HUBZone Certification Application Workshop

September 15, 2020
Logistics

• All audio will stream through your computer speakers.
• Please submit your questions anytime throughout the presentation in the Question box, located on the bottom of your screen.
• This webinar is best viewed using “Presentation” mode
• Webinar recording and slides will be posted on AMP SoCal’s website.

ampsocal.org/webinars
USC Price
Center for Economic Development

Outreach arm of the Price School of Public Policy

Supports EDA’s mission by

• Providing technical assistance to economically distressed and underserved communities
• Developing strategies to enhance collaborative regional innovation

Capabilities

• Planning
• Economic development and policy studies
• Feasibility and market analyses
• Needs assessments

• GIS mapping
• Consensus building
• Technical assistance workshops
• Strategy development
About AMP SoCal

• Collaboration of government, academia, and industry partners
• Designed to strengthen the Southern California aerospace and defense manufacturing supply chain
• A federally designated “Manufacturing Community” by the U.S. Department of Commerce
Who We Are

AMP SoCal is led by the USC Center for Economic Development (CED), an applied research center of the USC Sol Price School of Public Policy, in partnership with the City of Los Angeles and over 150 companies and organizations.

Partners Include:
Today’s Agenda & Presenters

**Welcome**
AMP SoCal
Libby Williams, Project Manager

**SLATE-Z**
Kecia Washington, Co-chair of Economic Activity Committee

**Northrop Grumman**
Vicky Harper-Hall, Senior Manager, Global Supplier Diversity Programs

**U.S/ Small Business Administration**
Emma Maxey, Outreach and Marketing Specialist, Los Angeles District Office

**HUBZone Certification Presenter**
Bruce Purdy, HUBZone Assistant Director, U.S. Small Business Administration (SBA)

**Questions & Answers**
Facilitated by Kecia Washington

**Closing Remarks**
South Los Angeles Transit Empowerment Zone

Kecia Washington, SLATE-Z Economic Activity Co-Chair
Demographics

197,537 residents

Poverty

46% below federal poverty line (FPL)
44.5% working poverty (150% of FPL, compared to 17.8% in the County)
53% children live in poverty (compare to 25.3% in County)

Age

28% are under 18
66% are 18-64 years old
6% are 65+ years old

People of Color: 94%

71% Latino
17% African American

Immigrants: 43%

17% undocumented
(compared to 10% in LA County)
## Goals and Activities

### South Los Angeles Transit Empowerment Zone: Goals and Activities

**Mission:** Revitalize South Los Angeles by moving residents to economic opportunity

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<tr>
<th>1. Move 10,000 residents into living wage jobs</th>
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<td><strong>1A.</strong> Build, strengthen and institutionalize five Sector Pathways in construction, hospitality/culinary, transportation, health &amp; information technology</td>
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<td><strong>1B.</strong> Create pipeline of opportunities for residents to be hired on temporary &amp; permanent jobs</td>
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<td><strong>1C.</strong> Increase local hires through “Train to Place” city &amp; other pre-civil service sector opportunities</td>
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<td><strong>1D.</strong> Strengthen capacity of workforce development systems, especially to serve vulnerable populations</td>
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<th>2. Increase economic activity by investing in businesses, entrepreneurs, and community-oriented infrastructure</th>
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<td><strong>2A.</strong> Increase business &amp; community-oriented infrastructure investments in Transit Oriented Districts</td>
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<td><strong>2B.</strong> Advocate for &amp; support local business inclusion in public &amp; private procurement</td>
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<td><strong>2C.</strong> Support entrepreneurship &amp; create a business development fund to expand capacity of small businesses &amp; new enterprises</td>
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<td><strong>2D.</strong> Study impact of minimum wage on local jobs, businesses &amp; industry to inform strategies for business development &amp; job creation</td>
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<tr>
<th>3. Increase student attainment of certificates, degrees, and preparation for careers by guaranteeing post-secondary career pathway enrollment and support</th>
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<td><strong>3A.</strong> Educate students about college &amp; aligned career pathways</td>
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<td><strong>3B.</strong> Increase work &amp; career readiness among students by increasing summer job placements &amp; other work-based learning opportunities</td>
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<td><strong>3C.</strong> Strengthen &amp; expand dual enrollment &amp; curricular alignment to increase degree &amp; certificate completion</td>
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<td><strong>3D.</strong> Provide seamless transitions &amp; coordinated academic &amp; student support services to increase college completion rates</td>
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<th>4. Reduce violent crime through effective prevention, intervention, reentry, and community engagement</th>
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<td><strong>4A.</strong> Galvanize residents in a policy advocacy campaign to address violent crime</td>
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<td><strong>4B.</strong> Expand youth development services to develop leadership &amp; promote overall wellness</td>
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<td><strong>4C.</strong> Expand &amp; strengthen gang intervention services &amp; capacity</td>
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<td><strong>4D.</strong> Provide coordinated reentry services for youth &amp; adults re-entering the community from incarceration</td>
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<th>5. Improve community infrastructure by increasing the safety, affordability, and use of public transit</th>
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<td><strong>5A.</strong> Increase access to affordable public transit for students</td>
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<td><strong>5B.</strong> Increase access to affordable public transit for low-income residents through bulk purchasing strategies</td>
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<td><strong>5C.</strong> Engage the community in improving transit &amp; streetscape infrastructure to increase use &amp; safety</td>
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**SUSTAINED RESIDENT ENGAGEMENT**

