



City of Grand Rapids

# ADMINISTRATIVE POLICY

<b>NUMBER: 04-01</b>	<b>DATE: August 11, 2004</b>
<b>REVISIONS:</b> 01-23-07; 10-10-08; 7-16-09; 9-16-10; 12-12-17 11-14-25	
<b>ISSUED BY: City Manager</b>	<b>SIGNED:</b> 

**SUBJECT: EQUAL BUSINESS OPPORTUNITY - CERTIFICATION**

**PURPOSE:** In support of the objectives in the City’s Strategic Plan, the purpose of this Policy is to enhance the growth and development of small businesses and provide access and equal opportunity in the performance and administration of the City’s procurement process.

**POLICY:** The City of Grand Rapids Office of Equity and Engagement (OEE) will certify Micro Local Business Enterprises (MLBEs) that desire to participate as such under the City of Grand Rapids Equal Business Opportunity Certification Policy.

## SECTION 1: DEFINITIONS

1. Asian	A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
2. American Indian or Alaska Native	A person having origins in any of the original peoples of North America and South America (including Central America), and who maintains tribal affiliation or community attachment.
3. Bid Discount	A business incentive practice allowing an original bid to be reduced by a certain percentage for having engaged in activities that embrace the City’s Mission Statement and City Commission Sustainability Plan with regard to social equity, prosperous economy, enriched lives and clean environment. The discounted bid amount is used in the selection process.

4. Black or African American	A person having origins in any of the black racial groups of Africa.
5. Business	<p>In the state of Michigan, a business is an entity engaged in commercial, industrial, or professional activities. The City of Grand Rapids will recognize several types of business models.</p> <ul style="list-style-type: none"> <li>• Those Business types recognized are the following: <ul style="list-style-type: none"> <li>○ Sole Proprietorship</li> <li>○ General Partnership</li> <li>○ Limited Partnership (LP)</li> <li>○ Limited Liability Partnership (LLP)</li> <li>○ Limited Liability Company (LLC)</li> <li>○ Low-Profit Limited Liability Company (L3C)</li> <li>○ Professional Limited Liability Company (PLLC)</li> <li>○ Cooperative (Co-op)</li> </ul> </li> </ul>
6. Business Day	Monday, Tuesday, Wednesday, Thursday, and Friday when City Hall is open. This does not include federally observed holidays.
7. Capability Statement	A one-page business document or record providing details of the organizational competencies, capacity, achievements, associations, and accreditations.
8. Certification	The process that the City of Grand Rapids utilizes to determine whether businesses meet eligibility criteria as bona fide Micro Local Business Enterprises (MLBE).
9. City:	City of Grand Rapids or the appropriate contracting Authority.
10. Commercially Useful Function (CUF)	<p>Those functions performed when a business does all of the following:</p> <ul style="list-style-type: none"> <li>• Is responsible for the execution of the work in a contract</li> <li>• Actually manages or supervises the work</li> <li>• Performs work in the contract that is its normal business, service or function</li> <li>• Does not subcontract out portions of the work that is greater than normal industry practices.</li> </ul>
11. Compliance:	The condition existing when a contractor meets the requirements of the EBO - Construction Policy and these Guidelines.
12. Equal Business Opportunity (EBO) Policies	The Certification, Construction, Professional Services, and Goods and Services policies adopted by the Grand Rapids City Commission to accomplish the City's objectives outlined in the strategic plan.
13. Federal System for Awards Management (SAM):	The primary registrant database for the U.S. Federal Government. SAM collects, validates, stores and disseminates data in support of agency acquisition missions.
14. Figurehead owner	The named owner does not truly control, manage and/or own the business. The figurehead is installed in order to qualify for diversity programs. For example, a figurehead owner is the named owner of a business who may be a family member but does not actually manage and/or own the company.

15. Front Company	16. A MLBE company that wins a contract and passes the contract on to a non-MLBE for a fee or does not provide a Commercially Useful Function (CUF).
16. Hispanic or Latino	A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race.
17. Micro Local Business Enterprise (MLBE)	A business certified for a period of time by the City of Grand Rapids as meeting special business requirements such as being an established business, registered as a small business with the Small Business Administration; and meeting additional requirements for business size, location, and personal net worth of the controlling owners in order to qualify for bid discounts under the City's EBO policies.
18. Minority:	<p>A person who is a citizen or lawful resident of the United States who is:</p> <ul style="list-style-type: none"> <li>a. Black, a person having origin in any of the black racial groups of Africa.</li> <li>b. Hispanic or Latino, a person of Cuban, Mexican, Puerto Rican, South or Central American ancestry. Persons with European Spanish ancestry are not included as Hispanic or Latino for purposes of these administrative guidelines.</li> <li>c. Asian American, a person having origins in any of the original people of the Far East, Southeast Asia, the Indian sub-continent, or the Pacific Islands.</li> <li>d. American Indian, a person having origins in any of the original peoples of North America.</li> <li>e. Native Hawaiian or Other Pacific Islander: A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.</li> <li>f. Two or more races or Multi-racial: refers to individuals who identify with a combinations of two or more of the following race categories: White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, or Some Other Race.</li> </ul>
19. Native Hawaiian or Other Pacific Islander	A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
20. Non-Compliance	The condition existing when a MLBE fails to meet the requirements of this Policy.
21. North American Industry Classification Systems (NAICS):	The standard for used by Federal agencies in classifying business establishments for the collection, analysis, and publication of statistical data related to the business economy.
22. Personal Net Worth:	Personal financial condition of the controlling owner(s) of MLBE businesses as determined by SBA (8a) status.
23. Supplier Diversity:	In support of the City's Strategic Plan and Equal Business Opportunity – Construction Program, supplier diversity is defined as a proactive practice that seeks to provide all construction contractors and subcontractors equal access to construction bidding

