

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

SECTION 904 - NOTICE TO BIDDERS NO. 696

CODE: (IS)

DATE: 12/20/2005

SUBJECT: DISADVANTAGED BUSINESS ENTERPRISES IN FEDERAL-AID HIGHWAY CONSTRUCTION

This contract is subject to the "Safe, Accountable, Flexible, Efficient Transportation Equity Act, A Legacy For Users (SAFETEA-LU)" and applicable requirements of "Part 26, Title 49, Code of Federal Regulations." Portions of the Act are set forth in this Notice as applicable to compliance by the Contractor and all of the Act, and the MDOT DBE Program, is incorporated by reference herein.

The Department has developed a Disadvantaged Business Enterprise Program that is applicable to this contract and is made a part thereof by reference.

Copies of the program may be obtained from:

Office of Civil Rights
Mississippi Department of Transportation
P. O. Box 1850
Jackson, Mississippi 39215-1850

POLICY

It is the policy of the Mississippi Department of Transportation to provide a level playing field, to foster equal opportunity in all federally assisted contracts, to improve the flexibility of the DBE Program, to reduce the burdens on small businesses, and to achieve that amount of participation that would be obtained in a non-discriminatory market place. In doing so, it is the policy of MDOT that there will be no discrimination in the award and performance of federally assisted contracts on the basis of race, color, sex, age, religion, national origin, or any handicap.

ASSURANCES THAT CONTRACTORS MUST TAKE:

MDOT will require that each contract which MDOT signs with a subrecipient or a Contractor, and each subcontract the Prime Contractor signs with a Subcontractor, includes the following assurances:

“The Contractor, subrecipient or Subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Contractor shall carry out applicable requirements of 49 CFR 26 in the award and administration of federally assisted contracts. Failure by the Contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as MDOT deems appropriate.”

DEFINITIONS

For purposes of this provision the following definitions will apply:

"Disadvantaged Business" means a small business concern: (a) which is at least 51 percent owned by one or more socially and economically disadvantaged individual(s) or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more socially and economically disadvantaged individual(s); and (b) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individual(s) who own it. It is important to note that the business owners themselves must control the operations of the business. Absentee ownership or title ownership by an individual who does not take an active role in controlling the business is not consistent with eligibility as a DBE under CFR 49 Part 26.71.

CONTRACTOR'S OBLIGATION

The Contractor and all Subcontractors shall take all necessary and reasonable steps to ensure that DBE firms can compete for and participate in the performance of a portion of the work in this contract and shall not discriminate on the basis of race, color, national origin, religion or sex. Failure on the part of the Contractor to carry out the DBE requirements of this contract constitutes a breach of contract and after proper notification the Department may terminate the contract or take other appropriate action as determined by the Department.

When a contract requires a zero percent (0%) DBE goal, the Contractor still has the responsibility to take all necessary and reasonable steps to ensure that DBE firms can compete for and participate in the performance of the work in the contract. In this case, all work performed by a certified DBE firm is considered to be a "race neutral" measure and the Department will receive DBE credit towards the overall State goals when the DBE firm is paid for their work. If the Prime Contractor is a certified DBE firm, the Department can receive DBE credit only for the work performed by the Prime Contractor's work force or any work subcontracted to another DBE firm. Work performance by a non-DBE Subcontractor is not eligible for DBE credit.

CONTRACT GOAL

The goal for participation by DBEs is established for this contract in the attached Supplement. The Contractor shall exercise all necessary and reasonable steps to ensure that participation is equal to or exceeds the contract goal.

The percentage of the contract that is proposed for DBEs shall be so stated on the last bid sheet of the proposal.

The apparent lowest responsive bidder shall submit to the Contract Administration Division Form OCR-481, signed by the Prime Contractor and the DBE Subcontractors, no later than the 10th day after opening of the bids.

FORMS ARE AVAILABLE FROM THE CONTRACT ADMINISTRATION DIVISION

The OCR-481 Form must contain the following information:

The name and address of each certified DBE Contractor / Supplier;

The Reference Number, percent of work and the dollar amount of each item. If a portion of an item is subcontracted, a breakdown of that item including quantities and unit price must be attached, detailing what part of the item the DBE firm is to perform and who will perform the remainder of the item.

If the DBE Commitment shown on the last bid sheet of the proposal, does not equal or exceed the contract goal, the bidder must submit, with the proposal, information to satisfy the Department that adequate good faith efforts have been made to meet the contract goal.

Failure of the lowest bidder to furnish acceptable proof of good faith efforts, submitted with the bid proposal, shall be just cause for rejection of the proposal. Award may then be made to the next lowest responsive bidder or the work may be readvertised.