PUBLIC, PRIVATE, AND NON-PROFIT PARTNERS INVOLVEMENT
Current Status

Economic Activity

- Identify SLATE-Z area technical Assistance (TA) providers
- Develop a Landscape Analysis of Financial institutions and the services they provide for Access to Capital, including Community Development Financial Institutions (CDFIs)
- Assist Businesses with Procurement Opportunities and Required Certifications
- Opportunity Zones
- Hub Zones Certification
HUBZone Certification Application Workshop: Northrop Grumman Aeronautics Systems Sector 
Introduction

Shelby Morimoto
SBLO, Global Supplier Diversity Programs

Vicky Harper-Hall
Sector Manager, Global Supplier Diversity Programs & Gov’t Relations

15 September 2020
Northrop Grumman GSDP Contacts

If you are interested in doing business with Northrop Grumman, please complete the Supplier Information form:

https://oasis-sbeforms.myngc.com/

Please feel free to contact our AS GSDP Team at:

ASGSDP@ngc.com
Northrop Grumman Corporation
Small Business Liaison Officers
Website: http://www.northropgrumman.com/suppliers

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**CORPORATE**
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<th>Division</th>
<th>Name</th>
<th>Address</th>
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<tr>
<td>DEFENSE SYSTEMS – WEAPON SYSTEMS</td>
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<td>818.704.2767</td>
<td><a href="mailto:Judy.Cho@ngc.com">Judy.Cho@ngc.com</a></td>
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<td>763.744.5670</td>
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<td>MISSION SYSTEMS</td>
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<td>513.881.3405</td>
<td><a href="mailto:j.james@ngc.com">j.james@ngc.com</a></td>
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<td>321.354.2662</td>
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<td>MISSION SYSTEMS</td>
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<td>434.974.2148</td>
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<td>SPACE SYSTEMS – LAUNCH &amp; MISSILE SYSTEMS</td>
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<td>435.863.2017</td>
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<td>DEFENSE SYSTEMS DIVISION</td>
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<td>SPACE SYSTEMS – PAYLOAD &amp; GROUND SYSTEMS</td>
<td>Ms. Cindy McKeever</td>
<td>P.O. Box 1693, Baltimore, MD 21203</td>
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<td>Fax: 410.981.2043</td>
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<td>Mr. Raynard Nowden</td>
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<td>SPACE SYSTEMS – GROUND BASED STRATEGIC DETERRENT (GBSD)</td>
<td>Mr. Rob Watson</td>
<td>301 Voyager Way, NW, M/S UAL311, Huntsville, AL 35805</td>
<td>301 Voyager Way, NW, M/S UAL311</td>
<td><a href="mailto:robert.watson@ngc.com">robert.watson@ngc.com</a></td>
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The SBA works to ignite change and spark action so small businesses can confidently
Economic Injury Disaster Loan (EIDL)

SBA’s Economic Injury Disaster Loan (EIDL) is open to all eligible applicants experiencing economic impacts due to COVID-19.

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<tr>
<th>Loan Type</th>
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<td>Purpose:</td>
<td>To meet financial obligations and operating expenses that could have been met had the disaster not occurred</td>
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| Terms:    | • **Up to $2 million**  
            • **3.75% for businesses**  
            • **2.75% for non-profits** |
| Forgivable: | EIDL Loan: NO |
| Maturity:  | 30 Years |
| Payment Due: | Deferred 1 Year |
SBA Economic Injury Disaster Loans for COVID-19
Application Filing Deadline:

December 16, 2020

For information or to apply, please visit
sba.gov/disaster
Low-interest federal disaster loans are now available to California businesses and residents affected by civil unrest that began May 26, 2020, in Alameda, Contra Costa, Kern, Los Angeles, Orange, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, Stanislaus and Ventura counties.