	opportunities in an effort to promote the City's Mission Statement and City Commission Sustainability Plan.
24. Two or more races or Multi-racial	Refers to individuals who identify with a combinations of two or more of the following race categories: White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, or Some Other Race.
25. White: (not of Hispanic origin)	All individuals with origins in any of the original peoples of Europe, North Africa or the Middle East.

## SECTION 2: CERTIFICATION BY THE CITY OF GRAND RAPIDS

### 2.1 GENERAL REQUIREMENTS:

Business enterprises that desire to participate under the City of Grand Rapids Equal Business Opportunity Policies as certified Micro Local Business Enterprises (MLBE) may qualify as such by submitting a completed certification application to the Office of Equity and Engagement. The City of Grand Rapids Office of Equity and Engagement certifies businesses in our MLBE based on geography, business size, age of business and personal net worth. Businesses located in the following Michigan counties are eligible to certified by the City to participate in this program.

1. Business Location: The Business wishing to obtain MLBE Certification must be located in Kent County, Michigan.
2. Business Age: Verification that the business has been in operation for a minimum of one full year (12 months).
 

Exceptions may be granted for businesses who have not been in operation for at least one year (12 months) if the following are present:

  - a. Business Owner has proven success creating and sustaining business that has supplied the City of Grand Rapids, private sector, or other public or not-for-profit entity.
  - b. Business seeking registration has at least three references to support business capacity and credibility.
  - c. Business seeking registration is looking to provide private sector with contracting or supply needs based upon City initiatives.
3. Registration: Verification of registration with the City of Grand Rapids Purchasing Department.
4. Location: Verification that the principal place of business has been in operation for at least six (6) months from a fixed or home office located in Kent County, Michigan. The local office must operate in accordance with the following criteria:
  - a. The local office functions on a daily or regular basis, and provides all services to operate the business for which certification is sought.
  - b. The local office contains all fixtures, equipment and/or space necessary to operate, including but not limited to, as appropriate: computer(s), software, copy machine(s), furniture, vehicle(s), tools, appliances and/or machinery necessary to operate the business for which certification is sought;
  - c. The local office must be the main office for assigned personnel who conduct the business' activities necessary to operate the local business for which certification is sought.

5. **Business Size:** Verification that the latest three-year average business revenue or number of permanent employees is 35% or less than the Small Business Administration's (SBA) NAICS industry small business standards.

If the business is applying for a "Business Age Exemption" as identified in Section 1, a copy of the Business Age Exemption form must be submitted with the application.

**Personal Net Worth:** Verification that the controlling owner (ownership totaling 51% or more) has an individual personal net worth, as determined for SBA (8a) status (13 CFR 124.104(c)(2)), that does not exceed the inflation-adjusted equivalent of \$242,000 in January 2007 dollars at the time of initial application. The applicable threshold will be recalculated annually using the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U).

**Formula for recalculation:**

Current Year Cap = \$242,000 × (CPI-U for the current year ÷ CPI-U for January 2007).

When determining net worth, applicants may exclude the equity in their primary personal residence. This verification must be conducted by a Certified Public Accountant (CPA) in accordance with the regulatory and compliance standards set forth by the U.S. Small Business Administration (SBA), specifically aligned with SBA 8(a) Program guidelines. The CPA's verification must be documented and submitted as part of the application process.

Completed applications will be processed within 30 days from the date received by the Office of Equity and Engagement.

## 2.2 REPORTING CHANGES:

Businesses listed in the Micro Local Business Enterprise Directory are required to inform the City's Office of Equity and Engagement (OEE) immediately of any change in the location, ownership, management, officers, operation or control of the business and any other pertinent information that affects MLBE status. If the percentage of MLBE ownership drops below fifty-one percent (51%), the MLBE must notify the City's Office of Equity and Engagement immediately of such change. To report changes in the location, ownership, management, officers, operation or control of the business and any other pertinent information that affects MLBE status an annual update form must be submitted to OEE within Thirty days of change.

Failure to report changes to status as required by this section may result in decertification.