The following factors are illustrative of matters the Department will consider in judging whether or not the bidder has made adequate good faith effort to satisfy the contract goal.

- (1) Whether the bidder attended the pre-bid meeting that was scheduled by the Department to inform DBEs of subcontracting opportunities;
- (2) whether the bidder advertised in general circulation, trade association, and minority-focus media concerning the subcontracting opportunities;
- (3) whether the bidder provided written notice to a reasonable number of specific DBEs that their interest in the contract is being solicited;
- (4) whether the bidder followed up initial solicitations of interest by contacting DBEs to determine with certainty whether they were interested;
- (5) whether the bidder selected portions of the work to be performed by DBEs in order to increase the likelihood of meeting the contract goal;
- (6) whether the bidder provided interested DBEs with adequate information about the plans, specifications and requirements of the contract;
- (7) whether the bidder negotiated in good faith with interested DBEs and did not reject them as unqualified without sound reasons based on a thorough investigation of their capabilities; and

- (8) whether the bidder made efforts to assist interested DBEs in obtaining any required bonding or insurance.

DIRECTORY

Included with this Bid Proposal is a list of "Certified DBE Contractors" which have been certified as such by the Mississippi Department of Transportation and other Unified Certification Partners (UCP).

The DBE firm must be on the Department's list of "Certified DBE Contractors" that is attached to this proposal and approved by MDOT to count towards meeting the DBE goal.

REPLACEMENT

If a DBE Subcontractor cannot perform satisfactorily, and this causes the OCR-481 commitment to fall below the contract goal, the Contractor shall take all necessary reasonable steps to replace the DBE with another certified DBE Subcontractor or submit information to satisfy the Mississippi Department of Transportation that adequate good faith efforts have been made to replace the DBE. The replacement DBE must be a DBE who was on the Department's list of "Certified DBE Contractors" when the job was awarded, and who is still active. All DBE replacements must be approved by the Department.

Under no circumstances shall the Prime or any Subcontractor perform the DBE's work (as shown on the OCR-481) without prior written approval from the Department. See "Sanctions" at the end of this document for penalties for performing DBE's work.

When a Contractor proposes to substitute/replace/terminate a DBE that was originally named on the OCR-481, the Contractor must obtain a release, in writing, from the named DBE explaining why the DBE Subcontractor cannot perform the work. A copy of the original DBE's release must be attached to the Contractor's written request to substitute/replace/terminate along with appropriate Subcontract Forms for the substitute/replacement/terminated Subcontractor, all of which must be submitted to the DBE Coordinator and approved, in advance, by MDOT.

GOOD FAITH EFFORTS

To demonstrate good faith efforts to replace any DBE that is unable to perform successfully, the Contractor must document steps taken to subcontract with another certified DBE Contractor. Such documentation shall include no less than the following:

- (a) Proof of written notification to certified DBE Contractors by certified mail that their interest is solicited in subcontracting the work defaulted by the previous DBE or in subcontracting other items of work in the contract.
- (b) Efforts to negotiate with certified DBE Contractors for specific items shall include as a minimum:

- (1) The name, address, and telephone number of each DBE contacted;
 - (2) A description of the information provided about the plans and specifications for those portions of the work to be subcontracted; and
 - (3) A statement of why agreements were not reached.
- (c) For each DBE contacted that was rejected as unqualified, the reasons for such conclusion.
- (d) Efforts made to assist each DBE that needed assistance in obtaining bonding or insurance required by the Contractor.

Failure of the Contractor to demonstrate good faith efforts to replace a DBE Subcontractor that cannot perform as intended with another DBE Subcontractor, when required, shall be a breach of contract and may be just cause to be disqualified from further bidding for a period of up to 12 months after notification by certified mail.

PARTICIPATION / DBE CREDIT

Participation shall be counted toward meeting the goal in this contract as follows:

- (1) If the Prime Contractor is a certified DBE firm, only the value of the work actually performed by the DBE Prime can be counted towards the project goal, along with any work subcontracted to a certified DBE firm.
- (2) If the Contractor is not a DBE, the work subcontracted to a certified DBE Contractor will be counted toward the goal.
- (3) The Contractor may count toward the goal a portion of the total dollar value of a contract with a joint venture eligible under the standards of this provision equal to the percentage of the DBE partner in the joint venture.
- (4) Expenditures to DBEs that perform a commercially useful function may be counted toward the goal. A business is considered to perform a commercially useful function when it is responsible for the execution of a distinct element of the work and carries out its responsibilities by actually performing, managing, and supervising the work involved.
- (5) The Contractor may count 100% of the expenditures for materials and supplies obtained from certified DBE suppliers and manufacturers that produce goods from raw materials or substantially alters them for resale provided the suppliers and manufacturers assume the actual and contractual responsibility for the provision of the materials and supplies. The Contractor may count 60 percent of the expenditures to suppliers that are not manufacturers, provided the supplier performs a commercially useful function in the supply process. Within 30 days after receipt of the materials, the Contractor shall furnish to the DBE Coordinator invoices from the certified supplier to verify the DBE goal.

