

RICHLAND COUNTY COUNCIL
S O U T H C A R O L I N A

**OFFICE OF SMALL BUSINESS OPPORTUNITY
AD HOC COMMITTEE MEETING**

July 26, 2016
4:45 PM
4th Floor Conference Room

- 1. Call to Order**
- 2. Adoption of the Agenda**

ITEMS FOR ACTION:

- 3. SLBE Size Standards Revisions [PAGES 2-5]**
- 4. Adjournment**



Committee Members

Bill Malinowski
District One

Damon Jeter
District Three

Paul Livingston
District Four

Jim Manning
District Eight

Norman Jackson
District Eleven

SLBE Size Standards Revisions

At the June 15, 2016 OSBO Ad Hoc Committee Meeting, the Committee held this item in Committee until further input could be received from impacted, or potentially impacted, individuals, firms, and/or organizations.

Staff received comments and input from numerous individuals, firms, and organizations (ie, National Association of Minority Contractors (NAMC-SC); Diane Sumpter / DESA; Jimmy Chao / Chao & Associates).

The majority of input received regarding the proposed revisions was positive.

Therefore, approval of these two revisions as proposed to the Size Standards document is recommended. By approving these revisions, the intent and integrity of the SLBE program will be upheld; meaning, small local businesses will qualify to participate in, and benefit from, the program.

The Size Standards document, which defines the SLBE size standard eligibility requirements, is a living, breathing document, and as such, can be modified as needed. The SLBE Ordinance provides that the size standards “shall be reviewed ***not less than annually and adjusted periodically*** by the Richland County Council to meet changes in market conditions.” Therefore, as continuous opportunities for improvements to the SLBE program arise, staff will bring those items to the Committee for review.

The following two revisions are being proposed:

1. Remove “within its largest primary NAICS commodity code” and base the size standard on **annual gross revenues (AGR)**. This closes a loophole that could potentially allow non-eligible (ie, “large” vs. “small”) firms to participate in the SLBE program.
2. **Revise the engineering firm dollar amount from \$2.5 million to \$3 million.** Because engineering could be viewed as being a professional service, if a firm is over the cap for engineering, they could potentially claim they classify under professional services so they could qualify for the SLBE program. By leveling the dollar amounts of the two, it would simply

eliminate any confusion, as well as the need for clarification of the industry category definitions.

Industry Category	Associated NAICS Codes	Current AGR Threshold	Proposed AGR Threshold
Construction Services	23	\$7 million	\$7 million
Architectural Services	541310, 541320	\$3 million	\$3 million
Engineering Services	541330, 541360, 541370	\$2.5 million	\$3 million
Professional Services	52/53/54/61/62 /81	\$3 million	\$3 million
Non-Professional Services	48/49/56	\$2 million	\$2 million
Wholesale & Retail Operations	42/44/45	\$2 million	\$2 million

Please note: The Size Standards document is separate and apart from the SLBE Ordinance, and as such, will only require **one reading** of Council.

The proposed revisions are contained on the following two pages, and are highlighted in yellow for your convenience.

Richland County, South Carolina

SLBE SCHEDULE OF SIZE STANDARD ELIGIBILITY REQUIREMENTS

1. Small Business Enterprise ("SBE")

A Small Business Enterprise, as defined by Section 2-639 of the Richland County Code of Ordinances, effective May 6, 2014, shall have the following size limitations:

a. The SBE must not have employed more than **fifty (50)** full-time employees at any one time during the last three years; and

b. The SBE must have annual gross revenues ~~within its largest primary NAICS commodity code as~~ averaged over its most recent past three fiscal years of not more than **\$7 million** for construction firms, specialty trade contractors, and manufacturing firms; not more than **\$3 million** for architectural firms; not more than **\$3 million** for professional services firms (e.g., scientific, real estate, insurance, accounting, legal, etc.); not more than ~~\$2.5 million~~ **\$3 million** for engineering firms; and not more than **\$2 million** for wholesale operations, retail firms, and all other services firms (e.g., truck transportation, administrative support services, repair and maintenance services).

c. If a business has not existed for 3 years, the employment and gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business not to exceed the three years. Once the gross annual receipts of a business exceed the gross sales average limits, it should no longer be eligible to benefit as an SLBE firm and should be graduated from the program.

2. Eligibility for the SLBE Program

To be certified as being eligible to benefit from, the SLBE Program as an "SLBE" firm or an "SLBE Joint Venture", per Section 2-641(a)(2) of the Richland County Code of Ordinances, a firm (or each member firm of the Joint Venture) must comply with the size standards outlined in section 1 above. To be certified as being eligible to benefit from the SLBE Program as an "Emerging SLBE" firm, a firm must comply with the requirements of Sections 2-641 (e)(1) – (e)(4) of the Richland County Code of Ordinances.

ADOPTED THIS _____ day of _____, 2016.

Torrey Rush, Chair

Richland County Council

Attest: _____

Michelle Onley

Assistant Clerk of Council