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## SHELTERED MARKET POLICY

Certain purchases and contracts within the Purchasing and Contract Management department are designated as sheltered market opportunities, which will only be open for competition by and between Locally-owned Small Businesses (LSBs). Sheltered market opportunities shall exclude contracts pertaining to purchased power and gas, loans, grants, financial assistance, legal services, and banking contracts.

- A. **Purchases and Contracts under \$100,000** - Under the sheltered market program, every acquisition of goods or services that has an anticipated dollar value under \$100,000 is automatically reserved exclusively for the certified Supplier Diversity Program participants. The sheltered market procurement requirement will only apply when there is a reasonable expectation that offers will be obtained from three or more LSBs that are competitive in terms of market prices, quality and delivery. If only one acceptable offer is received from a responsible LSB, the sheltered market procurement will be withdrawn and the product or service, if still needed, will be solicited on an unrestricted basis.
- B. **Purchases or Contracts over \$100,000** - The SDC and the Manager of Procurement and Contracts may agree to designate any purchase or contract over \$100,000 for LSBs except those purchases or contracts for which a sheltered market would conflict with the law. The sheltered market designation shall be made only when there is a reasonable expectation that bids and proposals will be obtained from at least three reasonable LSBs and that the award will be made at a fair market price. If only one acceptable offer is received from a responsible LSB, the sheltered market procurement will be withdrawn and the product or service, if still needed, will be solicited on an unrestricted basis.
- C. **Partial Sheltered Market Procurements:** A sheltered market procurement of a single acquisition or a class of acquisitions may be total or partial. The SDC and the Manager of Procurement and Contracts may designate a portion of an acquisition as sheltered market procurement
- D. To be eligible to participate in sheltered market procurement opportunities, a LSB must perform at least a given percentage of the contract. This provision limits the amount of subcontracting a LSB may enter into with other firms when performing these types of contracts. The provisions are as follow:
  1. **Construction:** For general and heavy construction contractors, at least 15 percent of the cost of the contract, not including the cost of materials, must be performed by the LSB prime contractor with its own employees. For special trade construction, such as plumbing, electrical, or heating/air conditioning and ventilation work, this requirement is 25%.
  2. **Manufacturing:** At least 50 percent of the cost of manufacturing, not including

the cost of materials, must be performed by the LSB prime contractor.

3. **Architectural/Engineering, Professional Services and Other Services:** At least 50% of the contract cost for personnel must be performed by the LSB prime contractor's own employees.