



The Department of Equal Opportunity/Equity Assurance

City of Durham

**Small Disadvantaged Business
Enterprise Certification Program**



THE CITY OF DURHAM'S POLICY

It is the policy of the City to provide equal opportunities for City contracting for small firms owned by socially and economically disadvantaged persons doing business in the City's Contracting Marketplace.



Definitions

Small Disadvantaged Business Enterprise (SDBE)

- a) Which is at least 51% owned by one or more socially and economically disadvantaged individuals or in the case of a publicly held business, at least 51% of all classes of stock.

- b) Whose management, policies, major decisions and daily business operations are independently managed and controlled by one or more SED individuals.



Definitions Continued

Small Disadvantaged Business Enterprise (SDBE)

- c) Which is a Small Business Enterprise.
- d) Which has a physical location from which to engage in for profit activities in the scopes of expertise in the City's marketplace.



Definitions Continued

Socially Disadvantaged-an individual who has been subject to racial or ethnic prejudice or ethnic bias within American society because of his/her identity as a member of a group without regard to individual qualities. Person must be a citizen of the U.S. who is either:

- a) **Black/African American (Any of the Black Racial groups of Africa;**
- b) **Female; or**

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Definitions Continued

- c) Individual found on case-by-case basis to have been subjected to racial or ethnic prejudice or cultural bias.**



Definitions Continued

Economically Disadvantaged- an individual whose personal net worth is less than \$750,000.

Personal Net Worth- the net value of the assets of an individual after total liabilities are deducted. Does not include ownership interest in the applicant business nor equity in the primary residence. Does include share of assets held jointly with spouse.

SED – means socially disadvantaged and economically disadvantaged.

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Eligibility

- **Certification is limited to: Small Disadvantaged Business Enterprises.**
- **Blacks and Women are presumed to be socially disadvantaged.**
- **Individual consideration of social disadvantage for other groups on a case-by-case basis.**
- **Small business by U.S. SBA rules.**



Eligibility Continued

- **Economically disadvantaged – Individual personal net worth is less than \$750,000.**
- **Effective July 1, 2009, SDBE firms seeking certification with the City of Durham must also be certified with the NC Department of Administration's Office for Historically Underutilized Businesses (HUB Office) as part of the Statewide Uniform Certification (SWUC) Program.**



Eligibility Continued

- **Only businesses that meet the criteria of SDBEs may be certified.**
- **Only a firm owned by SEDs may be certified.**
- **Ownership must be real, substantial and continuing, going beyond pro forma ownership.**

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Eligibility Continued

- **Contributions of capital or expertise by SED owner to acquire ownership interest must be real and substantial.**
- **Only a firm that is managed by SED owners may be certified.**
- **A firm must not be subject to any formal or informal restrictions that may limit the discretion of the SED owner.**



Eligibility Continued

- **SED owner must possess the power to direct or cause direction of the management/policies of the firm and make day-to-day and long term decisions.**
- **The SED owner must have an overall understanding of the managerial and technical competence directly related to the firm's operations and work.**

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Eligibility Continued

- **If any law requires the owners to have licensure to operate, then the SED owner must possess the license.**
- **A SED owner cannot engage in outside employment or other business interests that conflict with management of the firm or prevent the owner from devoting sufficient time and attention to the firm.**



Eligibility Continued

- **Firms must be independent to be certified as an SDBE. To determine whether a firm is independent:**
 1. **Scrutinize relationships with non-SDBEs in areas of personnel, facilities, equipment, financial/bonding, support and other resources.**
 2. **Examine relationships with non-SDBE prime contractors.**



Eligibility Continued

- **An applicant will be certified only for specific types of work in which the SED owner has expertise.**
- **Firms are certified in the areas of construction, professional services, supplier-vendor and non-professional services.**



Eligibility Continued

- **The certification standards of all SDBEs shall be reviewed every two years.**
- **A firm whose average annual gross receipts exceed the size standards for SBEs for three consecutive years shall graduate from the program.**
- **Firms will be de-certified if their HUB certification is not kept current.**



Benefits of Certification

- **Certified firms are maintained in a web-based databank.**
- **Certified firms are identified on SDBE listings provided to prime contractors.**
- **Certified firms receive a bi-monthly newsletter with project information, training and networking opportunities.**
- **Certified firms have access to project specifications and plans.**