Businesses of all sizes and private nonprofit organizations may borrow up to $2 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory and other business assets. SBA can also lend additional funds to businesses and homeowners to help with the cost of improvements to protect, prevent or minimize the same type of disaster damage from occurring in the future.

Economic Injury Disaster Loans to help meet working capital needs caused by the disaster. Economic injury assistance is available regardless of whether the business suffered any property damage.

Disaster loans up to $200,000 are available to homeowners to repair or replace damaged or destroyed real estate. Homeowners and renters are eligible for up to $40,000 to repair or replace damaged or destroyed personal property.

Interest rates can be as low as 3 percent for businesses, 2.75 percent for private nonprofit organizations and 1.25 percent for homeowners and renters with terms up to 30 years. Loan amounts and terms are set by SBA and are based on each applicant’s financial condition.
SBA Disaster Assistance to California Businesses and Residents Affected by Civil Unrest

In response to the Coronavirus pandemic, for this disaster SBA will establish a virtual Disaster Loan Outreach Center to answer questions about SBA’s disaster loan program, explain the application process and help each individual complete their electronic loan application.

**Virtual Disaster Loan Outreach Center**
Mondays – Fridays
8 a.m. – 4:30 p.m.
FOCWAssistance@sba.gov
(916) 735-1500

Deadline to apply for property damage is September 17, 2020.
Deadline to apply for economic injury is March 17, 2021.

For more information on SBA Disaster Assistance, visit [sba.gov/disaster](http://sba.gov/disaster),
call SBA’s Customer Service Center at (800) 659-2955,
or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
Need Funding for Your Business? The SBA Can Help.

1. SBA-backed Loans
2. Private Investors
3. R&D Awarded Funds
SBA Loan Programs

- 504 Loan
- 7(a) Loan
- Microloan

- Community Advantage Loans
- International Trade Loans
SBA’s CONTRACTING ASSISTANCE PROGRAMS

- **SBA’s 8(a) program** the 8(a) program enables socially and economically disadvantaged businesses. Participating to receive business development, technical assistance, and the chance to work alongside larger firms in a mentor-protégé relationship.

- **The HUBZone** program helps small businesses in Historically Underutilized Business Zones in urban and rural communities get preferred access in competing for federal contracts, as well as considering those businesses in full and open competition. HUBZone-certified businesses also get a 10% price evaluation preference in full and open contract competitions.

- **WOSB Program** to help provide a level playing field for women business owners, the government limits competition for certain contracts to businesses that participate in the women’s contracting program.

- **SDVOSB Programs** enables firms to qualify for SDVOSB set-aside or sole source contract awards made by contracting agencies-helping agencies to meet their SDVOB prime contracting goals.
Questions?

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Los Angeles, 90012

213-634-3855
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Lending Questions: ladolenderrelations@sba.gov
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Alison Mueller Amann, Attorney-Advisor, Office of General Counsel, SBA
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HUBZone Program Purpose

- Established in 1997, launched in 1999
- Fuels growth of small businesses in Historically Underutilized Business Zones (HUBZone) by providing certification for preferential access to federal government contracts.

- **Federal agencies** set aside contracts for HUBZone-certified small businesses
- **Small businesses** invest in and hire from qualified HUBZones
- **Undercapitalized Communities** benefit from job opportunities and investment
Contracting Incentive

The HUBZone Program plays an important role in driving 3% of all federal procurement opportunities to small businesses in undercapitalized communities.

5% Small Disadvantaged Business (SDB)  
3% Service-Disabled Veteran-Owned Business (SDVOSB)  
5% Women-Owned Small Business (WOSB)  
3% Historically Underutilized Business Zone (HUBZone)
HUBZone Designations

More than 22,000 communities across the country are designated HUBZones.

This photo by Unknown Author is licensed under CC BY.
Background Information

Eligibility Requirements and Program Support
HUBZone Small Business Certification Eligibility

Firm must:

• Be small, by reference to small business size standards;

• Be at least 51% owned by U.S. citizens, an Indian Tribal Government, an Alaska Native Corporation (ANC), a Native Hawaiian Organization (NHO), a Community Development Corporation, or an agricultural cooperative;

• Have its principal office—the single location at which the greatest number of its employees perform most of their work—located in a HUBZone; and

• Have at least 35% of its employees HUBZone residents.
Register in SAM.gov

Gather required documents:
• Payroll/proof of residency
• Proof of ownership
• Proof of principal location

Apply through www.sba.gov/hubzone

*Submissions are not considered an application until ALL required documents have been received.*
HUBZone Early Applicant Engagement Initiative

How it works

• HUBZone will train Resource Partner.
• Resource Partner consults with firm and assists with application, verifying they have all required documentation.
• Firm applies and Resource Partner notifies HUBZone they have screened application.
• HUBZone provides expedited review.

