



BuildPERALTA Academy

Build Peralta Academy
Small Business Plan Concept Presentation
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Build Peralta Academy Presenters



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**Welcome
From
PCCD**



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Peralta Community College District Bond Program Small Local Business Plan (SLBP)



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Small Local Business Plan – Overview

To promote economic opportunity for small, local businesses within the Peralta Community College District (PCCD), and stimulate the local economy to benefit residents of PCCD, a small, local business plan (SLBP) should be implemented with programs that promote equitable expenditure of voter approved bond funds. This plan is aimed at stimulating local economic development through the support and empowerment of PCCD's small business community, much of which has been historically under-utilized. The program purpose is to promote and support contracting equity in PCCD's bond program spending. Through partnership with the local business community, creativity, and demonstrated leadership, this program aims to harness local resources and realize maximum benefits to the local community.

Small Local Business Plan – Objective

- ❖ Increasing the number of certified small businesses participating in all aspects of PCCD contracting and professional services agreements.
- ❖ Promoting development and enhancing the “capacity” and “sustainability” of small/local certified businesses as prime contractors or joint venture partners on PCCD projects.
- ❖ Increasing the circulation of dollars locally within the Peralta Community College District service area, thus stimulating a stronger economic base.

Small Local Business Plan – Key Programs

- ❖ **Prompt Invoice Payment**
- ❖ **Bonding assistance/ Surety Bond Guaranty (SBG) Program**
- ❖ **Mobilization Finance Program (MFP)**
- ❖ **Owner Controlled Insurance Program (OCIP) and Statewide Educational Wrap-Up (SEWUP)**
- ❖ **Business outreach**
 - **Small business technical assistance (career/vocational education)**
- ❖ **Small Business Advisory Council**

Small Local Business Plan – Prompt Payment Policy

❖ **Comply with California’s State Prompt Payment Act**

- PCCD must pay prime contractors within 30 days of receiving their invoice.
- Prime Contractors, when invoiced, must pay their subs within 7 days of receiving payment from PCCD or interest penalties will apply.

❖ **Implement an Accelerated Payment Process**

- PCCD shall pay prime contractors’ invoices within 30 days
- Prime contractors shall pay subcontractor invoices within 30 days based on their invoice date.
- Prime contractor payments to subcontractors must be paid, even if prime contractor has not been paid by PCCD.
- Incorporate subcontractor timely payment requirement in all prime contractor contracts.
- Invoices must be paid within 30 days or interest penalties will apply
- This process ensures that small businesses are paid within 30 days.

Small Local Business Plan – Surety Bond Guarantee (SBG) Program

- ❖ Establish a Surety Bond Guarantee program, including a “line of credit” facility to provide bond collateral support, and a Third-Party Funds Administrator
 - ❖ An enrolled Small Local Business Enterprise (SLBE) that has been fully assessed, vetted and deemed viable as a candidate for a Bond Guarantee can be supported in attaining a bond needed to bid and contract with PCCD.
 - ❖ To mitigate risk and ensure successful contract completion, monitoring and contractor support are provided throughout the life of the contract.
 - ❖ Upon completion of work and close-out of the contract, the letter of credit is returned by the bonding company and the line of credit instrument is restored allowing for additional Surety Bond Guarantees for SLBE program participants.
 - ❖ The Third-Party Administrator ensures payment of all SLBE contract related expenses such as subcontractor’s materials, union obligations by taking control of all contract progress payments and manages their distribution, securing any lien releases in the process.

Small Local Business Plan –U.S. Small Business Administration (SBA) Surety Bond Guarantee (SBG) Program

For over 50 years, the U.S. Small Business Administration (SBA) has helped small businesses get their first surety bond or increase their bonding capacity through the Surety Bond Guarantee (SBG) Program. With the SBA-guaranteed bonds, working capital requirements are lower. While the surety market provides 10 times working capital, the SBG Program provides 20 times working capital. Unused bank Lines of Credit can be used as capital, and applicants have a decision in hours for projects under \$400,000. Our surety companies and agents authorized to issue bonds have years of experience working with small businesses. In the SBG Program, small businesses can overcome issues with credit scores or limited resources, establish their own bonding track record, and build for the future.



U.S. Small Business
Administration



Small Local Business Plan – Mobilization Finance Program (MFP)



- ❖ Establish a Contractor Mobilization (Accelerated) Program with a lending institution
 - All paths to obtaining Mobilization Finance under the proposed Program, run through an initial assessment of the Contractor's operational background and experience, financial reporting structure, project estimating and scheduling process, and the ability to project "cash flow".

