, 2011 (Attachment A).

Each prospective bidder who is successful in a bid to provide goods or services to the City must comply with the City’s SBE policy.

All prime bidders/proposers are required to submit a SBE/VSBE/LSBE Commitment Plan Form with their bid or proposal by the required due date to illustrate their intent to meet the SBE/VSBE/LSBE project goals.

If the prime bidder/proposer commitment plan does not illustrate intent to meet the combined SBE/VSBE/LSBE project goal, the bidder/proposer must submit a Good Faith Effort (GFE) **with the bid**, and pass the GFE evaluation, for the bid/proposal to remain responsive.

The successful prime bidder/proposer will be required to submit a monthly SBE/VSBE/LSBE utilization report (MUR) (COLB FORM 3C or COLB FORM 3P). Staff will review and verify utilization and payments made to small businesses for compliance.

I. Small Business Enterprise (SBE) Certification

Only those Small Business Enterprises certified by City of Long Beach Business Services Bureau shall be eligible for the fulfillment of the SBE participation goal. SBE listings may be obtained from the Department of Financial Management, Business Services Bureau. If a Small Business Enterprise elects to compete for City business without being certified as such, they may do so, but any bid submitted will not be counted towards fulfillment of the SBE participation goal.

An SBE desiring certification with the City of Long Beach must complete the online certification process. The online certification process can be viewed and completed through the City’s Planet Bid Portal which can be found through the following link:

<http://www.longbeach.gov/finance/business-info/compliance/small-business-enterprises/>

Upon receipt, the Business Services Bureau will review the application and determine SBE certification status. In addition, the vendor will be eligible to receive notices to bid on their selected commodities or services.

II. SBE Participation Goal

The overall participation goal in all procurement categories for Small Business Enterprise program participation will apply to all City Manager Departments.

The exception of goals established by the Manager of Business Services Bureau on a contract-by-contract basis based on market availability and useful function within the contract.

The SBE Participation goal can be achieved in the following manner(s):

- a) **Non-SBE prime contractors/consultants/vendors** shall meet the combined SBE/VSBE/LSBE participation goal, or document and submit an acceptable Good Faith Effort, for their bid or proposal to be deemed responsive.
- b) **SBE prime contractors/consultants/vendors**, certified through the City's online SBE/VBE/LSBE database and verified by the City, are deemed to have met the SBE component of the combined SBE/VSBE/LSBE participation goal, but shall meet the VSBE component of the goal, or document and submit an acceptable Good Faith Effort, for their bid or proposal to be deemed responsive.
- c) **VSBE prime contractors/consultants/vendors**, who are City-certified SBE prime contractors/consultants/vendors also qualify as Very Small Business Enterprises (VSBE) based upon the City's review of qualifying information are deemed to have met both components of the combined SBE/VSBE/LSBE participation goal.

Small Business Enterprises – Eligibility Requirements

I. SBE, VSBE and LSBE Eligibility

- a) **SBE** eligibility is determined utilizing federal U.S. Small Business Administration (SBA) size standards either by the average gross annual revenue or by the number of employees, based on North American Industrial Classification System (NAICS) codes. The current table of size standards can be accessed on the SBA website www.sba.gov/about-sba-info/4562 Examples of maximum gross annual revenue averaged over the past three years to qualify as an SBE: general contractor \$33.5 million; specialty trade contractor \$14.0 million; engineering services \$4.5 million.
- b) **VSBE** eligibility is determined utilizing maximum allowable annual gross revenues consistent with those of the State of California's Department of

General Services' "micro-business" designation. The current guidelines for this designation can be accessed on the State of California's website at <http://www.dgs.ca.gov/pd/Programs/OSDS/SBEligibilityBenefits.aspx>.

- c) Local Small Business Enterprise (**LSBE**) eligibility shall be determined by the criteria established in Municipal Code section 2.84.030, subdivisions (1) and (2), which states: *The business has to have a current, valid business license from the City of Long Beach showing a place of business within City limits; and have a current, valid seller's permit showing a place of business within City limits.* In addition to the SBE eligibility criteria described in section a), above.

SBE/VSBE/LSBE Good Faith Effort

Good Faith Effort Evaluation Criteria for Contracts

A proposer whose bid/proposal fails to meet the SBE, VSBE or LSBE participation goal shall be found responsive if an acceptable Good Faith Effort (GFE) is demonstrated. **The GFE should submitted be with a letter or memo attached to the written evidence of each of the following criteria as documentation with the bid.** The following criteria shall be used in evaluating a proposer's GFE:

1. **Attend Pre-Proposal Meeting:** The bidder/proposer submitted written evidence that he/she attended the pre-bid/proposal conference.

