

PERALTA COMMUNITY COLLEGE DISTRICT

Board Policy Proposal to Adopt and Revise the District's Small Local Business Enterprise Program

The District submits the following draft Board Policy to codify and update the District's Small Local Business Program.

Rationale for this Board Policy:

The District has a number of funding sources for construction of extensive capital improvement projects, such as Measure G bonds authorized by voters in the District service area in 2018. However, Small Local Business Enterprises (SLBEs) often face barriers in the contract selection process, and the District has historically underutilized SLBEs. The District seeks to expend its capital funding in a manner that promotes economic opportunity for SLBEs within the District service area and stimulates the local economy to benefit residents of the District service area and local communities. District staff and construction management teams, in consultation with small local business leaders in the region, have noted possible improvements to the District's existing Small Local Business Enterprise and Small Emerging Local Business Enterprise Program (the SLBE Program) and related District procedures, to advance the purposes described above.

The goals of the attached draft Board Policy are to: (1) increase the number of certified SLBEs participating in all aspects of the District's contracting and professional service agreements; (2) enhance the capacity and sustainability of SLBEs to serve as prime contractors and subcontractors for the District's projects; and (3) stimulate the local economy by generating economic opportunities within the District service area, supported by bond funding.

For the past several years, the District has operated an SLBE Program, comprised of various administrative efforts to ensure inclusion of SLBEs. The attached draft Board Policy would codify, formalize, and enhance the existing program with revisions designed to advance the above goals. The Chancellor would adopt an Administrative Procedure to detail the specifics of each of the Board Policy's components. District staff, consultants, and attorneys would be able to adjust policy implementation over time to maximize program efficiency and effectiveness.

BOARD POLICY 6355
SMALL LOCAL BUSINESS ENTERPRISE PROGRAM

The Board of Trustees delegates to the Chancellor the authority to establish and implement the District's Small Local Business Enterprise Program (SLBE Program). The Chancellor shall issue administrative procedures to detail the implementation of this policy. The SLBE Program shall include the following components:

- SLBE utilization requirements and incentives as follows:
 - a twenty-five percent SLBE utilization requirement on a contract-by-contract basis;
 - utilization is measured based on dollar value of prime contract and subcontracts under that prime contract;
 - for particular contract awards, the District may waive or lower this requirement based on an availability analysis of certified SLBEs;
 - for particular contract awards, the District may establish an additional or alternative utilization requirement for Small Emerging Local Business Enterprises (SELBEs);
 - Chancellor's administrative procedures shall detail bidder compliance requirements;
 - a three- to five-percent bidding preference, for bidders who commit to exceeding the SLBE percentage requirement established for a particular contract; the District shall establish a reasonable maximum dollar value for the bid preference;
 - covered contracts include bond-funded contracts in the following categories:
 - construction contracts of at least \$1 million;
 - goods or professional services contracts of at least \$1 million;
- a Prompt Invoice Payment Policy aimed at ensuring that the District pays prime contractors within 30 days of receipt of the prime contractors' invoices; that prime contractors promptly submit their invoices to the District; and that prime contractors pay subcontractors within 30 days of receipt of the subcontractors' invoices, even if the District has not yet paid the prime contractor;
- a Contractors' Development Program that provides comprehensive technical assistance and resources to SLBEs in building capacity to successfully subcontract with the District's prime contractors; this Program shall include a Surety Bond Guarantee (SBG) Program that includes securing a bond guarantee, a "line of credit" entity to provide bond collateral support, and a third-party funds administrator; program details will be subject to Board review prior to implementation;

- a Mobilization Finance Program with a lending institution, providing comprehensive financial systems assessments and technical assistance, on an ongoing basis; program details will be subject to Board review prior to implementation;
- enhanced SLBE outreach efforts to inform SLBEs of contracting opportunities with the District;
- SLBE education and technical assistance programs for SLBEs and for Peralta students, to prepare them for working on bond program projects;
- a Local Hiring Program that sets requirements for contractors to identify and provide employment and training opportunities to local residents and Peralta students and graduates, in work on the District's bond-funded construction projects; and
- a Small Business Advisory Council consisting of small business subject matter experts and leaders of small businesses that are based within the six cities in Peralta Community College District and who represent organizations or associations that advocate for small businesses and have at least 15 members each (*e.g.*, chambers, business associations); the Advisory Council shall also have one District Liaison who is a District staff person tasked with implementation of this SLBE Program; this Advisory Council will help the District develop critical solutions to the District's procurement concerns regarding SLBEs, disseminate information regarding specific projects and programs, provide a forum for interactive discussions with interested parties, and provide regular feedback, recommendations, and monitoring regarding the District's implementation of the SLBE Program; this Council shall be subject to the public meeting requirements of the Brown Act (Government Code Sections 54950 et seq.).

The Chancellor may direct and authorize District staff and the construction management team to advance and implement the program elements described herein robustly and creatively, in order to maximize economic opportunities for SLBEs. The District shall implement this SLBE Program across bond-funded contracts in a manner that is consistent with the contracts' respective funding agreements. The District shall aim to ensure that any future funding agreements align with the intent of this Program to the fullest extent possible. Due to the complexity of the Program's components, the District's implementation shall remain flexible, allowing for legal review and refinement, programmatic adjustment based on experience, and ongoing stakeholder input.

References:

California Brown Act, Government Code Sections 54950 *et seq.*

New SLBE Revenue Thresholds

(Effective December 2023)

New revenue thresholds for definition of Small Local Business Enterprises (SLBEs) as follows:

Type of Firm	New Thresholds*
Construction	\$11.5 million or less
Goods and non-professional services	\$6 million or less
Architecture, engineering, and professional services	\$5 million or less

*This Policy increases thresholds annually based on the California Construction Cost Index.