

Economic Inclusion Small Local Business Program (SLBE Program)

Effective July 1, 2026

Louisville and Jefferson County Metropolitan Sewer District (MSD)
1600 West Hill Street
Louisville, Kentucky 40210-1750

Message from MSD's Executive Director

MSD is committed to expanding prime contracting opportunities for eligible small local businesses with a Significant Local Business Presence in MSD Service Areas. The Small Local Business Enterprise (SLBE) Program supports MSD's efforts to promote fair access to contracting opportunities, support business capacity and strengthen the local business community.

Originally adopted by the MSD Board on July 1, 2021, the SLBE Program will be modified effective July 1, 2026, to operate as a race- and gender-neutral program. The SLBE Program is separate from MSD's Small Business Enterprise (SBE) Program that replaces the former MBE/WBE Program and is intended to provide designated prime contracting opportunities for eligible small local businesses in MSD Service Areas.



The objectives of the MSD SLBE Program are to:

- Establish race- and gender-neutral initiatives for small local businesses.
- Increase reasonable/significant opportunities for small local businesses to work with MSD.
- Develop new capacity and resources to compete for MSD prime contracts.
- Increase competition in the contracting, consulting and service industry community.
- Further diversify the companies doing business with MSD.

As Executive Director, I support MSD's continued administration of the SLBE Program in accordance with these procedures and MSD's Procurement Regulations.

I hope you will join me in supporting this important small business community initiative.

A handwritten signature in blue ink that reads "James A. Parrott". The signature is written in a cursive, flowing style.

James A. Parrott

MSD Executive Director

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1. Overview

A. Introduction

MSD is committed to expanding prime contracting opportunities for eligible small local businesses with a Significant Local Business Presence in MSD Service Areas. These procedures establish the requirements for participation in the Small Local Business Enterprise (SLBE) Program, including eligibility, documentation and compliance.

B. Leadership

MSD leadership shall take an active and positive role in building a culture within which MSD is able to effectively implement this SLBE Program. The MSD Executive Director, MSD Chief of Staff (MSD Chief) and MSD Chief Procurement Officer (CPO) shall:

1. Actively review the results of the performance of the SLBE Program with internal management personnel on a periodic basis.
2. Articulate in written and verbal communication, internally and externally, the MSD SLBE Program and performance in SLBE procurement.
3. Issue periodic reports to the MSD Board, Executive Leadership Team and other internal and external stakeholders, as applicable.
4. Engage in other leadership activities contributing to supporting the SLBE Program.

C. Program Administration

The MSD Economic Inclusion Program Manager (Manager) shall have primary responsibility for the administration of the SLBE Program and has designated the day-to-day administration of the SLBE Program to the Economic Inclusion Department Staff, who is authorized to:

1. Establish written procedures, guidelines and forms necessary to effectively implement the SLBE Program requirements.
2. Conduct outreach and provide technical assistance to help businesses gain the ability to compete successfully for MSD small purchases contracting opportunities.
3. Track and report the SLBE Program activity and results through collection, review and analysis of SLBE utilization data.
4. Attend pre-bid/proposal conferences to explain the SLBE Program.
5. Review SLBE applications and verify the program eligibility status and gross revenue/receipts of SLBEs.
6. Maintain a directory of SLBEs for prime contract opportunities in MSD business units.
7. Draft and submit SLBE Program periodic reports to the CPO and Manager, as applicable.
8. Promote the SLBE Program to small businesses located in MSD Service Areas.

2. Definitions

The following words, terms and phrases, when used in the MSD SLBE Program, shall have the meanings ascribed to them in this section, except where context clearly indicates a different meaning.

