

**ALAMEDA COUNTY  
BOARD OF SUPERVISORS'  
PROCUREMENT AND CONTRACTING WORKING GROUP**

Wednesday, February 15 2012  
3:00 p.m. – 5:00 p.m.

*Location: County Administration Building, 1221 Oak Street, Rm. 255 Oakland, CA*

Supervisor Nate Miley, Chair  
Supervisor Keith Carson

**AGENDA**

- I. Welcome and Introductions**
- II. Purpose**
- III. Effectiveness of SLEB Program**
  - Grand Jury Report
  - SLEB Board Letter
  - Presentation on SLEB data
- IV. Best Practices**
- V. Discussion**
  - What are we trying to achieve?
- VI. Wrap Up**
  - Next Meeting Date

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**Supervisor Nate Miley, Chair**  
**Supervisor Keith Carson**

**Meeting Summary**

We discussed the Grand Jury Report and the County's response to it. GSA updated the group on some of its progress on creating performance standards for departments to use to evaluate SLEB vendors or perhaps looking at criteria for evaluating all vendors and/or more specifically only vendors who are not performing well. GSA also mentioned that they are looking at exploring ways to review the cost of the SLEB program and may generate a report.

Rodney, Chief of Staff to Keith Carson gave an in-depth and eye-opening report on data taken from County Auditor Patrick O'Connell's Sept. 12th report. Based on his presentation Rodney raised the idea of looking at parity and perhaps having the total contract dollar awards reflect the County's vendor pool. As a result, the work group had a robust discussion, all the while trying to get closer to our goal of answering the ultimate question of what are we trying to achieve?

Bernida Reagan, Esq. and Director of Community and Client Relations gave us a great snap shot on Best Practices for Consideration as it relates to SLEB. She outlined a variety of ways to improve/expand the County's SLEB program including Outreach, Unbundling, Bid Discounts and more. Her presentation really helped to shed light on examining the effectiveness of the SLEB and the issue of fairness and to clarify what are we trying to do.

For the next meeting, Supervisor Miley has asked the work group to think about and identify about 3 or 4 things as it relates to what are we trying to achieve now that we are taking a closer look at SLEB. Pat also will be preparing another report to share with the group that shows actual dollars paid to contractors compared to the number of contracts over a 3 year period.

*Prepared by Nate Miley Staff*

# ALAMEDA COUNTY BOARD OF SUPERVISORS

## \*\* MINUTE ORDER \*\*

*The following is action taken by the Board of Supervisors on September 12, 2000*

Approved as Recommended ☒ Other ☐

Unanimous ☒ Carson ☐ Haggerty ☐ King ☐ Steele ☐ Chan ☐ - 5

Vote Key: A=Yes; N=No; AB=Abstain; X=Excused

Documents accompanying this matter:

- ☐ Resolution(s) \_\_\_\_\_
- ☐ Ordinance(s) \_\_\_\_\_
- ☐ Contract(s) \_\_\_\_\_

File No. 14995  
Item No. 20

Copies sent to:

Sal Morales



Special Notes:

I certify that the foregoing is a correct copy of a Minute Order adopted by the Board of Supervisors, Alameda County, State of California.

ATTEST:  
LESLIE BURNS, Assistant Clerk  
Board of Supervisors

By: Cheryl Perkins  
Deputy



AGENDA 20 September 12, 2000

**COUNTY ADMINISTRATOR**

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

September 6, 2000

DONNA LINTON  
ASSISTANT COUNTY ADMINISTRATOR

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT: APPROVAL OF SMALL LOCAL AND EMERGING BUSINESS (SLEB)  
PROGRAM PROPOSAL**

RECOMMENDATION:

That the Board approve the development and implementation of the Small Local and Emerging Business (SLEB) three-year Pilot Program.

BACKGROUND:

SLEB is an economic incentive-based program designed to provide small and emerging businesses equal access to contracting opportunities regardless of race, color, gender, age, religion, national origin, disability, or any other factor prohibited when making business decisions. The intent of the SLEB program is to assist with economic development of the community by fostering growth of small, local and emerging businesses.

The SLEB Program was developed through a collaborative effort by staff from the following Departments/Agencies: County Administrator's Office, County Counsel, Economic Development Alliance for Business, General Services Agency, Public Works Agency, Risk Management and Social Services Agency. The SLEB program was designed to replace the previously approved Business Opportunity Enhancement Program (BOEP).

Widely publicized community meetings were held on August 8, 2000 in North County and August 10, 2000 in South County.

The Personnel/Administrative/Legislative (PAL) Committee recommended approval of the program at its August 28, 2000 meeting.

DISCUSSION/SUMMARY:

The SLEB program will be a comprehensive countywide process that will be applied to procurement of goods and services. The program will consist of the following components, which are further detailed in the Program Overview attachment:

1. Small and Emerging Bid Preferences Points  
*5% preference available to Businesses that Qualify as Small or Emerging Businesses*
2. Local Bid Preferences Points (already in existence)  
*5% preference available to Businesses that Qualify as a Local Business*
3. Certification Process  
*Process Operated by the County to Certify Businesses as Small, Local or Emerging*
4. Departmental/Agency Goals for Contracts \$25,000 and Under  
*Opportunities Available to Local Emerging Businesses to Assist with Business Development*
5. Subcontracting/Joint Venture Program  
*Partnership Program whereby Large Businesses Subcontract with Small Businesses*
6. Outreach and Training  
*Program Designed to Provide Businesses with Information, Training and Resources Necessary to Assist in Business Development*
7. Surety Bond and Insurance Program  
*Resources Provided to Businesses to Assist with Capacity Building*
8. First Source Work Agreement  
*Agreement between Alameda County and Businesses who Contract with Alameda County to Provide Alameda County Residents First Opportunity at Jobs*

This program was designed to improve the overall efficiency of Alameda County's contracting processes while providing increased contracting opportunities for local small and emerging businesses in an effort to foster economic growth. By adopting the program, the County will unify its contracting procedures, monitor contracting activities, and seek to increase economic growth within Alameda County.