Tip: To receive credit for attending the pre-bid/proposal meeting, the attendee must be a person who will be directly involved with the project, i.e., owner, project manager, etc. A copy of the sign-in sheet must be submitted. If no pre-proposal meeting is held, the bidder/proposer will receive 10 points credit for this criterion.

2. **Subdivide the Work:** The bidder/proposer prepared and followed a plan to subdivide the work into disciplines or work elements that could be economically performed by small businesses. It is the bidder's/proposer's responsibility to demonstrate that sufficient work was made available to SBEs, VSBEs and LSBEs to meet contract requirements (combined SBE/VSBE/LSBE goal established for that contract).

Tip: The work should be subdivided into categories or disciplines to allow for maximum SBE, VSBE and LSBE participation. For example:

<i>Name of Project:</i>	<i><u>Pipeline Relocation Design</u></i>
<i>Work Elements:</i>	<i>Civil engineering – 70%</i>
	<i>Geotechnical – 10%</i>
	<i>Structural engineering – 10%</i>
	<i>Mechanical engineering – 10%</i>

3. **Advertise:** The bidder/proposer submitted written evidence of commercial advertising for small business subconsultants, subcontractors, vendors and/or suppliers at least 14 calendar days prior to the bid/proposal due date. A copy of the advertisement, showing the advertisement date(s), name of publication, type of work and amount of work being solicited, must be provided.

Tip: A copy of the advertisement must be provided, including the date(s) of advertisement and name of the publication.

4. **Use Public Databases:** The bid/proposer submitted written evidence of using the **City's SBE/VSBE/LSBE** database, small business, minority business, and women-owned business associations, and chambers of commerce to help solicit small businesses. In addition, databases from the agencies below are available.

- Port of Long Beach
www.polb.com/sbe
- Los Angeles Community College District
http://www.build-laccd.org/bidding_and_contracting/index.asp?pg=oao

5. **Provide Relevant Information to Small Businesses:** The bidder/proposer submitted written evidence that he/she has provided interested small businesses with information about the requirements of the contract, and how to obtain plans and specifications, at least 14 calendar days prior to the bid/proposal due date or as specified by City SBE staff.

Tip: Submitting the information included in the ad copy and also in direct written solicitations satisfies this requirement.

6. **Directly Solicit Small Businesses:** The bidder/proposer submitted written evidence of directly soliciting small business subconsultants. A copy of the written notices sent directly to SBEs, VSBEs and LSBEs must be provided. A direct solicitation should include the type of work, amount of work, and a brief specific description of the work being solicited.

Tip: Written evidence must include the following information: name of agency, name of project, company name, scope of work required, date of contact, method of contact (in-person, phone, fax, email), person contacted, result of contact (waiting for response, waiting for bid/proposal, left message, no answer, etc.).

7. **Conduct Follow-Up:** The bidder/proposer submitted written evidence of specific activities used to follow up initial solicitations in preparing the bid/proposal.

Tip: Follow-up activities must include documentation of repeat contact efforts if the first contact was unsuccessful.

8. **Offer Assistance:** The bidder/proposer demonstrated that he/she has offered to assist small businesses in obtaining bonding, insurance or equipment.

Tip: Negotiations include give-and-take by both parties with the intention of reaching a mutually satisfactory agreement. This includes responding in writing to bids/proposals from small businesses.

9. **Negotiate:** The bidder/proposer submitted written evidence that he/she has negotiated in good faith with interested small businesses. Documentation must include company name, contact person, method of contact, and specific items that were negotiated (scope of work, materials, equipment, insurance, bonding, personnel, timing of project, etc.)

Tip: Submitting the offer to assist with bonding/insurance/equipment included in the ad copy and also in direct written solicitations satisfies this requirement.

10. **Document bid/proposal (price) and negotiation results:** For any negotiations which were unsuccessful and/or bids/proposals received but not accepted, the bidder/proposer submitted the unsuccessful proposer's company name, telephone number, contact person, price proposed, and the reason for rejecting the bid/proposal. If price was the reason for rejecting the bid/proposal, list the price bid by all the SBE/VSBE/LSBE and the low bidder for that element of work.

