



## SMALL BUSINESS/ VERY SMALL BUSINESS *Enterprise Program*



### SMALL BUSINESS ENTERPRISE (SBE) / VERY SMALL BUSINESS ENTERPRISE (VSBE) PROGRAM FACT SHEET

**Program applies to:** Construction Contracts and Personal Service Agreements

**Type of program:** Participation Program - The Harbor Department has an annual 25% SBE participation goal, of which 5% is VSBE participation. The Harbor Department establishes SBE/VSBE requirements for each contract.

**SBE and VSBE eligibility:** SBE eligibility is equivalent to U.S. Small Business Administration (SBA) size standards based on North American Industry Classification System (NAICS) codes. VSBE eligibility is equivalent to the State of California's Microbusiness designation which is currently defined as 1) a small business that has average annual gross receipts of \$3,500,000 or less within the previous three years, or (2) a small business manufacturer with 25 or fewer employees.

**Contractor database:** Los Angeles Business Assistance Virtual Network (LABAVN) – [www.labavn.org](http://www.labavn.org). This system is free to registrants and serves as a 1) contractor database; 2) contract opportunity notification system; 3) online SBE certification system; and 4) Minority Business Enterprise (MBE)/ Women Business Enterprise (WBE)/SBE outreach and querying system.

**SBE certification process:** When responding to an Request for Proposal (RFP) or bid, Prime Contractors are required to complete and notarize an Affidavit of Company Status and Contractor Description Form attesting to the status (SBE/VSBE/MBE/WBE) of all firms proposed to provide work under the contract. It is the responsibility of the Prime Contractor to verify the status of all subcontractors.

Small businesses can also self certify on the LABAVN. SBE status is valid one year from the date of registration. In order to maintain status as an SBE, the business profile must be updated annually. The system will send an email notification with a courtesy reminder to update the business profile. Failure to update the profile will result in the termination of the firm's SBE status.

**SBE verification process:** The Harbor Department verifies SBE/VSBE status of all small businesses prior to contract award. Falsifying information could result in a firm being banned from doing business with the City for five years.

**SBE/VSBE contract requirements:** Bidders and proposers must submit the Affidavit of Company Status and the Contractor Description Form with their proposals. Staff review these documents to ensure that the bidders or proposers have complied with the SBE/VSBE requirement for the specific contract opportunity. Should bidders or proposers fail to comply with the SBE/VSBE requirements or submit the required documentation, the proposal will be deemed non-responsive.

**SBE/VSBE participation calculation:** Participation will be determined by the percentage of the total amount of compensation under the agreement paid to SBE/VSBEs.

**SBE/VSBE participation monitoring requirements:** Prime contractors/consultants are required to submit monthly SBE/VSBE subcontractor monitoring reports. Prime contractors are subject to penalties for non-compliance.

**SBE/VSBE reporting:** The Contracts and Purchasing Division (CPD) assesses SBE participation at the time of contract award and contract completion. CPD submits an annual report to the Board of Harbor Commissioners detailing SBE/VSBE utilization, as well as MBE/WBE utilization.