It is recommended that the SLEB program begin operation in January 2001 and that the program be administered by the General Services Agency (GSA) in order to capitalize on GSA's contracting responsibility.

Board of Supervisors

-3-

September 6, 2000

FINANCING:

The SLEB program has initial funding of \$185,000 granted by the Social Services Agency and the balance of the projected annual operating cost of \$413,828 is available within existing resources.

Very truly yours,



Susan S. Muranishi  
County Administrator

SSM:JJV:djh

Attachment

V:\eeolsleb program board letter912

cc: Aki Nakao, Director, General Services Agency  
Agency/Department Heads  
County Counsel



## **ALAMEDA COUNTY SMALL LOCAL & EMERGING BUSINESS PROGRAM OVERVIEW**

### **Mission Statement**

It is the intent of Alameda County to develop and promote economic growth for the community it serves. The County desires to foster the growth of small, local and emerging businesses that are able to provide high quality products and services. The County will provide the community information about its procurement and contracting process. Additionally, the County will provide accurate and accessible information on available vendor/contract opportunities. The County will ensure that the process is inclusive for all residents regardless of race, color, gender, age, religion, national origin, disability or any other factor that is prohibited when making business decisions.

### **Intent**

The County Administrator's Office, under the direction of the Board of Supervisors, assembled key players responsible for procurement and contracting to develop a comprehensive countywide program to unify the County's contracting and procurement processes while also providing for accountability to the Board of Supervisors and their constituencies. The group assembled included staff from the County Counsel Office, Diversity Programs Office, Economic Development Alliance for Business, General Services Agency, Risk Management and Public Works Agency. This group began meeting regularly in September 1999 and established a goal of providing the Board of Supervisors with a comprehensive plan and requesting approval to proceed with development and/or implementation by Fiscal Year 2000 - 2001.

The group examined existing policies and practices, analyzed programs from several jurisdictions, and spoke to several consultants. After analyzing several proposals and other contracting programs, the committee decided to model the County's Program after the City of Sacramento's Emerging and Small Business Development Program. The committee determined that a race and gender neutral program designed to ensure that all local businesses are provided opportunity to contract with Alameda County would promote the economic growth of the community.

### **Proposal**

The committee proposes a Small Local and Emerging Business (SLEB) program to revive the concept previously proposed by the Business Opportunity Enhancement Program (BOEP). This program will be a comprehensive countywide process that will be applied to procurement of goods and services. The program will have several components. The County's current construction program, authorized by California Public Contracting Code Section 2000, will remain intact. The committee proposes a three-year pilot program to measure the success of the SLEB program. If successful, the County will examine how this program or components of this program can be applied to construction contracts.

### **Expected Benefits**

This program is designed to improve the overall efficiency of the contracting process and also provide increased contracting opportunities for small and emerging businesses within Alameda County. It will unify contracting procedures, monitor contracting activities, and utilize tax dollars to benefit the community as a whole.

## Program Components

The SLEB committee, based on its mission statement, objectives and goals, established eight major components:

- Small and Emerging Bid Preferences
- Local Bid Preference (already in existence)
- Certification Process
- Departmental/Agency Goals for Contracts under \$25,000
- Subcontracting and Joint Venture Program
- Outreach and Training
- Surety Bond and Insurance Program
- First Source Work Agreement

These components are specifically detailed in the remainder of this document. The program was developed within the parameters of all applicable local and state laws. The committee determined that if they were to develop incentives for business development, appropriate thresholds must be set. GSA led this effort and contracted with a local business to determine what businesses were located in Alameda County and the type of services and/or commodities these businesses provided.

The committee examined existing thresholds for small businesses and disadvantaged businesses. The California Department of General Services (CDGS) threshold for small business is: 1) A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of \$10,000,000 or less over the previous three years, or 2) A manufacturer with 100 or fewer employees.

The Federal Small Business Administration's (SBA) definition of small business is divided by size standards according to Standard Industrial Classification Codes (SIC) with \$21,500,000 (as of October 1, 2000) as the highest dollar threshold. Recognizing that most of the county's businesses did not generate this level of income, the committee determined a reduced dollar threshold would benefit our community and allow opportunity for growth of new businesses. CDGS had only one threshold, while SBA had several dollar limitations which some are under \$5,000,000. Therefore, under the pilot program, the committee decided to use SBA's size standards by SIC code for small businesses, and one-half of these standards for emerging businesses.

## Administration

This program will require monitoring, contract compliance, data base maintenance, outreach, information and training, technical assistance and certification of businesses. Successful development and operation of such a program will require an office to coordinate such an effort. As it currently exists, there is no coordinated monitoring effort for supply and service contract activities and/or goals. This program will require a database to track contracts, available vendors, and available opportunities.

The County contracts for over \$100,000,000 in services and commodities each fiscal year. Based on this amount, a staff of five would be needed to successfully operate this program: a Program Manager, three Analysts and a support person.