Project Outcomes

✓ Reduced application processing times
✓ Reduced rates of declines
✓ Stronger long-term program compliance due to greater understanding of requirements
✓ Greater procurement readiness and potential for more federal awards
✓ Large and expanding network of Resource Partners improves overall outcomes
Procurement Tips for HUBZone Firms

1. **Get up to speed:** Start with a visit to the SBA website for tutorials, referrals and information.

2. **Get Help:** Reach out to a Resource Partner for help (PTAC, SBDC, WBC, SCORE, VBOC, District Office).

3. **Do Your Homework:** Learn about the opportunities and consider starting with Government purchase card orders, Subcontracting, and Joint Ventures to gain experience.

4. **Secure a Mentor:** All Small Mentor Protégé Program offers HUBZone firms an opportunity to develop their government contracting capabilities by entering a formal Mentor Protégé Partnership with an experienced government contractor.

5. **Leverage your small business status:** If you are SDB or DSVOSB or WOSB—consider gaining HZ status; already in a HZ—get certified!
HUBZone Help

For support with government contracting and growing your business visit one of SBA’s resource partners (SCORE, SBDCs, WBC, VBOC, and PTAC): [https://www.sba.gov/local-assistance](https://www.sba.gov/local-assistance)

For support with your HUBZone application:

- **Visit** the HUBZone website: [sba.gov/hubzone](http://sba.gov/hubzone)
- **View** location eligibility: [maps.certify.sba.gov/hubzone/maps](https://maps.certify.sba.gov/hubzone/maps)
- **Email** our Help Desk with specific questions: [hubzone@sba.gov](mailto:hubzone@sba.gov)
- **Call** our staff via our weekly conference call—every Thursday at 2pm ET: 202-765-1264; Access code: 63068189#
Impact and Results
HUBZone Program Impact

+/- 22,000 HUBZones across US and territories

+/- 6,000 certified HUBZone enterprises

Construction, Manufacturing, Professional and Technical Services

$9.9 billion in federal procurement in FY2018 supporting an estimated 52,000 jobs

179+ HUBZone Mentor Protégé Agreements via ASMPP

70% of Opportunity Zones are in HUBZones
Delivered rapid response to COVID 19

Quickly introduced flexibilities
Expedited Certification for firms
Matched firms to opportunities

Witnessed 33% increase in applications

Developed comprehensive communications campaign
Reached more than 6,000 stakeholders

Improved processing times by 40% and achieved 60-day application processing by June 30

Introduced prescreening and other process improvements
Re-aligned resources and case management

Strengthened capacity and compliance by more than 88%
HUBZone Results

When brothers Samuel and Saul Maldonado in Lower Rio Grande Valley, Texas, first founded SAM Engineering & Surveying (SAMES) Inc. in 2008, they employed three people in their community and generated $400,000 in annual sales.

By participating in SBA’s HUBZone program, they have grown their business to 55 employees and more than $4 million in sales.
Sridhara Gutti started **Essnova Solutions** as a home-based business in Huntsville, Alabama. After receiving counseling from SBA and a Procurement Technical Assistance Center (PTAC), he moved his IT software, staffing, and project management business to Birmingham and applied for SBA’s HUBZone certification.

After winning a federal contract from Department of Defense in 2017, Sridhara has grown the business to 25 employees with more than $3 million in revenue and was named the Alabama Small Business Person of the Year for SBA in 2020.
Pontchartrain Partners helped rebuild the New Orleans flood protection system in the aftermath of Hurricane Katrina. In 2015, the company expanded to a 25,000-square-foot building in a HUBZone.

Company revenue has grown from $160,000 in its first year to $35 million in 2019 and from only seven full-time, local employees to 115 across the South.
Federal Scorecard Performance
Program Changes
Related to Rule Change
HUBZone Program Challenges

Small businesses found the program difficult
- Instability regarding geographic eligibility (i.e. maps changed too often which served as a disincentive to investment in HZ communities)
- Confusing and burdensome requirements for maintaining certification
- Lengthy and cumbersome application and recertification processes

Federal Agencies failed to meet 3% goal
- Difficulty finding qualified HUBZone firms who could maintain eligibility
- A unique and arduous requirement to verify eligibility twice (which lengthened the procurement process for HZ firms and served as a disincentive)

Communities experienced mixed results
- The fluidity of the program made it difficult for communities to leverage
- Eligibility requirements that failed to recognize the unique characteristics of rural distress may have neglected some deserving communities from participation
HUBZone Program Changes

- Improve the customer experience
- Expand and stabilize the HUBZone footprint
- Increase program utilization
Improve the Customer Experience

Faster Certification: within 60 days of a complete submission

Streamlined Platform: Transitioning to a user-friendly interface.

