

What is the NC Office of Historically Underutilized Businesses?

What you Need to Know on NC State Construction Projects about HUB

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[Adopted from [Construction Law in North Carolina 8/10/10](#)]

If you bid on state work in North Carolina, or want to, you should be aware of the [Office for Historically Underutilized Businesses](#) (HUB). [You should also be aware that there may be changes coming soon in light of a recent [4th Circuit Decision](#) with regard to who still qualifies as a HUB.]



1. What does the HUB office do?

The HUB office is set up to:

- help qualifying companies become listed vendors in their database
- help contractors find HUB companies to solicit subcontractor bids from
- answer questions about the HUB process for bidders

2. Who qualifies as a HUB business?

By statute, a HUB business is one in which at least 51% ownership and control is held by minorities, women, disabled, and/or disadvantaged owners. If you think you qualify, get certified! It can only give you more opportunities for public work.

3. If I bid on a state contract, how do I comply with the HUB requirements?

Under the HUB statute, each bidder must do one of the following:

- identify on his bid the minority businesses that will be used and for what percentage of the contract;
- sign an affidavit and provide documentation listing the good faith efforts to comply [see below]; or
- sign an affidavit that all work will be self-performed

4. What activities qualify as "good faith efforts" to identify a HUB subcontractor?

The statute provides that good faith efforts include:

- (1) *Contacting minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor or available on State or local government maintained lists at least 10 days before the bid or proposal date and notifying them of the nature and scope of the work to be performed.*
- (2) *Making the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bid or proposals are due.*
- (3) *Breaking down or combining elements of work into economically feasible units to facilitate minority participation.*
- (4) *Working with minority trade, community, or contractor organizations identified by the Office of Historically Underutilized Businesses and included in the bid documents that provide assistance in recruitment of minority businesses.*
- (5) *Attending any prebid meetings scheduled by the public owner.*
- (6) *Providing assistance in getting required bonding or insurance or providing alternatives to bonding or insurance for subcontractors.*
- (7) *Negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification should have the reasons documented in writing.*
- (8) *Providing assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisting minority businesses in obtaining the same*

unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit.

- (9) *Negotiating joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible.*
- (10) *Providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands.*

Depending on which public entity is involved, different weight may be assigned to different parts of this criteria, or additional criteria may be required.

5. What documentation is necessary to prove good faith efforts?

The short answer is, "it depends". The statute requires "all" documentation be provided. If you are telephoning minority businesses and getting verbal denials, you must find a way to document that. Better practice would be to send written requests for bids to HUB-certified businesses, so you can maintain a copy for submission with your bid. The HUB website even has [instructions for creating a HUB vendor/contractor Excel spreadsheet](#) to track your efforts.

6. Is the HUB process related to my local MBE/WBE [Minority-owned/Women-owned Business Enterprise] certification?

As of last summer, there is now a statewide process to getting certified, the Statewide Uniform Certification (SWUC). This change was made to streamline and centralize the HUB certification process and HUB database.

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