It was suggested that the natural placement for this program would be with General Services Agency (GSA) since they are most familiar with contracting, have facilities and existing structure in place. However, without additional resources, GSA would not be able to successfully implement this program. The committee also suggested the Diversity Programs Office as a viable office to operate this program. An alternative to a central administrative organization would be to subdivide work between existing agencies; however, historically, contractors have complained about the difficulty of dealing with the multiple agencies and understanding who is responsible for what. Employing a one-stop concept aids contractors and unifies the County's procedures. Additionally, there must be a centralized area for



monitoring of contracts, contract goals, and contract compliance. Thus, it was determined that a centralized office, initially operated by the Director of GSA, would administer the program. The Committee has designated this office as the Office for Small Local and Emerging Businesses (OSLEB).

### **Program Reporting**

OSLEB will prepare a quarterly report that includes: 1) a statistical report on participation by Small, Local and Emerging businesses for the County and each agency and department; 2) a listing of the problem areas or impediments encountered during the prior quarter; and 3) recommended solutions to remedy any problems or impediments found during the quarter.

### **Budget**

The projected annual cost for operating this program is \$413,828. In order to measure the program's success, the committee recommends that this program operates at a minimum of three years. The first year will be the start-up year, placement of key personnel and programs in place to successfully operate the program. The second year will allow for all components to be integrated and fully operational. The third year will allow for measurement of the expected results that were outlined previously in this document.

The SLEB committee successfully secured \$185,000 through the Partnership Grants Program with the Social Services Agency. OSLEB will begin functioning in October 2000 with this initial grant amount. Funding for the additional two years will be identified within existing resources.

### **Program Roll-Out**

Program rollout will begin in January 2001. The committee received input from Agency/Department Heads, as well as at community information sessions before proceeding to the Board of Supervisors. Valuable input was received from these forums and the program was revised to reflect input received. It is expected that some components will be phased in during October 2000; however, the major components of SLEB will be operational by the beginning of Fiscal Year 2001-2002.



## Alameda County Small, Local and Emerging Business Definitions

### Small and Emerging Business Preferences

A **small business** for the purposes of this program is defined as having met the size standard set by the U.S. Small Business Administration (SBA) according to commodity or service. An **emerging business** is defined as having annual gross revenues one half the size standard set for the small business as determined by the SBA. Alameda County will certify the firms as complying with these size standards. In order to encourage participation in County contracting by small and emerging local businesses, and in order to encourage economic development in Alameda County, the County is proposing to supplement the local preference ordinance with an ordinance providing an additional five percent preference to firms that qualify as small or emerging businesses.

**Benefits:** The increased economic activity in Alameda County as a result of increased participation by small and emerging local businesses that currently must compete with larger, more established local firms. Additionally, in-house certification insures compliance with Alameda County's program guidelines.

### Local Business Preference

Since 1992, Alameda County has provided a local five percent preference on sealed bids to Alameda County vendors. As part of this proposed program, the definition of a local business in this ordinance will be amended to require business residency be established. Under the revised ordinance, businesses must: (1) maintain fixed offices and have a street address within the County for at least one year prior to the date upon which sealed bids will be received; (2) hold a valid business license issued by the County or a city within the County; and (3) be certified as a local business by Alameda County;

**Benefit:** This requirement will prevent businesses from setting up an office for the sole purpose of obtaining a specific contract. In addition, having to maintain a fixed office for at least one year encourages businesses to establish local contacts and use local employees, services and providers.

### Emerging Business Contracts Program

In order to increase business opportunities for Alameda County's emerging businesses, the County is developing an Emerging Business Contracts program. An Emerging Business for purposes of this program is a firm that meets the above definition of small and local business, with the exception that it must average, or if in business for less than three years, expect to average, annual gross receipts of one half of the SBA standard, or less. A business can remain an Emerging Business for a period not to exceed five years.

All County departments and agencies are encouraged to utilize emerging businesses for all contracting opportunities under \$25,000. If a department or agency is unable to locate an emerging business that can meet its needs, assistance is available through the General Services Agency Purchasing Department. If there is no business available for the contract, the awarding department or agency will utilize existing procedures for contracts under \$25,000.

**Benefits:** Selected contracts of \$25,000 and under will be made available to emerging businesses. The intent is to increase the capacity of small and emerging businesses over time and grow the businesses, thereby enhancing economic activity in the County. Businesses will receive instruction, information and education on bonding, insurance, surety, business plans and other necessary business development skills.

#### **Subcontracting/Joint Venture Program for Small and Local Businesses**

Firms participating in Alameda County contracting and procurement\* will be required to subcontract, joint venture or partner a specific amount of work with either a Local Small or Emerging business when selected as a prime contractor or service provider for the County. The contracting agency or department shall set an appropriate threshold, not less than 20 percent for Small Local and/or Emerging business participation when letting the bid. The General Services Agency reserves the right to waive the participation level in the event the contractor can show the absence of available local firms, or if the additional estimated costs to the county, as a result of inclusion of the requirement, exceeds five percent of the total estimated amount or ten thousand dollars \$10,000, whichever is less.

**Benefit:** The County has numerous large businesses that could possibly secure all of the County's contracting opportunities. This program will increase participation by small local and emerging firms on contracts that will be awarded to larger firms. The small firm may not be able to bid as a prime, but can participate in an identified segment of the contract and gain from the experience both financially and in the exposure to larger projects and firms. Large firms may subcontract with more than one local Small Local and Emerging firm to meet the required participation level.