Note: For successful bids/proposals, Contractor must submit the name of the successful bidder/proposer(s) on COLB Form SBE-2C - SBE/VSBE/LSBE Commitment Plan for Construction Contracts or COLB Form SBE-2P for Professional Services Contracts. Please refer to the ITB or RFP for submittal deadlines.

Each of the 10 criteria will be assigned 10 points and will be graded with 0 or 10 points; there is no partial credit. The bidder/proposer must achieve a score of 70 out of a possible 100 points in order for the SBE Administrator to determine that the proposer has made an acceptable GFE.

SBE/VSBE/LSBE Commitment Plan/Utilization/Substitution

For SBE designated contracts or proposals, prime contractors must submit a completed SBE Commitment Plan Form (COLB FORM SBE-2C or COLB Form SBE-2P, or COLB Form SBE-2PD) to the City of Long Beach, Business Services Bureau listing information for each SBE to be used for contract goal satisfaction or a good faith effort explaining why the goal could not be reached. The Business Services Bureau will approve the initial SBE commitment or good faith effort submitted by the prime contractor.

INSTRUCTIONS FOR COLB FORM SBE-2C: SBE/VSBE/LSBE COMMITMENT PLAN FOR CONSTRUCTION CONTRACTS

SECTIONS 1 AND 2 ARE TO BE COMPLETED BY THE PRIME CONTRACTOR.

INSTRUCTIONS FOR SECTION 2:

1. List all SBE/VSBE/LSBE subcontractors, vendors, suppliers, and other businesses that will render materials or services under this contract amendment. Only list SBEs/VSBEs/LSBEs.
2. If the prime contractor is an SBE/VSBE/LSBE, list the prime first.
3. For a firm to be counted toward meeting the SBE/VSBE/LSBE goals, the firm must be SBE certified on the City's online vendor database (*BidsOnLine*) accessible from the SBE/VSBE/LSBE Program page of the City's website: <http://www.longbeach.gov/finance/business-info/compliance/small-business-enterprises/>
4. The City does NOT issue VSBE certifications; VSBE eligibility will be reviewed and determined upon submittal of the Commitment Plan.
5. **The prime contractor must verify the current eligibility status of each SBE/VSBE/LSBE, prior to listing the firm(s) on the Commitment Plan, through one of the following methods:**
 - a. **locating the SBE/VSBE/LSBE on the City's website at <https://www.planetbids.com/portal/portal.cfm?CompanyID=15810#>**
 - b. **contacting the City's SBE Program staff to verify SBE/VSBE/LSBE status.**
6. Lower tier SBE/VSBE/LSBE subcontractors and SBE/VSBE/LSBE vendors/suppliers rendering materials or services to lower tier subcontractors must also be listed to receive participation credit. **See examples listed in the table in Section 2.**
7. The City reserves the right to request proof of payment from the prime contractor/subcontractor to the lower tier sub/vendor/supplier prior to contract close-out.
8. **All SBEs/VSBEs/LSBEs, regardless of tier, MUST be SBE certified for the materials/services that they will be rendering for the contract.**
9. **All SBEs/VSBEs/LSBEs, regardless of tier, MUST provide materials/services directly applicable to the contract.**

10. When listing the total dollar value of each SBE/VSBE/LSBE subcontract, materials or services provided, the prime contractor shall subtract payments made for any indirect or non-applicable materials/ services.

11. Use multiple copies of this form if necessary.

**INSTRUCTIONS FOR COLB FORM SBE-2P or SBE-2PD:
SBE/VSBE/LSBE COMMITMENT PLAN FOR PROFESSIONAL SERVICES
CONTRACTS**

SECTIONS 1 AND 2 ARE TO BE COMPLETED BY THE PRIME CONTRACTOR.

INSTRUCTIONS FOR SECTION 2:

1. List all SBE/VSBE/LSBE subcontractors, vendors, suppliers, and other businesses that will render materials or services under this contract amendment. Only list SBEs/VSBEs/LSBEs.
2. If the prime contractor is an SBE/VSBE/LSBE, list the prime first.
3. For a firm to be counted toward meeting the SBE/VSBE/LSBE goals, the firm must be SBE certified on the City's online vendor database (*BidsOnLine*) accessible from the SBE/VSBE/LSBE Program page of the City's website: <https://www.planetbids.com/portal/portal.cfm?CompanyID=15810#>
4. The City does NOT issue VSBE certifications; VSBE eligibility will be reviewed and determined upon submittal of the Commitment Plan.
5. **The prime contractor must verify the current eligibility status of each SBE/VSBE/LSBE, prior to listing the firm(s) on the Commitment Plan, by:**
 - a. **locating the SBE/VSBE/LSBE on the City's website at <http://www.longbeach.gov/finance/business-info/compliance/small-business-enterprises/>**
 - b. **contacting the City's SBE Program staff to verify SBE/VSBE/LSBE status.**
6. Lower tier SBE/VSBE/LSBE subcontractors and SBE/VSBE/LSBE vendors/suppliers rendering materials or services to lower tier subcontractors must also be listed to receive participation credit. **See examples listed in the table in Section 2.**
7. The City reserves the right to request proof of payment from the prime contractor/subcontractor to the lower tier sub/vendor/supplier prior to contract close-out.