## 2.3 TERMS OF CERTIFICATION:

A business may be certified as a MLBE by the City of Grand Rapids for one nine (9) year period (nine consecutive years). A MLBE shall submit periodic reviews (bi-annual or tri-annual) reviews to the Office of Equity and Engagement. MLBEs failing

to complete these reviews shall be deemed to have their certification lapse and may no longer be certified as such under this policy.

During any period in which a MLBE is certified to participate under the Equal Business Opportunity policies, all books and records of the MLBE, which may prove or disprove MLBE eligibility, shall be open for inspection and examination by the City Manager or their designee upon reasonable notice.

## 2.4 ANNUAL UPDATE

One third of all Micro Local Business Enterprise (MLBE) companies shall be selected by the Office of Equity and Engagement (OEE) to submit an annual update on pertinent business information relevant to MLBE Eligibility. The selected companies must provide the completed update within 60 days of OEE's request. Failure to submit the required annual update within the specified timeframe may result in the rescinding of the company's MLBE status.

## 2.5 GRADUATION

At such time as a business completes nine (9) consecutive years of certification, or upon completion of all approved extensions (19 years), and/or exceeds the established criteria for the MLBE certification, the business shall be deemed to have graduated from the MLBE program and shall no longer be eligible to participate in the Equal Business Opportunity Programs as a certified MLBE. The business will be duly notified of its graduation.

## 2.6 EXTENSION OF MLBE STATUS

An MLBE may continue to participate in the EBO MLBE Program as a MLBE if ALL of the following criteria is provided to the Office of Equity and Engagement prior to the graduation date:

1. Written request from Business Owner to continue as a MLBE.
2. Verification that the latest three-year average business revenue or number of employees (as applicable) is 50% or less than the Small Business Administration's (SBA) NAICS industry small business standards.
3. Identify any changes of business ownership since the last certification.
4. A recent "Capability Statement".
5. If approved, the extension will be for an additional five (5) year period.
6. Business owner is allotted two (2) extensions once approved from the Business Developer for the MLBE Certification.
  - a. If applying for a second extension for continued MLBE eligibility after admission to the program, the business owner's net worth shall not exceed \$883,050 (January 2007). For annual inflation rates, please visit the [website](#) here. Please note that the second extension will be considered the final extension for MLBE certification status.

**Formula for recalculation:**

Current Year Cap = \$883,050 × (CPI-U for the current year ÷ CPI-U for 2007).

**2.7 DECERTIFICATION:**

The Office of Equity and Engagement may decertify a MLBE that it determines to be in non-compliance. Grounds for decertification include, but are not limited to:

1. Graduation upon the expiration of the certification period (including extension periods).
2. Early voluntary graduation or self-removal.
3. Termination for good cause. Examples of good cause include, but are not limited to, the failure to maintain eligibility, cessation of business operation, submission of false information on application, debarment from doing business with the City of Grand Rapids.
4. The business has changed to the extent that it no longer satisfies certification requirements of this Policy.
5. The business fails to complete certification reviews pursuant to Section III, 3.1 of the Administrative Guidelines for Equal Opportunity and Non-Discrimination under City Commission policy 600-10.
6. The business is determined to be a figure-head owner, front company or to have committed eligibility fraud.

MLBEs decertified by the City of Grand Rapids are precluded from participation under the EBO Policies as MLBEs.

**2.8 APPEAL OF DECERTIFICATION:**

Administrative decisions relating to decertification by the Office of Equity and Engagement may be appealed pursuant to the EBO Construction Guidelines, Section 13: and the EBO Goods & Services Guidelines, Section 9, which state:

Administrative decisions relating to certification may be appealed to the Director of the Equity & Engagement Office. Any person wishing to file such an appeal must do so within five (5) working days of the notice of the administrative decision from which an appeal is taken.

The request for an appeal must be in writing and addressed to the City of Grand Rapids Office of Equity & Engagement. The request for appeal must make reference to the specific action or actions which the appeal is directed. Within ten (10) working days of the request for appeal is based upon. The Director of the Office of Equity & Engagement or their designee shall convene a panel of staff (maximum of 3 individuals) including but not limited to representatives from the following departments based on the type of project or business: Engineering Department, Purchasing Office, Economic Development, Office of Equity and Engagement and Executive Office. The panel shall hold a hearing at which interested parties may present evidence and arguments in support of their respective positions.

Failure of a party to appear at the hearing shall be deemed to be final acceptance of the administrative decision.

Within five (5) working days of the hearing, the Director of the Office Equity & Engagement or their designee shall issue its written decision. The City Manager or

their designee may affirm, modify or reverse all or any part of the administrative decision. The decision of the City Manager or their designee shall be final.

**SECTION 3: DIRECTORY OF MICRO LOCAL BUSINESS ENTERPRISES**

The City of Grand Rapids Office of Equity and Engagement shall compile and maintain a directory of businesses that have been certified pursuant to this Policy.