\*Exception: construction contracts governed by the California Public Contracting Code



## **Alameda County Small Local & Emerging Business Outreach & Training**

### **The County of Alameda will:**

- Conduct outreach activities to encourage the participation of small local and emerging businesses in the County's Small Local and Emerging Business Program (SLEB), e.g. Business Outreach Bureau (BOB) meetings, bidders' conferences, Interagency Alliance events, literature distribution, community meetings, etc.
- Provide on-going public information on the County's policy regarding SLEB participation and program elements
- Provide assistance to Small Local and Emerging Businesses to facilitate a better understanding of the County's procurement and contracting practices
- Maintain and distribute information about available Small Local and Emerging Businesses
- Maintain communication with appropriate associations, industries, organizations, etc. in order to promote and facilitate utilization of Small Local and Emerging Businesses
- Work with larger companies to provide training and capacity building opportunities for Small Local and Emerging Businesses
- Manage, operate and evaluate SLEB program components including, but not limited to, monitoring participation of contractors and subcontractors and support services program including bonding, financial assistance, job training and screening, and other services



## Alameda County Small Local and Emerging Businesses Surety Bond and Insurance Procurement Program

**Goal:** To ensure that Small Local and Emerging Businesses can compete with larger financially established businesses in qualifying for Alameda County business contracts.

### Objectives:

#### 1. Surety Bonding

Enable Small Local and Emerging Businesses to obtain necessary surety bonds from financially stable Surety Institutions.

#### 2. Insurance

Provide means for Small Local and Emerging Businesses to meet County minimum insurance requirements.

### The Surety Bond Procurement Program

This program will assist small and emerging contractors who lack capital or capacity necessary to meet surety-underwriting requirements for bid, performance and miscellaneous bonds. The program will allow less-experienced contracting firms the opportunity to compete for jobs. Successful contract performance may enable such firms to secure surety bonds for larger future jobs and allow them to establish their reputation and financial ability within the County of Alameda.

Contractors must show that they are financially able to pay bills. A Professional Employers Organization (PEO) may be retained to monitor bill payment to ensure that contractors meet their payment obligations in a timely manner. A contractor who cannot get bonding will be referred to a designated Insurance Agent administering the program on behalf of the County. The agent will utilize available training resources and submit an application for surety bonds and other insurance as required by project specifications. The program will focus on getting the contractor pre-qualified through training and assistance with the following:

#### Developing Business Plans

- ❖ Financial Statements
- ❖ Bank Line of Credit
- ❖ Elements and Concepts of Surety Bonding

#### Developing Relationships

- ❖ Third Party Administrator (TPA) Relationships
- ❖ Bonding and Surety Company Relationships
- ❖ Financial Institutions Relationships

#### Responding to Request for Proposals (RFPs)

- ❖ Assessment and Presentation of Soft Skills
- ❖ Creating Trade References
- ❖ Evaluating Prospective Projects



## Alameda County First Source Work Agreement Program (One-Year Pilot Demonstration program)

### BACKGROUND

Alameda County First Source Work Agreement Pilot Demonstration Program will create a public/private partnership to link CalWORKs job seekers, unemployed and under-employed County residents to sustainable employment opportunities. Welfare reform policies and the new Workforce Investment Act require that the County link historically disconnected potential workers to employers. The First Source program will allow the County to create and sustain these links by capitalizing on the County's relationships/connections with business and economic development activity in the County.

### EXPECTED BENEFIT

Qualified workers will be provided in response to an employer's inquiry. By doing so, the County will achieve three key objectives: 1) assist firms with their workforce needs; 2) promote retention of businesses within Alameda County; and 3) place local residents in sustainable jobs.

### PROGRAM ADMINISTRATION

First Source's connections to employers are created through the County's points of contact and interaction with private businesses. Businesses receiving County contracts would be required to sign a First Source Agreement. Businesses will provide the County a ten-day notice of job openings necessary to fulfill their contractual obligations to the County prior to advertising elsewhere. EastBay Works One Stop Network (EB Works) and Social Services Agency (SSA) will coordinate the employee referral process using EB Works 1-800 number for vendor access. EB Works is a collaboration of public agencies (PIC's, EDD's, SSA, and others) that have agreed to participate with the implementation of this program at no additional cost during the pilot demonstration year. A Memorandum of Understanding is currently being developed.

### INCENTIVE FOR COUNTY PARTICIPATION

- Sustained viable partnerships
- Ongoing cluster and industry studies
- Improvement in the delivery of educational and training institutions
- Sharing of timely and relevant information on industry needs
- Coordinated seamless system responding to the needs of employers and job seekers

### INCENTIVES FOR VENDOR PARTICIPATION

- Tax credits for eligible employees hired
- Enterprise Zone credits/vouchers for businesses located in an eligible zone
- Fidelity bond program
- On the job training (OJT) subsidy
- Reduction in recruitment and hiring costs
- A trained and educated workforce

Examples of monetary incentives are:

- Federal Welfare-to-Work credit – up to \$3,500 per new employee in year one and \$5,000 in year two
- California State Enterprise Zone Hiring Tax Credit – about \$8,000 per new employee in year one (based on State minimum wage)
- Federal Enterprise Community's Work Opportunity Tax Credit (WOTC) – up to \$2,400 per new employee
- Earned Income Tax Credit (EIC) - about \$12,000 per year for eligible employees
- Other Local Credits – new jobs hiring tax credit, summer youth employment tax credit and City of Oakland enterprise zone hiring tax credit.