1. **Affiliates** means that business concerns or individuals are affiliates if, directly or indirectly, (a) either one controls or can control the other, or (b) a third controls or can control both.
2. **Appeal** means a written request by the SLBE applicant to reconsider a determination of denial of the SLBE Program entrance.
3. **Bid** means a written quotation, proposal or offer by a contractor to perform or provide labor, materials, equipment, supplies or services to MSD for a price submitted in response to a solicitation issued by MSD.
4. **Bidder/Proposer** means any business enterprise seeking to be awarded an MSD contract by a competitive process.
5. **Broker** means a firm or person who contracts with third parties on behalf of the broker's principal or a specialist who represents purchasers of materials without taking possession or ownership of those materials, or an agent employed to make bargains and contracts for compensation. A broker acts as an intermediary in transactions between a buyer and a seller, generally receiving a commission or fee for work performed. An independent manufacturer's representative or distributor is not a broker.
6. **Business Enterprise** means a company, corporation, partnership, sole proprietorship, professional association or any other legal entity that is properly licensed and/or otherwise authorized to do business in the Commonwealth of Kentucky and is organized to engage in lawful commercial transactions that are directly or indirectly involved in providing materials and/or services to MSD with the anticipated outcome of earning a profit. The business enterprise must perform a commercially useful function and shall not include a joint venture.
7. **Construction** means all aspects of building, altering, repairing or improving any public structure or building, or other public improvements of any kind to any public real property. Construction also includes the demolition, destruction, dismantling or removal of public structures, buildings and other public improvements and the clearing of land. It does not include the routine operation, repair or maintenance of existing structures, buildings or real property.
8. **Contract** means an agreement between MSD and a person or business enterprise to provide or procure labor, materials, equipment, supplies and services to, for or on behalf of MSD.
9. **Contractor** means any person or business enterprise who undertakes to procure a contract for profit with MSD, to supply or provide labor, materials or services; and any person who is a subcontractor under any such contract.
10. **Denial** means any small business that is denied entry into the MSD SLBE Program because they do not meet the eligibility requirements, failed to submit the required documentation, and/or other requirements set forth and outlined in this SLBE Program policy.
11. **Independent Business** means a business that is not closely associated with another

business or operates with another business through shared ownership, affiliation, employee sharing, facilities, equipment, or profit and loss sharing or any other means that may demonstrate a close business association. Businesses where there are multiple owners and owners share ownership among a majority-owned company and a small business owned company is not dependent. Small business enterprises that have an “umbilical relationship” with another business are not independent businesses.

12. **MSD Service Areas** means the geographic area within which MSD is authorized and required to provide service. For the purpose of the SLBE Program, MSD Service Areas currently include Jefferson, Oldham and Bullitt Counties.
13. **Principal Place of Business** means the physical business location where the business enterprise’s day-to-day operations are directed, controlled and managed and where business records are retained. If the location for the management of the business enterprise is different from the location of where business records are retained, MSD will determine the principal place of business for SLBE program purposes.
14. **Significant Local Business Presence** means a business enterprise with an established place of business in MSD Service Areas, at which one or more of its employees is regularly based. Such place of business must have a substantial role in the small business performance of a commercially useful function. A location utilized solely as a temporary location, movable work site, post office box, mail drop or telephone message center or any combination thereof, with no other substantial work function, shall not be construed to constitute a Significant Local Business Presence.
15. **Small Local Business Enterprise (Small Business)** – For the purposes of the SLBE Program, a Small Local Business Enterprise is a small business enterprise with a Significant Local Business Presence in MSD Service Areas and with annual gross revenue/receipts not exceeding an average of \$15 million (\$15,000,000.00) over a three-year period.
16. **Umbilical Relationship** means a relationship between businesses that are extremely close or connected, in corporate structure (i.e., officers, directors, partners, shareholders, etc.) or through transactional relationships wherein a business interaction occurs between another business and an individual or owner of a small business enterprise that has a close or significant relationship with the other business.

3. Program Participation

1. The SLBE Program is designed to improve opportunities and build capacity of small local business enterprises to compete in the open market at a prime contracting level on MSD projects. The SLBE Program is also subject to MSD’s Procurement Regulations.
2. MSD-registered small businesses are eligible to participate in the SLBE Program and will competitively compete for projects allocated by MSD. Contracts will be awarded based on the lowest responsive, responsible bid. MSD, however, reserves the right to reject any and all bids and to waive technicalities and minor irregularities in bids. The grounds for rejection shall include but shall not be limited to the grounds for rejection of sealed bids as set forth in MSD’s Procurement Regulations and shall be recorded in writing and filed in the bid file relating to the particular procurement.
3. The Chief Engineer or their designee in conjunction with the Manager will determine the projects to be bid to the program participants, if it appears that sufficient small businesses

are available to provide competitive bids. Projects will range from \$50,000.00 to \$299,999.99.