Early Support: Expansion of Early Engagement Initiative
Expand and Stabilize HUBZone Footprint

- Stabilize the maps
- Expand into rural areas
- Recognize long-term investment in communities
Expand and Stabilize HUBZone Footprint

• HUBZone maps are frozen through 2021

• Maps will be updated every five years

• Redesignated Areas:
  • Concept Remains--three-year transition period for expiring HUBZone Qualified Census Tracts and Qualified Non-metropolitan Counties
  • No extension beyond 2021 for current Redesignated Areas
Expand and Stabilize HUBZone Footprint

New category added for Governor-Designated Areas

- Rural communities of 50,000 or less
- Unemployment of 120% the state or US average
- Opportunity Zones encouraged
- Governors must petition SBA
Expand and Stabilize HUBZone Footprint

- Small businesses that invest in HUBZones by purchasing a building or entering a long-term lease (of 10 years or more), may maintain HUBZone eligibility for up to 10 years, even if the office location no longer qualifies as a HUBZone.

- Does not apply to buildings in areas currently categorized as “Redesignated Areas”
Increase Program Utilization

- **ANNUAL RECERTIFICATION**
- **CONTRACT VERIFICATION AND ELIGIBILITY**
- **RESIDENCY REQUIREMENT LEGACY EMPLOYEE**
Increase Program Utilization

ANNUAL RECERTIFICATION

• Firms must annually recertify.

• Once certified, a firm will be eligible for all HUBZone contracts for which it qualifies as small, for a period of one year from the date of its initial certification or recertification (unless it acquires, is acquired by, or merges with another firm).

• Full documentation reviews will be required every three years.
A firm must appear in DSBS as HUBZone-certified at the time of offer.

SBA will determine the eligibility of a concern subject to a HUBZone protest as of the date of its initial certification or its most recent recertification, if applicable.

A firm that receives a HUBZone contract must attempt to maintain 35% employment of HUBZone residents.

“Attempt to maintain” is defined as employing at least 20% HUBZone residents.
For HUBZone set-aside MACs, a firm that is HUBZone certified at the time of offer for the MAC will be considered HUBZone-certified for each order issued against the MAC.

For non-FSS* MACs issued under full and open competition, where the CO sets aside an order for HUBZone firms, an offeror must be HUBZone certified (and so appear in DSBS) at the time it submits its offer for the order.

For all FSS* MACs, a firm that is HUBZone certified at the time of initial offer for the FSS contract will be considered HUBZone certified for each order issued against the FSS contract.

*FSS = Federal Supply Schedule
An employee who resided in a HUBZone for at least six months at the time of certification or recertification, and continues to reside in a HUBZone for at least six months after, may continue to be considered a HUBZone resident so long as continuously employed by the firm, even if he/she moves to a non-HUBZone area, or if the area of his/her residence loses HUBZone geographical eligibility.
Program Flexibilities

Related to COVID-19
COVID 19 Flexibilities

Flexibilities offered through September 30:

- Suspension of Mandatory Annual Recertification
- Recognition of Student Residence Hall Closures
- Recognition of Mandatory Telework requirements
- Non-paid status for Legacy employees
- Expedited Certification for COVID 19 solicitations
Compliance under mandatory telework

• SBA will allow firms who place employees on mandatory telework to maintain compliance with the principal office requirement, for certification and recertification purposes, if the firm met the principal office requirement prior to the telework measure being put into place.

• Firms will be required to provide a signed statement that: 1) they put their employees on telework in response to social distancing restrictions related to the COVID-19 pandemic; 2) the teleworking measure is temporary in nature and the employees will return to their normal work location once the teleworking measures have been lifted and 3.) the firm will make its best effort to provide meaningful work to employees on telework.
Expedited Certification

SBA may expedite the application of any firm that submits a complete package for certification and indicates that they intend to respond to a specified solicitation that relates to COVID-19.