## SBA Size Standard by Standard Industrial Classification (SIC) Industry

SIC code and description	Size standards in number of employees or millions of dollars
<b>DIVISION A—AGRICULTURE, FORESTRY AND FISHING</b>	
MAJOR GROUP 01—AGRICULTURAL PRODUCTION CROPS .....	\$0.5
MAJOR GROUP 02—LIVESTOCK AND ANIMAL SPECIALTIES .....	\$0.5
EXCEPT:	
0211 Beef Cattle Feedlots (Custom) .....	\$1.5
0252 Chicken Eggs .....	\$9.0
MAJOR GROUP 07—AGRICULTURAL SERVICES .....	\$5.0
MAJOR GROUP 08—FORESTRY .....	\$5.0
MAJOR GROUP 09—FISHING, HUNTING, AND TRAPPING .....	\$3.0
<b>DIVISION B—MINING</b>	
MAJOR GROUP 10—METAL MINING .....	500
MAJOR GROUP 12—COAL MINING .....	500
MAJOR GROUP 13—OIL AND GAS EXTRACTION AND MAJOR GROUP 14—MINING AND QUARRYING OF NONMETALLIC MINERALS, EXCEPT FUELS.	500
EXCEPT:	
1081 Metal Mining Services .....	\$5.0
1241 Coal Mining Services .....	\$5.0
1382 Oil and Gas Field Exploration Services .....	\$5.0
1389 Oil and Gas Field Services, N.E.C. ....	\$5.0
1481 Nonmetallic Minerals Services, Except Fuels .....	\$5.0
<b>DIVISION C—CONSTRUCTION</b>	
MAJOR GROUP 15—GENERAL BUILDING CONTRACTORS .....	\$17.0
MAJOR GROUP 16—HEAVY CONSTRUCTION, NON BUILDING .....	\$17.0
EXCEPT:	
1629 (Part) Dredging and Surface Cleanup Activities .....	\$13.5 <sup>1</sup>
MAJOR GROUP 17—CONSTRUCTION—SPECIAL TRADE CONTRACTORS .....	\$7.0
<b>DIVISION D—MANUFACTURING,<sup>2</sup></b> .....	500
EXCEPT:	
2032 Canned Specialties .....	1,000
2033 Canned Fruits, Vegetables, Preserves, Jams and Jellies .....	500 <sup>3</sup>
2043 Cereal Breakfast Foods .....	1,000
2048 Wet Corn Milling .....	750
2052 Cookies and Crackers .....	750
2062 Cane Sugar Refining .....	750
2063 Beet Sugar .....	750
2076 Vegetable Oil Mills, Except Corn, Cottonseed, and Soybean .....	1,000
2079 Shortening, Table Oils, Margarine, and Other Edible Fats and Oils, N.E.C. ....	750
2085 Distilled and Blended Liquors .....	750
2111 Cigarettes .....	1,000
2211 Broadwoven Fabric Mills, Cotton .....	1,000
2261 Finishers of Broadwoven Fabrics of Cotton .....	1,000
2295 Coated Fabrics, Not Rubbenzed .....	1,000
2296 Tire Cord and Fabrics .....	1,000
2611 Pulp Mills .....	750
2621 Paper Mills .....	750
2631 Paperboard Mills .....	750
2656 Sanitary Food Containers, Except Folding .....	750
2657 Folding Paperboard Boxes, Including Sanitary .....	750
2812 Alkalies and Chlorine .....	1,000
2813 Industrial Gases .....	1,000
2816 Inorganic Pigments .....	1,000
2819 Industrial Inorganic Chemicals, N.E.C. ....	1,000
2821 Plastics Materials, Synthetic Resins, and Nonvulcanizable Elastomers .....	750
2822 Synthetic Rubber (Vulcanizable Elastomers) .....	1,000
2823 Cellulosic Manmade Fibers .....	1,000