4. MSD intends to receive at least two (2) competitive bids from program participants. If fewer than two (2) bids are received, MSD may, at its sole discretion, reject the bid and rebid the project through the normal bidding process or proceed with award if MSD determines it is in its best interest.
5. There must be a reasonable expectation that the award will be made at fair market value/price.
6. The small business must self-perform at least 50 percent (50%) of the services under any contract it is awarded. MSD reserves the right to decline to award future contracts to a small business that performs less than 50 percent (50%) of the work. Small businesses are prohibited from engaging in brokerage or pass-through activities and may be subject to suspension or debarment under MSD's Procurement Regulations for doing so.
7. The small business must comply with all federal, state and local contracting laws and shall meet the terms and conditions set forth in MSD's Contract.
8. Bonding shall be required on all construction projects estimated to exceed \$100,000.00.

4. Eligibility Requirements

Only Business Enterprises that meet all of the following criteria set forth below will be eligible to participate in the SLBE Program:

1. For the purposes of the SLBE Program, a small business must be an independent and continuing for-profit business enterprise performing a commercially useful function and must have a Significant Local Business Presence located in MSD Service Areas.
2. The small business must demonstrate a Significant Local Business Presence of at least a minimum of one year prior to applying to the MSD SLBE Program. The small business must also be in operation for a minimum of one year prior to applying for MSD SLBE Program registration and have a minimum of one year of gross revenues/receipts. Participants are required to submit three years of business tax returns at the time of registration (see the SLBE Program Application for the appropriate schedule to be submitted for gross revenue/receipts verification). If a business enterprise has not existed for three years, the gross annual revenue/receipts will be based on the annual average(s) over the course of the existence of the business.
3. The annual gross revenue/receipts of the SLBE shall not exceed an average of \$15 million (\$15,000,000.00) over a three-year period.

5. Required Documentation

A business enterprise meeting the above criteria will be registered in MSD's database as a small local business with the Economic Inclusion Department upon its submission of a completed SLBE Program Application form and supporting documentation, including but not limited to:

- Three years of business tax returns or tax return for each year the small business has been in business if less than three years;
- Copy of documents filed by the small business with the Kentucky Secretary of State in accordance with the Kentucky Business Entity Filing Act (e.g., articles of incorporation, articles of organization, etc.);
- Copy of the certificate of assumed name filed in the county clerk's office (where the individual of the sole proprietorship maintains their principal place of business).
- Copy of the small business's deed, lease or rental agreement for the small business's principal place of business in that it meets the small business eligibility criteria as set forth above.

Small businesses must verify SLBE Program eligibility every three years. In the event a small business no longer meets the eligibility requirements, the small business shall notify MSD immediately.

6. MSD Audit Provisions

MSD has the right to audit the books and records of the business enterprise, as necessary, to verify compliance with the SLBE Program. The audit may include, but may not be limited to, the following: (1) verification of documentation related to eligibility; and (2) verification of gross revenue/receipts. The business shall permit and make available to MSD or its authorized representative, all books, records and any information necessary to demonstrate compliance with the SLBE Program. Such records may include, but are not limited to, personnel, financial and/or any other relevant records pertaining to the SLBE Program. Upon request, MSD may conduct an audit at any time during regular business hours at the SLBE's principal place of business. However, MSD shall not unreasonably interfere with the business operations. All records related to the SLBE Program shall be retained for five (5) years from the small businesses' initial participation date. In the event of multiple participation dates, the latest date shall be deemed the participation date.

7. Complaints

MSD may temporarily suspend or debar a contractor, consultant, vendor, owners or principals (at the time of debarment) and those owners or principals of future companies from participating in the bid process and from contract awards for a period of time as determined by MSD for violation of the MSD SLBE Program, or pursuant to applicable provisions of its Procurement Regulations. Debarment is not meant to be punitive, but a procedure to ensure that the MSD SLBE Program is conducted legally with responsible parties, maintaining the integrity of MSD's procurement process, while protecting the interest of MSD and the public it serves.