Post Event Reviews

After COVID-19 restrictions are removed or diminished, the HUBZone program may conduct program reviews to ensure that firms have returned to following standard compliance practices.
# Coronavirus Related Assistance

sba.gov/coronavirus

| **Paycheck Protection Program** | **SBA.gov/PaycheckProtection**
---|---
This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program. | Apply through lender
Find a lender close to you at the above link

| **EIDL Loan Advance** | **More Information**
---|---
This loan advance will provide up to $10,000 of economic relief to businesses that are currently experiencing temporary difficulties. | Apply online at: SBA.gov/Disaster

| **SBA Express Bridge Loans** | **More Information**
---|---
Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to $25,000 quickly. | Apply through current SBA lender

| **SBA Debt Relief** | **More Information**
---|---
The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic. |
Additional Information

Contracting Details
HUBZone Program References

• **Statutory authority**: Small Business Act, 15 U.S.C. 632(p), 657a
• **HUBZone Program Regulations**: 13 CFR Part 126
• **Size Regulations**: 13 CFR Part 121
• Recent rulemakings:
  • **Governor-Designated Covered Areas**
    — Direct Final Rule: 84 FR 62449 (Nov. 15, 2019)
    — Effective Jan. 1, 2020
  • **HUBZone Program Improvements**
    — Final Rule: 84 FR 65239 (Nov. 26, 2019)
    — Effective Dec. 26, 2019
Relationship Among Small Business Programs (FAR 19.203)

- SBA’s small business socioeconomic programs include:
  - 8(a) Program
  - HUBZone Program
  - Service-Disabled Veteran-Owned (SDVO) Small Business Program
  - Women-Owned Small Business (WOSB) Program

- There is **no order of precedence among these programs**

- In determining which socioeconomic program to use, the contracting officer should consider, at a minimum—
  - Results of market research
  - Agency progress in fulfilling small business goals
HUBZone Contracts (13 CFR 126.600)

HUBZone contracts are contracts awarded to certified HUBZone small business concerns, regardless of the place of performance, through any of the following procurement methods:

- **Sole source awards**
- **100% HUBZone set-aside awards** and partial set-asides
- **Full and open competition**, where the **HUBZone price evaluation preference is applied** (application of a 10% price evaluation preference applied in full and open competition only applies if initial low offer is from a large business, not if low bidder is a small business)
- **Reserves** for HUBZone SBCs under Multiple Award Contracts (MAC)
- **Orders set-aside** for HUBZone SBCs against a MAC, where the MAC was awarded in full and open competition
**HUBZone and Simplified Acquisition (13 CFR 126.607, FAR 19.1305)**

<table>
<thead>
<tr>
<th>AT OR BELOW SAT</th>
<th>CO MAY award via HUBZone set-aside or sole source award</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABOVE SAT</td>
<td>CO <em>shall</em> first consider a set-aside before a HUBZone sole source award or setting aside the requirement as a small business set-aside</td>
</tr>
</tbody>
</table>

- SAT=$150,000—proposed to increase to $250,000;
- Micro-purchase threshold=$3,500—proposed to increase to $10,000
HUBZone Sole Source Awards (13 CFR 126.612, FAR 19.1306)

- **CO may award a sole source contract to a HUBZone SBC** (before considering a small business set-aside) if—
  - CO does not expect to receive offers from at least 2 HUBZone SBCs
  - Anticipated price of the contract (including options) will not exceed—
    - $7 M for a requirement assigned a manufacturing NAICS code; or
    - $4 M for all other requirements
  - The requirement is not currently being performed by an 8(a) participant and has not been accepted as an 8(a) requirement by SBA
  - The HUBZone SBC has been determined to be a responsible contractor with respect to performance
  - Award can be made at a fair and reasonable price

**SBA has the right to appeal CO’s decision not to make a HUBZone sole source award**

*Note: This exclusion of FAR 19.1306 was removed: The acquisition is greater than the SAT*
HUBZone Set-Aside (FAR 19.1305(c))

• To award via HUBZone set-aside, CO must have a reasonable expectation that—
  • Offers will be received from at least 2 HUBZone SBCs; and
  • Award will be made at a fair market price

If the CO receives—

• **only one acceptable offer** from a certified HUBZone SBC
  — the CO should make an award to that concern

• **no acceptable offers** from HUBZone SBCs
  — the CO should withdraw the HUBZone set-aside and set the procurement aside for small business concerns, as appropriate (see FAR 19.203)
Set-Aside of Orders

• A CO may—
  • **Set-aside an order placed against a multiple-award contract** for HUBZone SBCs (FAR 19.5) and no justification for this exception to fair opportunity is required (FAR 16.5)
  • **Set-aside part(s) of a multiple-award contract** for HUBZone SBCs (FAR 19.5)
  • **Reserve one or more contract awards** for HUBZone SBCs **under full and open multiple-award procurements** (FAR 19.5)
  • **Set-aside orders & BPAs under the GSA Schedule** (FAR 8.4)
Set-Aside of Orders – FAR Part 19 Applies

FAR 16.505(b)(2)(i)(F): When setting aside orders for small business concerns:
  • The specific small business program eligibility requirements identified in part 19 apply.