## SIZE STANDARDS BY SIC INDUSTRY—Continued

SIC code and description	Size standards in number of employees or millions of dollars
2824 Manmade Organic Fibers, Except Cellulosic	1,000
2833 Medicinal Chemicals and Botanical Products	750
2834 Pharmaceutical Preparations	750
2841 Soap and Other Detergents, Except Specialty Cleaners	750
2865 Cyclic Organic Crudes and Intermediates, and Organic Dyes and Pigments	750
2869 Industrial Organic Chemicals, N.E.C.	1,000
2873 Nitrogenous Fertilizers	1,000
2892 Explosives	750
2911 Petroleum Refining	1,500 <sup>4</sup>
2952 Asphalt Felts and Coatings	750
3011 Tires and Inner Tubes	1,000 <sup>5</sup>
3021 Rubber and Plastics Footwear	1,000
3211 Flat Glass	1,000
3221 Glass Containers	750
3229 Pressed and Blown Glass and Glassware, N.E.C.	750
3241 Cement, Hydraulic	750
3261 Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories	750
3275 Gypsum Products	1,000
3292 Asbestos Products	750
3296 Mineral Wool	750
3297 Nonclay Refractories	750
3312 Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills	1,000
3313 Electrometallurgical Products, Except Steel	750
3315 Steel Wiredrawing and Steel Nails and Spikes	1,000
3316 Cold-Rolled Steel Sheet, Strip, and Bars	1,000
3317 Steel Pipe and Tubes	1,000
3331 Primary Smelting and Refining of Copper	1,000
3334 Primary Production of Aluminum	1,000
3339 Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum	750
3351 Rolling, Drawing, and Extruding of Copper	750
3353 Aluminum Sheet, Plate, and Foil	750
3354 Aluminum Extruded Products	750
3355 Aluminum Rolling and Drawing, N.E.C.	750
3356 Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum	750
3357 Drawing and Insulating of Nonferrous Wire	1,000
3398 Metal Heat Treating	750
3399 Primary Metal Products, N.E.C.	750
3411 Metal Cans	1,000
3431 Enamelled Iron and Metal Sanitary Ware	750
3482 Small Arms Ammunition	1,000
3483 Ammunition, Except for Small Arms	1,500
3484 Small Arms	1,000
3511 Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units	1,000
3519 Internal Combustion Engines, N.E.C.	1,000
3531 Construction Machinery and Equipment	750
3537 Industrial Trucks, Tractors, Trailers, and Stackers	750
3562 Ball and Roller Bearings	750
3571 Electronic Computers	1,000
3572 Computer Storage Devices	1,000
3575 Computer Terminals	1,000
3577 Computer Peripheral Equipment, N.E.C.	1,000
3578 Calculating and Accounting Machines, Except Electronic Computers	1,000
3585 Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment	750
3612 Power, Distribution, and Specialty Transformers	750
3613 Switchgear and Switchboard Apparatus	750
3621 Motors and Generators	1,000
3624 Carbon and Graphite Products	750
3625 Relays and Industrial Controls	750
3631 Household Cooking Equipment	750
3632 Household Refrigerators and Home and Farm Freezers	1,000
3633 Household Laundry Equipment	1,000
3634 Electric Housewares and Fans	750
3635 Household Vacuum Cleaners	750
3641 Electric Lamp Bulbs and Tubes	1,000
3651 Household Audio and Video Equipment	750
3652 Phonograph Records and Prerecorded Audio Tapes and Disks	750
3681 Telephone and Telegraph Apparatus	1,000
3663 Radio and Television Broadcasting and Communications Equipment	750

## SIZE STANDARDS BY SIC INDUSTRY—Continued

SIC code and description	Size standards in number of employees or millions of dollars
3669 Communications Equipment, N.E.C.	750
3671 Electron Tubes	750
3692 Primary Batteries, Dry and Wet	1,000
3694 Electrical Equipment for Internal Combustion Engines	750
3695 Magnetic and Optical Recording Media	1,000
3699 Electrical Machinery, Equipment, and Supplies, N.E.C.	750
3711 Motor Vehicles and Passenger Car Bodies	1,000
3714 Motor Vehicle Parts and Accessories	750
3716 Motor Homes	1,000
3721 Aircraft	1,500
3724 Aircraft Engines and Engine Parts	1,000
3728 Aircraft Parts and Auxiliary Equipment, N.E.C.	1,000 <sup>9</sup>
3731 Shipbuilding and Repair of Nuclear Propelled Ships	1,000
Shipbuilding of Nonnuclear Propelled Ships and Nonpropelled Ships	1,000
Ship Repair (Including Overhauls and Conversions) Performed on Nonnuclear Propelled and Nonpropelled Ships East of the 108 Meridian.	1,000
Ship Repair (Including Overhauls and Conversions) Performed on Nonnuclear Propelled and Nonpropelled Ships West of the 108 Meridian.	1,000
3743 Railroad Equipment	1,000
3761 Guided Missiles and Space Vehicles	1,000
3764 Guided Missile and Space Vehicle Propulsion Units and Propulsion Units Parts	1,000
3769 Guided Missile and Space Vehicle Parts and Auxiliary Equipment, N.E.C.	1,000
3795 Tanks and Tank Components	1,000
3812 Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments.	750
3996 Linoleum, Asphalted-Felt-Base, and other Hard Surface Floor Coverings, N.E.C.	750
DIVISION E—TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS, AND SANITARY SERVICES	
MAJOR GROUP 40—RAILROAD TRANSPORTATION	1500
EXCEPT:	
4013 Railroad Switching and Terminal Establishments	500
MAJOR GROUP 41—LOCAL AND SUBURBAN TRANSIT AND INTERURBAN HIGHWAY PASSENGER TRANSPORTATION.	\$5.0
MAJOR GROUP 42—MOTOR FREIGHT TRANSPORTATION AND WAREHOUSING	\$18.5
EXCEPT:	
4212 (Part) Garbage and Refuse Collection, Without Disposal	\$5.0
4231 Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation	\$5.0
MAJOR GROUP 44—WATER TRANSPORTATION	500
EXCEPT:	
4491 Marine Cargo Handling	\$18.5
4492 Towing and Tugboat Services	\$5.0
4493 Marinas	\$5.0
4499 Water Transportation Services, N.E.C.	\$5.0
—Offshore Marine Water Transportation Services	\$20.5
MAJOR GROUP 45—TRANSPORTATION BY AIR	1500
EXCEPT:	
4522 Air Transportation, Nonscheduled	1500
—Offshore Marine Air Transportation Services	\$20.5
4581 Airports, Flying Fields, and Airport Terminal Services	\$5.0
MAJOR GROUP 46—PIPELINES, EXCEPT NATURAL GAS.	1500
EXCEPT:	
4619 Pipelines, N.E.C.	\$25.0
MAJOR GROUP 47—TRANSPORTATION SERVICES.	\$5.0
EXCEPT:	
4724 Travel Agencies	\$1.0 <sup>9</sup>
4731 Arrangement of Transportation of Freight and Cargo	\$18.5
4783 Packing and Crating	\$18.5
MAJOR GROUP 48—COMMUNICATIONS.	
4812 Radiotelephone Communications	1,500
4813 Telephone Communications, Except Radiotelephone	1,500
4822 Telegraph and Other Message Communications	\$5.0
4832 Radio Broadcasting Stations	\$5.0
4833 Television Broadcasting Stations	\$10.5
4841 Cable and Other Pay Television Services	\$11.0
4899 Communications Services, N.E.C.	\$11.0
MAJOR GROUP 49—ELECTRIC, GAS, AND SANITARY SERVICES.	\$5.0
EXCEPT:	
4911 Electric Services	4 million megawatt hrs.
4924 Natural Gas Distribution	500