At MSD's discretion, contractors, consultants or vendors may be allowed to finish their work on contracts awarded prior to notice of temporary suspension and/or debarment.

8. Conflict of Interest

- A. In businesses where there are multiple owners, and owners share ownership, management and control, among a majority-owned company and a minority-owned company, MSD views these relationships as a conflict of interest and **will not allow** subcontracting between or among the businesses on MSD contracts. This could also include an affiliate relationship among other business owners or parties. MSD will ultimately determine if a conflict of interest might exist.
- B. Owners who are board members, officers, executives, employees, relatives of employees or agents of MSD will be closely scrutinized for conflicts of interest. MSD has the discretion to determine the existence of a conflict of interest.

9. Sanctions

MSD is committed to enforcing this MSD SLBE Program as written and, in turn, encourages all small businesses, firms or individuals to promptly report any suspected unlawful or illegal activities by others. Any person or organization with information that supports the unlawful or illegal participation by a business enterprise, firm or individual in the MSD SLBE Program should provide a detailed statement in writing to the Manager specifying such unlawful or illegal acts and explaining the basis for such claim or statement.

MSD shall have the discretion to apply suitable sanctions to the contractor, consultant or vendor if found to be in non-compliance with the small business requirements, as well as MSD's Procurement Regulations. Any sanctions imposed against a company shall also apply to all officers, directors, shareholders, partner, employee or other individual associated with the company who participated in, knew of or should have known of the company's conduct.

At MSD's discretion, small business contractors, consultants or vendors may be allowed to finish their work on the contract under which a violation has been found, depending upon the severity. The penalties will either be imposed immediately or after completion of the project in question. If MSD determines that the contractor, consultant or vendor was not compliant in the fulfillment of the SLBE Program, upon completion of a project, they may be subject to sanctions as determined by MSD.

10. Denial and Appeal Process

The small business applicants denied entry into the SLBE Program may request, in writing via email, a meeting with the MSD CPO to discuss the specific reasons for such denial. This meeting is solely for informational purposes and is not intended or should be construed as a hearing or appeal of the MSD decision to deny the small business.

The small business applicant may appeal MSD's decision by submitting the request **in writing via email** or to the address set forth below to the MSD Chief of Staff no later than fifteen (15) calendar days from the date of the denial letter.

The Manager is ultimately responsible for the day-to-day implementation of the MSD SLBE Program application review and approval or denial process. The MSD CPO provides executive leadership and oversight of the SLBE Program and, as a courtesy, they may meet with the denied small business applicant as described above. The MSD Chief is responsible for reviewing and making a recommendation to the MSD Executive Director of the appeal filed by the small business applicant. The MSD Executive Director's decision is the final determination of the appeal.

Appeal Procedure

If the small business applicant is denied SLBE Program approval:

The applicant may request an appeal in writing to the MSD Chief within fifteen (15) calendar days from the date of the denial. The request should be addressed to:

Dr. Carmen A. Moreno-Rivera, Chief of Staff
MSD Executive Offices
ATTN: SLBE Program Appeal
1600 West Hill Street
Louisville, KY 40210-1750

Or, by email:

carmen.morenorivera@louisvillemsd.org

During the appeal, the MSD Chief or their designee will consider all information as presented during the initial application review process, as well as any relevant and/or requested information. Any subsequent changes from the initial review process such as the principal business location, legal formation documents, deed or lease agreement, or other pertinent documentation shall not be considered as evidence during the appeal's process.

Within thirty (30) calendar days of the request for appeal, the MSD Chief or their designee will review the file and make a recommendation to the MSD Executive Director. The MSD original decision regarding the denial remains in effect pending any appeal.

Within fifteen (15) calendar days of the MSD Chief's recommendation, the MSD Executive Director will review the recommendation and make a final decision. MSD will notify the applicant in writing of the MSD Executive Director's final decision.

If the MSD Executive Director's final determination is to uphold the denial, the small business applicant shall not be eligible to re-apply for entry into the SLBE Program until (1) year from the date of the denial letter.

11. Forms – SLBE Program

The small business applicant must complete the following forms (to be completed electronically):

- Small Business Eligibility Affidavit
- Small Business Entity Filing Checklist