FAR 8.405-5(a)(2): When setting aside orders and BPAs against the GSA Schedule:
  • The specific small business program eligibility requirements identified in part 19 apply.

What does this mean? Examples:
  • HUBZone joint venture requirements apply
  • HUBZone limitations on subcontracting apply
Price Evaluation Preference (PEP) For HUBZone SBCs
(13 CFR 126.613, FAR 19.1307)

• The HUBZone price evaluation preference (PEP) shall be used in acquisitions conducted using full and open competition

• The preference shall NOT be used—
  • Where price is not a selection factor (e.g., Architect/Engineer acquisitions)
  • Where all fair and reasonable offers are accepted (e.g., the award of multiple award schedule contracts)
Applying the HUBZone PEP

- The CO shall apply the HUBZone PEP in F&O competition, when the lowest, responsive, responsible offeror is a large business

- The PEP is applied by adding a factor of 10% to—
  - The otherwise lowest, responsive, responsible offer from a large business (AKA the large business that is the apparent successful offeror)
  - Offers from HUBZone SBCs that have waived the PEP
  - Offers from small business concerns that are not the apparent successful offeror

- NOTE: Apply PEP first, then do best value analysis
## Price Evaluation Preference – Examples

<table>
<thead>
<tr>
<th>OFFER</th>
<th>PEP APPLIED (*10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUBZone</td>
<td>$113</td>
</tr>
<tr>
<td>Small</td>
<td>$103</td>
</tr>
<tr>
<td>Large</td>
<td>$100</td>
</tr>
<tr>
<td></td>
<td>HUBZone</td>
</tr>
<tr>
<td></td>
<td>$113</td>
</tr>
<tr>
<td></td>
<td>Small</td>
</tr>
<tr>
<td></td>
<td>$113.3</td>
</tr>
<tr>
<td></td>
<td>Large</td>
</tr>
<tr>
<td></td>
<td>$110</td>
</tr>
</tbody>
</table>

- Before PEP applied, the large business is the lowest, responsive and responsible offeror.
- After applying the 10% PEP, the large business is still the lowest, responsive and responsible offeror.
- In this example, the application of the PEP does not benefit the HUBZone SBC.

**NOTE:** If price equal → Award to the HZ SBC
Price Evaluation Preference – Examples

<table>
<thead>
<tr>
<th>OFFER</th>
<th>PRICE</th>
<th>PEP APPLIED (*10%)</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUBZone</td>
<td>$100</td>
<td>HUBZone</td>
<td>$100</td>
</tr>
<tr>
<td>Small</td>
<td>$97</td>
<td>Small</td>
<td>$106.7</td>
</tr>
<tr>
<td>Large</td>
<td>$95</td>
<td>Large</td>
<td>$104.5</td>
</tr>
</tbody>
</table>

- Before PEP applied, the large business is the lowest, responsive and responsible offeror.
- After applying the 10% PEP, the large business is no longer the lowest, responsive and responsible offeror.
- In this example, the application of the PEP does benefit the HUBZone SBC.
Price Evaluation Preference – Examples

<table>
<thead>
<tr>
<th>OFFER</th>
<th>PEP APPLIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUBZone</td>
<td>$100</td>
</tr>
<tr>
<td>Small</td>
<td>$95</td>
</tr>
<tr>
<td>Large</td>
<td>$97</td>
</tr>
</tbody>
</table>

- Before PEP applied, the small business is the lowest, responsive and responsible offeror.
- Since lowest offeror is not a large business, the HUBZone PEP is not applied.
Requirements to Bid on HUBZone Contract (13 CFR 126.601)

At the time a certified HUBZone SBC submits its initial offer (including price) on a specific HUBZone contract, it must certify to the CO that:

• It is a **certified HUBZone SBC that appears on SBA’s List (DSBS)—dsbs.sba.gov**;

• It is a **small business** under the NAICS code assigned to the procurement; and

• It **will “attempt to maintain”** having at least 35% of its employees residing in a HUBZone during the performance of a HUBZone contract. (13 CFR 126.200(e))

• It will comply with the applicable limitations on subcontracting during performance of the contract, as set forth in 13 CFR 125.6, 126.200(f) and 126.700.

**Note:** The requirement to notify SBA of a material change was removed with the Regulations published on 12/26/2019.
Eligibility Improvements: Attempt to Maintain

• A firm will be eligible to compete for HUBZone set-aside awards while attempting to maintain compliance with the 35% HZ residency requirement, so long as at least 20% of its employees reside in a HUBZone.

• HUBZone firms that are performing on a HUBZone contract at the time of their recertification must have at least 20% of their employees residing in a HUBZone to recertify.