## SIZE STANDARDS BY SIC INDUSTRY—Continued

SIC code and description	Size standards in number of employees or millions of dollars
4953 Refuse Systems .....	\$6.0
4961 Steam and Air-Conditioning Supply .....	\$9.0
<b>DIVISION F—WHOLESALE TRADE</b> .....	100
(Not Applicable to Government procurement of supplies. The nonmanufacturer size standard of 500 employees shall be used for purposes of Government procurement of supplies.)	
<b>DIVISION G—RETAIL TRADE</b> .....	\$5.0
(Not Applicable to Government procurement of supplies. The nonmanufacturer size standard of 500 employees shall be used for purposes of Government procurement of supplies.)	
<b>EXCEPT:</b>	
5271 Mobile Home Dealers .....	\$9.5
5311 Department Stores .....	\$20.0
5331 Variety Stores .....	\$8.0
5411 Grocery Stores .....	\$20.0
5511 Motor Vehicle Dealers (New and Used) .....	\$21.0
5521 Motor Vehicle Dealers (Used Only) .....	\$17.0
5541 Gasoline Service Stations .....	\$8.5
5599 Automobile Dealers, N.E.C. ....	\$5.0
—Aircraft Dealers, Retail .....	\$7.5
5611 Men's and Boys' Clothing and Accessory Stores .....	\$6.5
5621 Women's Clothing Stores .....	\$6.5
5651 Family Clothing Stores .....	\$6.5
5661 Shoe Stores .....	\$6.5
5722 Household Appliance Stores .....	\$6.5
5731 Radio, Television, and Consumer Electronics Stores .....	\$6.5
5734 Computer and Computer Software Stores .....	\$6.5
5812 (Part) Food Service, Institutional .....	\$15.0
5961 Catalog and Mail-Order Houses .....	\$18.5
5983 Fuel Oil Dealers .....	\$9.0
<b>DIVISION H—FINANCE, INSURANCE, AND REAL ESTATE</b> .....	\$5.0
<b>EXCEPT:</b>	
6021-6082 National and Commercial Banks, Savings Institutions and Credit Unions .....	\$100 Million in assets <sup>7</sup>
6331 Fire, Marine, and Casualty Insurance .....	1,500
6515 (Part) Leasing of Building Space to Federal Government by Owners .....	\$15.0 <sup>8</sup>
6531 Real Estate Agents and Managers .....	\$1.5 <sup>8</sup>
<b>DIVISION I—SERVICES</b> .....	\$5.0
<b>EXCEPT:</b>	
7211 Power Laundries, Family and Commercial .....	\$10.5
7213 Linen Supply .....	\$10.5
7216 Drycleaning Plants, Except Rug Cleaning .....	\$3.5
7217 Carpet and Upholstery Cleaning .....	\$3.5
7218 Industrial Launderers .....	\$10.5
7311 Advertising Agencies .....	\$5.0 <sup>9</sup>
7312 Outdoor Advertising Services .....	\$5.0 <sup>9</sup>
7313 Radio, Television, and Publishers' Advertising Representatives .....	\$5.0 <sup>9</sup>
7319 Advertising, N.E.C. ....	\$5.0 <sup>9</sup>
7349 Building Cleaning and Maintenance Services, N.E.C. ....	\$12.0
7371 Computer Programming Services .....	\$18.0
7372 Prepackaged Software .....	\$18.0
7373 Computer Integrated Systems Design .....	\$18.0
7374 Computer Processing and Data Preparation and Processing Services .....	\$18.0
7375 Information Retrieval Services .....	\$18.0
7376 Computer Facilities Management Services .....	\$18.0
7377 Computer Rental and Leasing .....	\$18.0
7378 Computer Maintenance and Repair .....	\$18.0
7379 Computer Related Services, N.E.C. ....	\$18.0
7381 Detective, Guard, and Armored Car Services .....	\$9.0
7382 Security Systems Services .....	\$9.0
7389 Business Services, N.E.C. ....	\$5.0
Except, Map Drafting Services, Mapmaking (Including Aerial) and Photogrammetric Mapping Services.	\$4.0
7513 Truck Rental and Leasing Without Drivers .....	\$18.5
7514 Passenger Car Rental .....	\$18.5
7515 Passenger Car Leasing .....	\$18.5
7534 Tire Retreading and Repair Shops .....	\$10.5

