
CITY OF CHICAGO

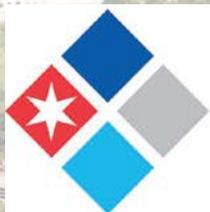
RULES



SMALL BUSINESS INITIATIVE (SBI) CONSTRUCTION PROGRAM

UNDER 2-92-680 AND 2-92-710

LAST UPDATED: May 9, 2018



**DEPARTMENT OF
PROCUREMENT
SERVICES**

Mayor Rahm Emanuel

Chief Procurement Officer Jamie L. Rhee

BY AUTHORITY VESTED IN THE CHIEF PROCUREMENT OFFICER FOR THE DEPARTMENT OF PROCUREMENT SERVICES PURSUANT TO 2-92-680 AND 2-92-710, THE FOLLOWING RULES REGARDING THE **SMALL BUSINESS INITIATIVE (SBI) CONSTRUCTION PROGRAM** ARE ADOPTED HEREIN.

By Order of the Commissioner:

Signed: 
Chief Procurement Officer

Date: 5/9/18

Effective: **May 9, 2018**

Mayor Emanuel's Small Business Initiative (SBI) is designed to increase the opportunities that small businesses have to do business with the City of Chicago. This policy statement for construction projects, which is a part of the SBI, institutes a program for small local businesses to be exclusive bidders on certain construction projects pursuant to Section 2-92-710 of the Municipal Code of Chicago.

In response to feedback from the vendor community, the program has been divided into two tiers, SBI I and SBI II. This tiered system establishes standards that allow greater opportunities for smaller businesses.

I. Eligibility.

A. To qualify for this construction program, a business must be a small local business enterprise. In making a determination whether a business meets that definition, the Chief Procurement Officer will consider, among other factors, whether the business:

- Has been in business for at least one (1) year, unless certified by the City as an MBE, WBE, or VBE pursuant to the City of Chicago's Regulations Governing Certification of Minority- and Women-Owned Business Enterprises, Veteran-Owned Business Enterprises and Business Enterprises Owned or Operated by People with Disabilities for Construction Contracts (the "Certification Regulations") or certified by Cook County as an MBE or WBE;
- Will perform the majority of the work on the construction project with its own forces and/or subcontractors who are also small local business enterprises;
- Is independent, and not an affiliate or subsidiary of any other business;
- Has its principal place of business and the majority of its full-time, regular work force located in the Six-County region identified in Section 2-92-670, as evidenced by location of their employment as reported to federal and state taxing authorities;
- For the SBI I program:
 - has gross receipts, averaged over the firm's previous five fiscal years, or number of employees, per pay period averaged over the past twelve months, that do not exceed the size standards set forth in 13 C.F.R. Part 121; and
 - the personal net worth of each owner of the firm does not exceed the personal net worth limits set forth in the Certification Regulations.
- For the SBI II program:
 - has gross receipts, averaged over the firm's previous five fiscal years, or number of employees, per pay period averaged over the past twelve months, that do not exceed **50%** the size standards set forth in 13 C.F.R. Part 121; and
 - each owner's personal net worth is not more than 50% or 1/2 the personal net worth limits set forth in the Certification Regulations.

B. Independence of a business is determined solely by the Chief Procurement Officer or his or her designee. Indicia of independence include the ability of the applicant to perform satisfactorily in its area(s) of specialty without substantial reliance upon finances, resources, bonding, expertise, staff, facilities, or equipment of another individual business. Recognition of the applicant as a separate and distinct entity by governmental taxing authorities is not dispositive of the applicant's assertion of independence. Independence will be evaluated as of the date the applicant was established through and including the date of application to the SBI.



- C. SBI is race and gender neutral. Any small business that meets the definition of small local business enterprise is eligible to bid on a SBI construction contract.
- D. For the SBI I program:
- (i) City-certified minority-owned business enterprises (MBEs), women-owned business enterprises (WBEs), by definition in Section 2-92-670, must also be small local business enterprise in order to be certified as an MBE or WBE, and therefore, they will be presumed to be eligible. Cook County certified MBEs and WBEs must also be small local businesses in order to be certified and are therefore presumed to be eligible.
 - (ii) Veteran-owned business enterprises (VBEs) that are certified by the City pursuant to the City's Regulations Governing Certification of Minority- and Women-Owned Business Enterprises, Veteran-Owned Business Enterprise, and Business Enterprises Owned or Operated by People with Disabilities for Construction Contracts (the "Certification Regulations") must also be small local business enterprises in order to be certified as a VBE, and therefore are presumed to be eligible.
 - (iii) Firms certified as Disadvantaged Business Enterprises (DBE) are presumed to meet the definition of a small-business enterprise, but must prove they are a local business enterprise; therefore, DBEs will be required to submit an affidavit in the form provided in the bid package regarding their status as a local business enterprise.
 - (iv) All non-certified firms will be required to submit an affidavit using the form provided in the bid package to attest that they are eligible.
- E. For the SBI II program, all bidders will be required to submit an affidavit, regardless of certification status.
- F. The Chief Procurement Officer reserves the right to request additional reports and/or site visits to determine the accuracy of any information provided in the affidavits referred to above and/or to verify that a bidder is eligible.

Program Tier	Project Cost	Small Business Size Standards	Personal Net Worth Limits
SBI I	\$2,000,000-\$3,000,000	SBA size standards per NAICS code	PNW limits set forth in the Certification Regulations
SBI II	<\$2,000,000	½ SBA size standards per NAICS code	50% or 1/2 the PNW limits set forth in the Certification Regulations

II. Procedure.

- A. The Department of Procurement Services (DPS) will identify construction projects in the City's Buying Plan, updated each quarter, which will be offered exclusively to small local business enterprises through this SBI construction program. The projects will be sized appropriately for small businesses and typically will be limited to estimated project construction costs of \$3,000,000 or less for SBI I projects, \$2,000,000 or less for SBI II projects.
- B. For those bidders who have not already been determined to be small local business enterprises, the bid package for each SBI construction program procurement will contain the affidavit referred to in Section 1 above to be completed by the bidder.
- C. Businesses which have been determined to be small local business enterprises will be required to submit annual affidavits confirming their continued compliance with the eligibility requirements of the SBI program. These firms will also be subject to an on-going responsibility to inform DPS of any changes in their status in the interim that might affect their compliance with the SBI program's requirements.
- D. The bid package for SBI construction program procurements will also include reporting forms which will be required to be completed by successful bidders at the conclusion of the contract which will report on job creation related to the performance of the City contract as well as other work force, bottom line and anecdotal evidence of the impact of the SBI construction program on the bidder. Failure to complete and submit reports as required may result in a bidder being declared ineligible for further participation in the SBI construction program.