- (6) Any work that a certified DBE firm subcontracts or sub-subcontracts to a non-DBE firm will not count towards the DBE goal.
- (7) Only the dollars actually paid to the DBE firm may be counted towards the DBE goal.

AWARD

Award of this contract to the low bidder will be contingent upon the following conditions:

- (1) Concurrence from Federal Highway Administration, when applicable.
- (2) Bidder must submit to the Contract Administration Division for approval, Form OCR-481 (DBE Commitment) no later than the 10th day after opening of the bids, or submit information with the bid proposal to satisfy the Department and that adequate good faith efforts have been made to meet the contract goal.
- (3) Bidder must submit **with the bid proposal** a list of all firms that submitted quotes for material supplies or items to be subcontracted. This information must be submitted on form OCR-485 in the back of the contract proposal.

Prior to the start of any work, the bidder must notify the Project Engineer, in writing, of the name of the designated "DBE Liaison Officer" for this project. This notification must be posted on the bulletin board at the project site.

DEFAULT

The contract goal established by MDOT in this proposal must be met to fulfill the terms of the contract. The Contractor may list DBE Subcontractors and items that exceed MDOT's contract goal, but should unforeseen problems arise that would prevent a DBE from completing its total commitment percentage, the Contractor will meet the terms of the contract as long as it meets or exceeds MDOT's Contract Goal. For additional information, refer to "Replacement" section of this Notice.

DBE REPORTS

- (1) OCR-481: Refer to "CONTRACT GOAL" section of this Notice to Bidders for information regarding this form.
- (2) OCR-482: At the conclusion of the project the Contractor will submit to the Project Engineer for verification of quantities and further handling Form OCR-482 whereby the Contractor certifies to the amounts of payments made to each Contractor / Supplier. The Project Engineer shall submit the completed Form OCR-482 to the DBE Coordinator (Office of Civil Rights). Final acceptance of the project is dependent upon Contract Administration Division's receipt of completed Form OCR-482 which they will receive from the Office of Civil Rights.
- (3) OCR-483: The Project Engineer/Inspector will complete Form OCR-483, the Commercially Useful Function (CUF) Performance Report, in accordance with MDOT S.O.P. No. OCR-03-09-01-483. Evaluations reported on this form are used to determine whether or not the DBE firm is performing a CUF. The Prime Contractor should take corrective action when the report contains any negative evaluations. DBE credit may be disallowed and/or other sanctions imposed if it is determined the DBE firm is not performing a CUF. This form should also be completed and returned to the DBE Coordinator (Office of Civil Rights).
- (4) OCR-484: Each month, the Contractor will submit to the Project Engineer OCR-484 certifying payments to all Subcontractors.
- (5) OCR-485: The bidder must submit **with the bid proposal** a list of all firms that submitted quotes for material supplies or items to be subcontracted.
- (6) OCR-487: Only used by Prime Contractors that are certified DBE firms. This form is used in determining the exact percentage of DBE credit for the specified project. It should be returned to MDOT with the OCR-481 form, or can also be returned with the Permission to Subcontract Forms (CAD-720 or CAD-725).

SANCTIONS

The Department has the option to enforce any of the following penalties for failure of the Prime Contractor to fulfill the DBE goal as stated on the OCR-481 form or any violations of the DBE program guidelines:

- (1) Disallow credit towards the DBE goal
- (2) Withhold progress estimate payments
- (3) Deduct from the final estimate an amount equal to the unmet portion of the DBE goal
- (4) Recover an amount equal to the unmet contract goal

(5) Debar the Contractor involved from bidding on Mississippi Department of Transportation projects.

(6) Deduct from the Contractor's final estimate all or any combination of the following.

<u>Offense</u>	<u>Percentage of the monetary amount disallowed from (1) above</u>	<u>Lump Sum</u>
# 1	10%	\$ 5,000 or both
# 2	20%	\$ 10,000 or both
# 3	40%	\$ 20,000 & debarment