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March 7, 2012

Mr. Gene Hale
G & C Equipment Corporation
1875 W. Redondo Beach Blvd. #102
Gardena, CA 90247

RE: Disabled Veterans Business Enterprise (DVBE) #5092

Dear Mr. Hale:

This letter is regarding the evaluation of G & C Equipment Corporation (G&C) in the performance of its Commercial Useful Function (CUF) as a certified Disabled Veterans Business Enterprise (DVBE), as well as the site visit conducted by the Department of Transportation (Caltrans), Contract Evaluation Unit (CEU) staff, on January 25, 2012.

Based on CEU's review and site visit, it is determined that G & C is not performing a CUF in providing methacrylate materials obtained from Kwik Bond Polymers (KBP). Sufficient supporting documentation was not provided demonstrating that G & C takes possession nor control of methacrylate materials or products for Caltrans DVBE projects. Further, sufficient supporting documentation was not provided to demonstrate that G & C performs a distinct element of the work in a manner that is normal for its business services and function. Our finding is that G & C merely acts as a "pass-through", and does not perform, supervise or manage the methacrylate materials or elements involved in contracts.

Our finding is that G & C's role is that of an extra or unessential participant on Caltrans DVBE projects in the purchase and delivery of the methacrylate material. However, these findings are exclusively in the providing the methacrylate materials and does not prevent nor disallow G & C Equipment Corporation on bidding on other items and business services they provide. As a result, G & C is not performing a CUF, therefore deemed as adding no value to Caltrans DVBE contracts in providing methacrylate materials.

Based on the review of the information and documentation obtained as a result of the site visit, pursuant to Military & Veterans Code §999(b) (5) (B) (i) and (ii), your firm does not perform a CUF when providing the following services as a material supply.

The Military and Veterans Code §999 (b) (5) (B) states:

(B) "Disabled veteran business enterprise contractor, subcontractor, or supplier" means any person or entity that has been certified by the administering agency pursuant to this article and that performs a "commercially useful function," as defined below, in providing services or goods that contribute to the fulfillment of the contract requirements:

- (i) A person or an entity is deemed to perform a "commercially useful function" if a person or entity does all of the following:
 - (I) (aa) Is responsible for the execution of a distinct element of the work of the contract.
 - (ab) Carries out the obligation by actually performing, managing, or supervising the work involved.
 - (ac) Performs work that is normal for its business services and functions.
- (II) Is not further subcontracting a portion of the work that is greater than that expected to be

subcontracted by normal industry practices.

- (ii) *A contractor, subcontractor, or supplier will not be considered to perform a "commercially useful function" if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of a disabled veteran business enterprise participation.*

Furthermore, Military and Veterans Code §999 (b) (7) (B) (ii) states: "*The management and control of the daily business operations are by one or more disabled veterans*". The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business (emphasis added).

The following describes in detail our findings supporting our decision to conclude that G & C does not perform a CUF:

- *G & C is not carrying out the obligation by actually performing, managing, or supervising the work involved.*

Our review has concluded that G & C's does not sell products to the general public in its normal course of operation. This was confirmed by Mr. Gene Hale during the recent site visit conducted by CEU staff.

We have therefore determined that your firm is not providing a CUF and the DVBE credit will not be given toward the DVBE goal on a Caltrans State funded contract when it comes to these methacrylate products.

If you have questions or need further assistance or clarification, please contact Ryan Jeske, Contract Evaluation Analyst, CEU at (916) 324-0462 or email at ryan_jeske@dot.ca.gov.

Sincerely,



BLANCA RODRIGUEZ
Acting Deputy Director
Office of Business and Economic Opportunity
California Department of Transportation

c: Janice Salais, Contract Evaluation Manager
Ryan Jeske, Contract Evaluation Analyst
Department of General Services
Office Engineer