

**LOCAL BUSINESS ENTERPRISE (LBE)  
PARTICIPATION REQUIREMENTS FOR PROFESSIONAL SERVICES AND  
NONPROFESSIONAL SERVICES OF \$100,000 OR MORE**

(City Contracts no Federal Funds Used)

**I. LBE PARTICIPATION REQUIREMENT**

On April 3, 2012, the Sacramento City Council adopted a Local Business Enterprise (LBE) Preference Program to provide enhanced opportunities for the participation of local business enterprises (LBEs) in the City's contracting and procurement activities. On November 19, 2013 City Council increased the LBE preference percentage and authorized City departments to require a minimum 5% LBE participation level in public project and professional service contracts. On December 17, 2013, the City Council amended the City Code to allow City departments to require a minimum 5% LBE participation level in supply and nonprofessional service contracts. Under City Code section 3.60.270, when the specifications or request for proposals or bids for a City contract establish a minimum participation level for LBEs, no proposer or bidder on the contract shall be considered responsive unless its proposal or bid meets the minimum LBE participation level required by the specifications or request for proposals or bids.

The City has established **a minimum 5% participation level for LBE's on this contract.** Under City Code section 3.60.270, no proposer or bidder shall be considered a responsive proposer or bidder unless its proposal or bid meets this minimum LBE participation level.

Bidder and any other business entity listed on the LBE forms submitted shall comply with all applicable laws relating to licensing, permitting, and payment of taxes and fees in the City of Sacramento or County of Sacramento; and shall not be in arrears to the City of Sacramento or County of Sacramento, upon award of a contract.

**II. LBE QUALIFICATION**

- A. A LBE designated in the proposal or bid must be qualified as a LBE prior to the time set for submission of proposals or bids.
  
- B. Local Business Enterprise means a business enterprise, including but not limited to, a sole proprietorship, partnership, Limited Liability Company, corporation, or other business entity that has a legitimate business presence in the city or unincorporated county of Sacramento. Proof of legitimate business presence in the city or unincorporated county of Sacramento shall include:
  - 1. Having a current City of Sacramento Business Operation Tax or County of Sacramento Business License for at least twelve (12) consecutive months prior to submission of the proposal or bid; and
  - 2. Having either of the following types of offices or workspace operating legally within the city or unincorporated county of Sacramento for at least twelve (12) consecutive months prior to submission of the proposal or bid:
    - a. The LBE's principle business office or workspace; or

- b. The LBE's regional, branch or satellite office with at least one full time employee located in the city or unincorporated county of Sacramento.
- C. A LBE must provide a physical address for the basis of location. This excludes P.O. Box addresses.
- D. A LBE must provide a current copy of the City of Sacramento Business Operations Tax Certificate or County of Sacramento Business License.

### III. **DETERMINATION OF LBE PARTICIPATION LEVEL**

- A. Professional and nonprofessional services agreements of \$100,000 or more will be subject to a minimum 5% LBE participation requirement.
- B. To receive credit for the 5% minimum participation requirement, the Contractor must either **(a)** be a LBE, or **(b)** subcontract with a business entity that is a qualified LBE.

### IV. **LBE REQUIREMENTS OF SUCCESSFUL PROPOSAL**

- A. **LBE RECORDS** - The Contractor shall maintain records of all agreements with verified LBE subconsultants or subcontractors for one (1) year after receiving final payment from the City. Such records shall show the name and business address of each LBE subconsultant or subcontractor and the total dollar amount actually paid each LBE subconsultant or subcontractor. Upon completion of the agreement, a summary of these records shall be prepared, certified correct by the Contractor's authorized representative and furnished to the City. The Contractor shall provide such other information, records, reports, certifications, or other documents as may be required by City, to determine compliance with any provision of the LBE program or these requirements.
- B. **REPORTING REQUIREMENTS AND SANCTIONS** - Failure to provide specific information, records, reports, qualifications, or any other documents required for compliance with these requirements shall be considered noncompliance with the agreement. If the Contractor fails to correct a deficiency within fifteen (15) days after notification, a deduction may be made from the agreement amount. The deduction shall be ten (10) percent of the estimated value of the services performed during the month, not to be less than \$1,000 nor exceed \$10,000.
- C. **PERFORMANCE OF LBE SUBCONSULTANTS** - The LBEs listed as subconsultants or subcontractors by the Contractor shall perform the work or services for which they are listed unless the Contractor has received prior written authorization from the City to perform the work or services in another manner. If the City approves the substitution of an LBE listed as a subconsultant or subcontractor by the Contractor, the Contractor will be required to make good faith efforts to replace the original LBE subconsultant or subcontractor with another qualified LBE subconsultant or subcontractor.

## V. DEFINITIONS

### A. **Local Business Enterprise (LBE)**

Local Business Enterprise (LBE): A business enterprise, including but not limited to, a sole proprietorship, partnership, limited liability company, corporation, or any other business entity that has a legitimate business presence in the city or unincorporated county of Sacramento.

### B. **Contractor**

The successful proposer or bidder who is awarded the professional services or nonprofessional services agreement by the City.

### C. **Subconsultant**

The individual, partnership, corporation, firm, or other entity entering into a contract or agreement with the Contractor to perform a portion of the work or services under the professional services agreement.

### D. **Subcontractor**

The individual, partnership, corporation, firm, or other entity entering into a contract or agreement with the Contractor to perform a portion of the work or services under the nonprofessional services agreement.