

US DOT Disadvantaged Business Enterprise (DBE) Program

Alaska Unified Certification
Program
(AUCP)

A Few Facts About the DBE Program

- ▶ Federal Program (USDOT) administered for the Municipality of Anchorage and other AUCP members by Alaska Department of Transportation and Public Facilities (ADOT&PF) Civil Rights Office
- ▶ Applies to ALL transportation modes, including highway, aviation & transit
- ▶ Helps disadvantaged business owners compete for transportation-related contracts

DBE Program Objectives

- ▶ To ensure non-discrimination in contracts funded all or in part by USDOT funds.
- ▶ To create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts

DBE Program Objectives

- ▶ Ensure only firms meeting eligibility standards can participate as DBEs
- ▶ Help remove barriers to DBE participation in US-DOT funded contracts
- ▶ Assist in business development so DBE firms can compete successfully outside the program

So, what is a “DBE”?

A DBE is a small, for-profit business with 51% owned and controlled by socially & economically disadvantaged individuals.

Business Requirements for Qualifying as a "DBE"

- ▶ **Business is in existence, operational and for-profit**
- ▶ **Business is independent and self-sufficient**
 - * (No "umbilical cord" relationships with other companies)
- ▶ **Small Business**
 - *Gross receipts from the past 3 years are used to determine business size
 - *Newly formed businesses MAY ALSO qualify
 - *Size limits are determined by Small Business Administration (SBA) standards based on NAICS code
 - *CANNOT exceed USDOT's \$20.41 million limit

Owner Requirements for Qualifying as a "DBE"

Presumed to be "Socially & Economically
Disadvantaged"

- ▶ Asian-Indian Americans
- ▶ Asian-Pacific Americans
- ▶ Black Americans
- ▶ Hispanic Americans
- ▶ Native Americans
- ▶ Women

Owner Requirements for Qualifying as a "DBE" cont'd.

Case-by-Case Basis
(Caucasian Males)

- ▶ Chronic & substantial social disadvantage in the U.S.
- ▶ Negative impact in business world because of social disadvantage

Owner Requirements for Qualifying as a "DBE" cont'd.

However:

"Social & economic disadvantage" is
rebutted if adjusted net worth
(excluding primary residence & interest
in applicant business) exceeds
\$750,000

Control Requirements for Qualifying as a DBE

- ▶ DBE owner(s) has Operational Control (no limits or restrictions)
- ▶ DBE owner(s) has Managerial Control (control can be delegated, but owner(s) must maintain ultimate authority)
- ▶ DBE owner(s) can establish at least 51% ownership (Must be able to show documentation of capital contribution)

Certification & Recertification

► Certification Process

*ADOT&PF Civil Rights Office DBE Certification Officer reviews applications, requests additional information as needed.

*Eligibility determination based on information supplied by applicant

*Decisions CAN be appealed

► Annual "No Change" Affidavits

Documentation is VERY IMPORTANT!!!

- ▶ All applicable documentation must accompany the application
- ▶ Materials submitted are confidential; Personal Net Worth information released ONLY with applicants WRITTEN consent
- ▶ Failure to submit appropriate documentation delays the process and may cause consideration to be terminated

Why Do Applications Get Denied?

- ▶ Lack of owner experience
- ▶ Lack of owner control
- ▶ Lack of documentation
- ▶ Business is emerging and not yet fully operational

Why Become a DBE?

- ▶ DBE participation goals provide more opportunity on Federal-Aid Transportation Projects
- ▶ Prime Contractors on these projects **MUST** make Good Faith Efforts to subcontract with DBEs

Why Become a DBE? cont'd.

What kind of DBEs are used?

Consultants, contractors and suppliers are used for the planning, design and construction of highways, airports & public transportation systems

The Advantages of Being a DBE

- ▶ Certification is recognized by members of the Alaska Unified Certification program, including the Municipality of Anchorage, Alaska Railroad, AK DOT etc.
- ▶ Excellent supportive services benefits!

Supportive Services for DBEs

- ▶ 50% Reimbursement for Business-Related Training
- ▶ 50% Reimbursement for Business-Related Membership Fees/Dues
- ▶ USDOT Bonding & Short-Term Lending Programs
- ▶ Inclusion in DBE Directories (print and online versions)
- ▶ Quarterly DBE Newsletters
- ▶ Invitations to Bid from Prime Contractors

The DBE Program is NOT a Free Ride

- ▶ DBE firms must still aggressively market themselves
- ▶ DBEs must compete with one another for contracts
- ▶ DBEs who are unwilling or unable to perform can be terminated from projects
- ▶ DBEs must perform "CUFS" – Commercially Useful Functions

What are "CUFs" – Commercially Useful Functions?

- ▶ DBEs are responsible for distinct elements of work.
- ▶ DBEs perform, manage and supervise work
- ▶ Prime contractors will not be given credit for DBE goals if DBEs do not perform CUFS
- ▶ DBE credit can be given only for areas in which DBEs are certified

Determining CUFS

- ▶ DBE must employ a separate work force
- ▶ DBE must control & supervise work
- ▶ DBE must perform more than 50% of the work
- ▶ Subcontracted work **MUST** be performed by another DBE to be creditable
- ▶ CUF issues cannot be considered when making certification decisions

CUFs Caution

DBEs consistently failing to perform CUFS (commercially useful functions) endanger their certified status by raising questions about their independence, ownership and control.

Graduation

Ideally, DBEs outgrow the program.

- ▶ Exceed business size or personal net worth limits
- ▶ Build working relationships with primes outside the DBE program
- ▶ Acquire managerial & technical skills to successfully compete with non-DBEs

QUESTIONS?

- ▶ Contact Angie Podolak with the Mayor's Office of Equal Opportunity at 343-4897 or PodolakAC@ci.anchorage.ak.us
- ▶ You can also get more information on the web at:
<http://www.dot.state.ak.us/cvlrts/aucp.shtml>