Small Local Business Plan – California Small Business Loan Guarantee Program

- ❖ The California Rebuilding Fund is a public-private partnership that drives capital from private, philanthropic and public sector resources.
- ❖ \$50 million guarantee allocation from the California Infrastructure and Economic Development Bank (iBank) – to Community Development Financial Institutions (CDFIs). With this new Fund, California's CDFIs will be better able to help under-banked small businesses recover and reposition themselves to survive the realities of the COVID-19 marketplace.
- ❖ The lenders will offer a standardized loan product with affordable and flexible terms for small businesses with loan sizes of up to \$100,000. These loans are meant to be timed and structured to support businesses that are adapting their business and face upfront or ongoing expenses to operate safely in a post-COVID economy.

Small Local Business Plan – Owner Controlled Insurance Program (OCIP)



- ❖ The Statewide Educational Wrap Up Program (SEWUP) was developed to provide a method by which California Public Educational Agencies can maximize their new construction and modernization fund for facility development in a safer, risk-contained environment.
- ❖ The Statewide Educational Wrap Up Program (SEWUP) is a Not-for-Profit Joint Powers Authority (JPA) providing an Owner Controlled Insurance Program (OCIP) designed to protect PCCD from the construction site activity risks (negligence) of the general contractor, contractors, and subcontractors of all tiers. PCCD pays only when used to insure a project.

Small Local Business Plan – Business Community Outreach Program



Outreach for the Capital Program is an opportunity for PCCD to inform the community of the benefits of the Bond Program and Measure G, the reinvestment into the local community and increase the contracting pool of small, local businesses working on PCCD projects. In addition, the program's outreach will inform the community of the work planned at PCCD sites and engage stakeholders in a way that encourages feedback through all phases of the project. It is also opportunity for PCCD to connect with the community through the participation at local community gatherings/events, and setting up a website and social media page for the project.

- ❖ Technical Assistance, Education and Knowledge Transfer Workshops

Small Local Business Plan – Small Business Advisory Council (SBAC)

- ❖ The Small Business Advisory Council is made up of small business subject matter experts, and community small business leaders that represent organizations/associations and have a headquarters, within the six cities in Peralta Community College District. The representatives' organizations must advocate for small businesses and have a membership of 15 (e.g., chambers, business associations)
- ❖ The PCCD Small Business Advisory Council is not a policy-making body; however, the PCCD uses external advisory committees to develop critical solutions to the District's procurement concerns, to disseminate information regarding specific PCCD projects and programs, and to provide a forum for interactive discussions with interested parties.
- ❖ The District would have a position that would also provide monitoring and would serve as PCCD Small Business Liaison.

Small Local Business Plan – Current Revenue Size Standard

Peralta's Small Local Business Enterprise (SLBE) Program definition: A Small Local Business Enterprise is a business that has not exceeded gross annual revenue of 8.5 million dollars for a construction firm, or 6 million dollars for goods and non-professional services firm, or 3 million dollars for architecture, engineering and professional services firm, for the past three consecutive years and meets the below geographic location requirements.

Since this revenue size standard is below many of the other Small, Local Business Programs in the area there can be an adverse impact on the PCCD's ability to meet the 25% goal, and increase the utilization of small, local businesses working on PCCD projects due to lack of available firms that fall outside these thresholds.

Small Local Business Plan – Revenue Size Standard Recommendation

- ❖ Change revenue size definition to PCCD's SLBE Program: A Small Local Business Enterprise (SLBE) is a business that has not exceeded gross annual revenue of 11.5 million dollars for a construction firm, or 6 million dollars for goods and non-professional services firm, or 5 million dollars for architecture, engineering and professional services firm, for the past three consecutive years and meets the below geographic location requirements.
- ❖ In addition to the initial increase and change in definition, we further recommend that annually increase small business revenue size to annual cost of living increase based on the California Construction Cost Index (CCCI)
- ❖ We do not recommend any changes to the SELBE: A Small Emerging Local Business Enterprise is a business that has not exceeded gross annual revenue of 1.5 million

Small Local Business Plan – Current Language

- ❖ PCCD's Small Local Business Enterprise Program currently has a twenty-five percent (25%) small local participation based on the total contracting dollars, which is currently a goal.
 - ❖ Recommendation: 25% Small local business participation is a requirement on each contracting dollar.
- ❖ In addition, the bond program awards up to 5 preference points in negotiated professional services and 5% bid discount for construction contracts. A Prime Contractor who utilizes 25% of total bid amount, with SLBE or SELBE subcontractors (who meet the District's Definition of an SLBE and SELBE), can also receive a maximum of 4% (non-local prime) or 5% (local prime) bidding preference, not to exceed \$50,000.00 for any bid.
 - ❖ Recommendation: Remove the "\$50,000.00 for any bid" and replace with "not to exceed 50% of the contract".

QUESTIONS?



SURVEY



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