## SIZE STANDARDS BY SIC INDUSTRY—Continued

SIC code and description	Size standards in number of employees or millions of dollars
7699 Repair Shops and Related Services, N.E.C.	\$5.0 <sup>9</sup>
7812 Motion Picture and Video Tape Production	\$21.5
7819 Services Allied to Motion Picture Production	\$21.5
7822 Motion Picture and Video Tape Distribution	\$21.5
8299 (Part) Flight Training Services	\$18.5
8711 Engineering Services	\$4.0
Military and Aerospace Equipment and Military Weapons	\$20.0
Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$20.0
Naval Engineering and Naval Architecture	\$13.5
8712 Architectural Services (Other than Naval)	\$4.0
8713 Surveying Services	\$4.0
8721 Accounting, Auditing, and Bookkeeping Services	\$6.0
8731 Commercial Physical and Biological Research	\$500 <sup>10</sup>
Aircraft	1,500
Aircraft Parts, and Auxiliary Equipment, and Aircraft Engines and Engine Parts	1,000
Space Vehicles and Guided Missiles, their Propulsion Units, their Propulsion Units Parts, and their Auxiliary Equipment and Parts.	1,000
8741 (Part) Conference Management Services	\$5.0 <sup>8</sup>
8744 Facilities Support Management Services	\$5.0 <sup>11</sup>
Base Maintenance	\$20.0 <sup>12</sup>
Environmental Remediation Services	\$500 <sup>13</sup>

## Footnotes:

<sup>1</sup> SIC code 1629—Dredging: To be considered small for purposes of Government procurement, a firm must perform at least 40 percent of the volume dredged with its own equipment or equipment owned by another small dredging concern.

<sup>2</sup> SIC Division D—Manufacturing: For rebuilding machinery or equipment on a factory basis, or equivalent, use the SIC code for a newly manufactured product. Concerns performing major rebuilding or overhaul activities do not necessarily have to meet the criteria for being a "manufacturer" although the activities may be classified under a manufacturing SIC code. Ordinary repair services or preservation are not considered rebuilding.

<sup>3</sup> SIC code 2033: For purposes of Government procurement for food canning and preserving, the standard of 500 employees excludes agricultural labor as defined in section 3308(k) of the Internal Revenue Code, 26 U.S.C. 3308(k).

<sup>4</sup> SIC code 2911: For purposes of Government procurement, the firm may not have more than 1,500 employees nor more than 75,000 barrels per day capacity of petroleum-based inputs, including crude oil or bona fide feedstocks. Capacity includes owned or leased facilities as well as facilities under a processing agreement or an arrangement such as an exchange agreement or a throughput. The total product to be delivered under the contract must be at least 90 percent refined by the successful bidder from either crude oil or bona fide feedstocks.

<sup>5</sup> SIC code 3011: For purposes of Government procurement, a firm is small for bidding on a contract for pneumatic tires within Census Classification codes 30111 and 30112, provided that:

(1) The value of tires within Census Classification codes 30111 and 30112 which it manufactured in the United States during the previous calendar year is more than 50 percent of the value of its total worldwide manufacture;

(2) The value of pneumatic tires within Census Classification codes 30111 and 30112 comprising its total worldwide manufacture during the preceding calendar year was less than 5 percent of the value of all such tires manufactured in the United States during that period; and

(3) the value of the principal product which it manufactured or otherwise produced, or sold worldwide during the preceding calendar year is less than 10 percent of the total value of such products manufactured or otherwise produced or sold in the United States during that period.

<sup>6</sup> SIC codes 4724, 6531, 7311, 7312, 7313, 7319, and 8741 (part): As measured by total revenues, but excluding funds received in trust for an unaffiliated third party, such as bookings or sales subject to commissions. The commissions received are included as revenue.

<sup>7</sup> A financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year. Assets for the purposes of this size standard means the assets defined according to the Federal Financial Institutions Examination Council 034 call report form.

<sup>8</sup> SIC code 8515: Leasing of building space to the Federal Government by Owners: For Government procurement, a size standard of \$15.0 million in gross receipts applies to the owners of building space leased to the Federal Government. The standard does not apply to an agent.

<sup>9</sup> SIC codes 7699 and 3728: Contracts for the rebuilding or overhaul of aircraft ground support equipment on a contract basis are classified under SIC code 3728.

<sup>10</sup> SIC code 8731: For research and development contracts requiring the delivery of a manufactured product, the appropriate size standard is that of the manufacturing industry.

(1) Research and Development means laboratory or other physical research and development. It does not include economic, educational, engineering, operations, systems, or other nonphysical research; or computer programming, data processing, commercial and/or medical laboratory testing.

(2) For purposes of the Small Business Innovation Research (SBIR) program only, a different definition has been established by law. See § 121.701.

(3) Research and development for guided missiles and space vehicles includes evaluations and simulation, and other services requiring thorough knowledge of complete missiles and spacecraft.

<sup>11</sup> Facilities Management, a component of SIC code 8744, includes establishments, not elsewhere classified, which provide overall management and the personnel to perform a variety of related support services in operating a complete facility in or around a specific building, or within another business or Government establishment. Facilities management means furnishing three or more personnel supply services which may include, but are not limited to, secretarial services, typists, telephone answering, reproduction or mimeograph service, mailing service, financial or business management, public relations, conference planning, travel arrangements, word processing, maintaining files and/or libraries, switchboard operation, writers, bookkeeping, minor office equipment maintenance and repair, or use of information systems (not programming).

<sup>12</sup> SIC code 8744:

(1) If one of the activities of base maintenance, as defined in paragraph (2) of this footnote, can be identified with a separate industry and that activity (or industry) accounts for 50 percent or more of the value of an entire contract, then the proper size standard is that of the particular industry, and not the base maintenance size standard.