

FACT SHEET

How to apply for DBE Certification?

California Unified Certification Program
Disadvantaged Business Enterprise Certification Program
November 2013

The United States Department of Transportation (U.S. DOT) requires that a Unified Certification Program (UCP), governed by 49 Code of Federal Regulations (CFR), Part 26, be put into practice by each state. The purpose of the UCP is to provide “one-stop shopping” of certification services to socially and economically disadvantaged individuals. The California Department of Transportation (Caltrans) processes DBE applications statewide. There are other certifying agencies that certify geographically based on their region. The following is information regarding the DBE Certification Program:

What are the main eligibility requirements?

- ▶ **Social and Economic Disadvantage:** A disadvantaged owner must be a U.S. Citizen (or resident alien) and meet the federal definition of socially and economically disadvantaged as defined in 49 CFR, Part 26.67. Presumptive groups include women, African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, or any individual found to be socially and economically disadvantaged on a case-by-case basis.
- ▶ **Personal Net Worth:** Only disadvantaged persons having personal net worth (PNW) of less than \$1.32 million can be considered as a potential qualified DBE.
- ▶ **Business Size Standard:** A firm (including affiliates) must be a small business as defined by the United States Small Business Administration. Average annual gross receipts over the previous three fiscal years may not exceed \$22,410,000 (\$52,470,000 for airport concessions in general, with some exceptions).
- ▶ **Ownership:** Must be a for-profit small business concern, where socially and economically disadvantaged individuals own at least 51 percent interest in the firm.
- ▶ **Management and Control:** The DBE owner(s) must possess the power to direct or cause the direction of the management and policies of the firm and to make day-to-day decisions, as well as long-term decisions on matters of management, policy, and operations.
- ▶ **Independence:** The business must not be affiliated with another firm in such a way as to compromise its independence and control.
- ▶ **On-Site Visit:** The Federal regulations require an On-Site Review be conducted for all DBE applicants.

How can I apply for DBE certification?

To begin the process, download the application from the Caltrans website at: http://www.dot.ca.gov/hq/bep/business_forms.htm. Under the Disadvantaged Business Enterprise Program (DBE) heading are Internet links to the DBE application, FAQ's, DBE brochure, and a Power Point tutorial. If you still have additional questions, please call the Caltrans DBE Certification Office at: (916) 324-1700, Monday through Friday, 8:00 a.m. to 5:00 p.m., or e-mail us at: DBE.Certification@dot.ca.gov

Where do I send my application once it has been completed and notarized?

Review the list of certifying agencies located on the back of the application packet and submit your application to the agency in your area.

If you have any additional questions regarding DBE certification, please contact the nearest agency in the back of your application packet, and a certification analyst will help you with any question you have regarding the certification process/application.

What are the benefits of being DBE certified?

- Certification is recognized by 800 local agencies in California, other states, and private companies.
- Expands opportunities to participate in federally-funded projects.
- Become accessible to prime contractors needing to fulfill DBE participation goal requirements.
- Listings in official directories such as the CUCP database used by prime contractors.
- Increases opportunities to network at events such as procurement fairs and pre-bids.
- Eligible for mentor protégé opportunities such as Caltrans' Cal Mentor programs.
- No fees to apply, except the cost of having your application notarized.

FACT SHEET

Construction Contract

Participation and Monitoring Requirements

Division of Construction
November 2013

49 Code of Federal Regulations (CFR), Part 26.55 provides the requirements for counting DBE participation on contracts awarded by the Department. When a contractor lists a DBE firm on a construction contract, the Department ensures the DBE is used on the project or the process substitution process is followed. Following is information regarding participation and monitoring requirements on the Department's contracts:

What are the main participation requirements?

- ▶ **Perform a Commercially Useful Function (49 CFR 26.55 (c) 1, 2, 3):** A DBE firm must perform a commercially useful function by being responsible for execution of the work of the contract or subcontract including, but not limited to, the following :
 - Perform, manage , and supervise the work involved
 - Negotiate price, determine quality and quantity, order, and pay for materials and supplies used in the work
 - If applicable, install the materials
 - For trucking services, own and operate at least one fully licensed, insured, and operational truck and use it on the contract

A commercially useful function does not include:

- 1) A DBE's role that is limited to being an extra participant in a transaction or contract through which funds are passed in order to obtain the appearance of participation.
- 2) A DBE that does not perform at least 30% of its contract work with its own forces or subcontracts out a greater portion than that expected for normal industry practices.

- ▶ **Submit Certified Payroll Records:** If the work performed requires payment of prevailing wages, submit weekly certified payroll records to the prime contractor. All certified payroll records are due to the Department by the 15th of the month for the previous month's work.

- ▶ **Keep records of work performed and payments:** The Department may request information from the prime contractor regarding a DBE's participation on the contract. This may include requesting copies of invoices generated by the DBE, payments made to the DBE, cancelled checks substantiating actual payments, supplier invoices or purchase orders, delivery or freight receipts and any other documents supporting a commercially useful function. A DBE should keep these records on file should the Department request verification of DBE activities.

- ▶ **Comply with a request for documents:** In response to a Department audit request or commercially useful function review, the prime contractor may request copies of documents to be submitted by the DBE. Normally a deadline for providing the documents is required.

- ▶ **Notify the Department if your firm is listed for commitment, but not used on the project:** The Department publishes the award tracker report that lists all of the approved DBE firms committed for participation on a contract. This report can be used as a tool to confirm your quote was used by a prime contractor. Make regular contact with the prime contractor before work starts to establish contract details. If your firm is not used on the contract, contact the Department for assistance.

What steps does the Department take to monitor participation?	What steps does the Department take for enforcement?
1) Conduct field reviews of DBE participation including monitoring the work sites and documenting contract activities. 2) Conduct interviews with DBE firm employees performing work on the project. 3) Disallow prime contractor termination or substitution of a listed DBE firm without following the substitution process identified in section 5-1.03, "Performance of Disadvantaged Business Enterprises" of the contract specifications. 4) Require the prime contractor to submit monthly reports of DBE trucking participation. 5) Require the prime contractor to submit a final report of DBE participation on the contract – including payments made to DBE firms.	1) The Department withholds the full amount of DBE participation from a prime contractor's payments for failure to use the DBE firms as committed to at bid time or failure to follow the substitution process identified in the contract. 2) The Department may recommend decertification of a DBE firm for failure to adhere to the certification and participation requirements of 49 CFR Part 26. 3) The Department withholds funds from the prime contractor for stop notices filed as a result of non-payment to subcontractors, suppliers, or other entities.

Contact Information

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