8. **All SBEs/VSBEs/LSBEs, regardless of tier, MUST be SBE certified for the materials/services that they will be rendering for the contract.**
9. **All SBEs/VSBEs/LSBEs, regardless of tier, MUST provide materials/services directly applicable to the contract.**
10. When listing the total dollar value of each SBE/VSBE/LSBE subcontract, materials or services provided, the prime contractor shall subtract payments made for any indirect or non-applicable materials/ services.
11. Use multiple copies of the form if necessary.

During the term of the contract, the prime contractor shall be required to utilize all subcontractors listed on the commitment plan in the amount and percentage specified on the form, unless the City approves a change in the scope of work that would eliminate or reduce the utilization of a SBE, VSBE, or LSBE.

The prime Contractor/Consultant shall report the dollar value of payments to small businesses on a monthly basis and at project close-out. This data will be verified. Construction contractors shall submit a completed SBE/VSBE/LSBE Monthly Utilization Report for Construction Contracts (COLB Form SBE 3C), and consultants shall submit a completed SBE/VSBE/LSBE Monthly Utilization Report for Professional Services Contracts (COLB Form SBE 3P).

The Business Services Bureau office is responsible for approving any revisions to the SBE commitment form approved by City of Long Beach.

If a prime Contractor substitutes an SBE/VSBE/LSBE vendor/supplier, the Contractor shall provide proof, to the satisfaction of SBE staff, that a good faith effort was made to replace that vendor's/supplier's participation percentage with another SBENSBE/LSBE firm, to meet the combined SBENSBE/LSBE participation percentage specified on the Contractor's SBENSBE/LSBE Commitment Plan. At project closeout, if the prime Contractor fails to meet the combined SBENSBE/LSBE participation percentage specified on its SBENSBE/LSBE Commitment Plan, or fails to provide proof that it made a good faith effort to do so, the Contractor may be considered to be in material breach of contract.

For a prime contractor to request a revision to its approved contract SBE commitment, it must submit a Substitution Replacement Form (COLB FORM SBE 4C or COLB FORM SBE 4P) to the City for approval. (Contact Business Services Bureau at (562) 570-6200 or send an email at sbe@longbeach.gov for more information on this form.)

Upon receipt of this form, the City will implement the following procedure:

1. Contact the SBE subcontractor being terminated or replaced to verify information provided by the prime contractor.

2. Do not consider a more advantageous subcontract with another subcontractor as a valid reason for SBE subcontractor termination or replacement.
3. Ensure the substitution procedure outlined in the contract SBE Special Provision is followed prior to approving the termination or substitution of an approved SBE subcontractor.
4. Obtain a completed SBE Commitment Plan form from the prime contractor with original prime contractor and SBE subcontractor signatures, for any new or replacement SBE subcontractors to be added to the previously approved contract SBE commitment. Ensure the following information is included with the SBE Commitment Plan form:
 - o items and quantity of work to be performed
 - o materials being supplied
 - o dollar value of subcontract, materials or services
 - o total amount of SBE commitment
 - o if the SBE is a material supplier, an explanation of the function performed
5. Notify the prime contractor and the applicable City project manager or staff of the approval or denial of the SBE commitment revision. Forward the COLB Substitution/Change Form, the appropriate letter, and any file documentation to the prime contractor and City project management staff.

CONTACT INFORMATION and ASSISTANCE

For questions or assistance, please contact the Business Services Bureau:

Department of Financial Management
Business Services Bureau
333 W. Ocean Blvd., 7th Floor
Long Beach, CA 90802
(562) 570-6200 Telephone
(562) 570-5099 Fax
Email: sbe@longbeach.gov

For more information or to download SBE forms, please visit:
<http://www.longbeach.gov/finance/business-info/compliance/small-business-enterprises/>