• HUBZone firms that are not performing on a HUBZone contract at the time of recertification must have at least 35% of their employees residing in a HUBZone to recertify.

* When firms receive a federal contract they often need to ramp up hiring quickly—which in the case of HUBZone threatened to temporarily place them out of compliance with the requirements of the program if fewer than 35% of the workforce did not live in a HUBZone. This change provides clarity regarding the definition of attempting to maintain compliance while performing on a federal contract.
Joint Venture

• A HUBZone SBC may joint venture with one or more other small business concerns or its SBA-approved mentor for the purpose of submitting an offer for a HUBZone contract. (13 CFR 126.616)

*Note: The joint venture itself need not be certified as a qualified HUBZone SBC.
Limitations on Subcontracting (LOS)

Final Rule published at 81 FR 34243 – Effective June 30, 2016

A HUBZone SBC prime contractor may subcontract part of a HUBZone contract, provided the HUBZone SBC meets the following requirements:

<table>
<thead>
<tr>
<th>Services (except construction)</th>
<th>Supplies (from a manufacturer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs</td>
<td>• Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Construction</th>
<th>Special Trade Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Spend no more than 85% of the value of the prime contract on subcontractors that are not HUBZone SBCs</td>
<td>• Spend no more than 75% of the value of the prime contract on subcontractors that are not HUBZone SBCs</td>
</tr>
<tr>
<td>• Cost of materials are excluded</td>
<td>• Cost of materials are excluded</td>
</tr>
</tbody>
</table>

*NOTE: Subcontractors that are also HUBZone SBCs are referred to as “similarly situated entities”*
Nonmanufacturer Rule (NMR) (13 CFR 126.601, FAR 19.1303)

- A HUBZone SBC may submit an offer for supplies as a nonmanufacturer if it meets the requirements of the NMR set forth at 13 CFR 121.406(b)(1)
  - In 2016, SBA eliminated the requirement that the manufacturer also be a HUBZone SBC (81 FR 34243)
- Under SBA regulations, a CO may now request a waiver of the NMR for a HUBZone contract
  - Class waivers also apply to HUBZone contracts
- As a result, the HUBZone program’s treatment of the NMR is now consistent with SBA’s other socioeconomic programs
Compliance With LOS & NMR

When do the HZ LOS and NMR apply?
- HUBZone set-asides
- Partial HUBZone set-asides
- HUBZone reserves
- Orders set-aside for HUBZone SBCs
- Awards to HUBZone SBCs under F&O after HZ PEP applied

What is the compliance period?
- **Set aside (full or partial):** Base term and each subsequent option period
  - HOWEVER, CO may require concern to meet the LOS or NMR for each order
- **Order set-aside under F&O:** Term of order
How to Locate HUBZone Contractors Using the Dynamic Small Business Search (DSBS) (dsbs.sba.gov)
DSBS – How HUBZone Certification is Displayed

Each firm’s DSBS profile has two fields relevant to HUBZone certification:

- “HUBZone Certified? [ ] Yes [ ] No”
- “HUBZone Certification Date”

- "HUBZone Certified? [X] Yes [ ] No” - indicates the firm is currently HUBZone certified. The date in the HUBZone Certification Date field is the date the firm was certified and became eligible for HUBZone awards.

- "HUBZone Certified? [ ] Yes [X] No” - indicates the firm is NOT currently HUBZone certified. The dates in the HUBZone Certification Date field is the date the firm was originally certified and the date the certification ended. This firm is not currently eligible for HUBZone Awards.

- "HUBZone Certified? [ ] Yes [X] No” with N/A next to “HUBZone Certification Date” means that the firm was never HUBZone certified

**NOTE:**

- “HUBZone Certification Date” indicates the initial date of certification and does not reflect the dates of any recertification process, which are internal to SBA

- An approval or recertification letter is **NOT valid evidence** that a firm is currently HUBZone certified, because the firm may have been decertified since the notice was issued.
DSBS example: Currently Certified HUBZone Small Business
DSBS example: Decertified HUBZone Small Business
DSBS example: Non-HUBZone Small Business

8(a) Certification:
SBA 8(a) Case Number:
SBA 8(a) Entrance Date:
SBA 8(a) Exit Date:

Small Disadvantaged Business Certification:
SDB Entrance Date:
SDB Exit Date:

HUBZone Certification:
HUBZone Certified?: [ ] Yes [X] No
HUBZone Certification Date: N/A

8(a) Joint Venture Certification:
8(a) JV Entrance Date:
8(a) JV Exit Date:

DBE Certifications (and State):
(none)

Non-Federal-Government Certifications:
(none given)