



North Carolina Department of Administration

Roy Cooper, Governor
Machelle Sanders, Secretary

State Construction Office
Latif Kaid, P.E., Director

July 28, 2020

MEMORANDUM 07282020

To: Capital Project Coordinators (CPC's)
From: Latif Kaid, PE
Subject: Executive Order 143, Sec. 2 B(4)

On June 4, 2020 Governor Cooper signed [Executive Order 143](#) (EO 143) to address the disproportionate impact of COVID-19 on minority communities and establish the North Carolina Pandemic Recovery Office (NCPRO) to ensure equitable delivery of COVID-19 related stimulus and resources.

Executive Order 143 Section 2, B(4) states that the HUB Office will *“work directly with the State Construction Office and State Purchasing Office to identify construction, purchasing and professional services contracts by state agencies that do not exceed \$250,000 to increase access to opportunities for small businesses. To further enhance and improve the State's good faith efforts to recruit diverse businesses for participation in public projects, the State Construction Office and State Purchasing Office shall develop a rule to require all projects to include at least one bid or proposal from a certified small historically underutilized business. Exceptions to this rule must be approved by the Secretary of the Department of Administration or her designee.”*

EO 143 calls on State and Governmental Entities and stakeholders to intentionally provide increased access to businesses that are historically underutilized by requiring all projects to include at least one bid or proposal from a certified small historically underutilized business in all construction projects of \$250,000 or less, relative to capital project expenditures, and to require solicitations to be extended to SBE firms. Since this requirement already exists within current legislation (GS 143-128.2), EO 143 enhances and reinforces the goal of 10% participation set by statute.

HUB firms in the construction industry account for 58% of the North Carolina small business community. The inclusion of these businesses is crucial to strengthen our state's economy and to create more sustainable communities.

The following guidance is provided to assist you in accomplishing the tenets of EO143.

1. The State Construction Office (SCO) will notify the HUB Office in advance of upcoming solicitations for bids involving contracts under \$250K. Each agency must notify the SCO of upcoming construction contracting opportunities when funding is made available for such projects.

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2. The State Construction Office (SCO) will examine responses to solicitations for bids to see if any qualifying bids are from entities on the certified small historically underutilized business (CSHUB) listing supplied by the HUB Office. If the qualifying bid is received from one of more CSHUB, the SCO will include at least one CSHUB bidder in its analysis. If no qualifying bid is received from a CSHUB, the SCO will notify the Secretary of the Department of Administration or her designee for determination of whether an exception is appropriate.

I appreciate your partnership in efforts to strive to exceed the 10% participation requirement and in providing increased access to small historically underutilized businesses.

Definitions:

- A. A certified small Historically Underutilized Business, as defined in this executive order, is anyone or firm with 100 employees or less and an annual net income of not more than \$1,500,000, after "cost of Goods Sold" is deducted.
- B. EO 143 includes any project specific expenditure estimated to be \$250K or less in:
 - 1. Owner pre-purchase of equipment,
 - 2. Design contracts
 - 3. Construction Contracts