DEPARTMENT OF TRANSPORTATION
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Flex your power!
Be energy efficient!

September 30, 2009

To: Transportation Construction Industry

On July 28, 2009, Governor Arnold Schwarzenegger signed Assembly Bill (AB) X4 21. This bill requires State departments to award a State-funded contract with a DVBE goal to the lowest responsible bidder meeting the DVBE contract goal. This bill eliminates the provision of making a good faith effort to meet the goal prior to bid submittal. In addition, this bill declared an urgency, and took effect immediately, upon Governor Schwarzenegger's signature. This bill did not amend existing law, which provides for an annual 3 percent Disabled Veteran Business Enterprise (DVBE) goal that all State departments shall make efforts to meet.

The Governor, the Legislature, and I take seriously the involvement of DVBEs in State-funded contracts. With the passage of ABX4 21, the California Department of Transportation (Caltrans) has taken the necessary steps to implement the new provision, including the following:

- Immediately removed reference to the DVBE good faith effort requirements.
- Increased the DVBE incentive provision from $100,000 to $250,000 for major State-funded construction contracts.
- Met with members of the construction and professional services organizations to inform them of the new provision and expressed my expectation to award the contract to the lowest responsible bidder who meets the established DVBE goal and/or by applying the DVBE incentive.
- Met with my executive management team to restate my commitment to meet the overall annual DVBE, small business, and Disadvantaged Business Enterprise goals.
- Established a DVBE goal of up to 5 percent on professional services and Minor B contracts.

Your involvement as prime bidders and consultants is important to Caltrans achieving the annual business goals. As you continue to pursue Caltrans work, we advise you to read the contract provisions for instructions on compliance with the new provision.

If you have additional questions, please contact Olivia Fonseca, Deputy Director, Civil Rights, at (916) 324-0449, or by e-mail sent to smallbusinessadvocate@dot.ca.gov.

Sincerely,

Randell H. Iwasaki

RANDELL H. IWASAKI
Director

c: Olivia Fonseca, Deputy Director, Civil Rights