

MINORITY AND WOMEN BUSINESS:

(7-17-01)

SP1 G67

Policy

It is the policy of the North Carolina Department of Transportation that minority and women businesses shall have the maximum opportunity to participate in the performance of contracts financed by Non-Federal Funds.

The contractor is also encouraged to give every opportunity to allow MB/WB participation including Supplemental Agreements.

Obligation

The contractor and any subsequent subcontractor shall ensure that minority and women businesses have the maximum opportunity to participate in the performance of the work included in this contract. The contractor and any subsequent subcontractor shall take all necessary and reasonable steps to ensure that minority and women businesses have the maximum opportunity to compete for and perform a portion of the work included in this contract and shall not discriminate on the basis of race, color, national origin or sex. Failure on the part of the contractor to carry out the requirements set forth herein shall constitute a breach of contract and after proper notification, may result in award disqualification, termination of the contract, disqualification from bidding, or other appropriate remedy.

Goals

Pursuant to the requirements of *North Carolina General Statute 136-28.4*, the following goals for participation are established for this contract:

Minority Business Enterprises	0 %
Women Business Enterprises	0 %

The contractor shall exercise all necessary and reasonable steps to ensure that Minority Businesses (MB) and Women Businesses (WB) participate in at least the percents of the contract as set forth above as goals for this contract.

Listing of MB and WB Subcontractors

All bidders, at the time the bid proposal is submitted, shall also submit a listing of MB and WB participation on the appropriate form (or facsimile thereof) contained elsewhere in this proposal in order for the bid to be considered responsive. Bidders shall indicate the total dollar value of MB and WB participation of the contract. In the event the bidder has no MB and WB participation, he is still required to indicate this on the forms by entering the word or number zero. Blank forms will not be deemed to represent zero participation. Bids submitted which do not have MB and WB participation indicated on the appropriate form will not be read publicly during the opening of bids. These bids will not be considered for award by the Department and

they will be returned to the bidder. Bidders have the option of submitting their MB and WB participation in an abbreviated format as required in Paragraph A below, or the bidders may submit their MB and WB participation in the additional detail required by Paragraph B below. In the event the bidder elects to submit MB and WB participation in accordance with Paragraph A and is determined to be the apparent lowest responsive bidder, that bidder shall deliver to the Department no later than 12:00 noon of the sixth day following the opening of bids, a detailed MB and WB submittal as required by Paragraph B below.

Only those MB and WB firms with current certification by the Department will be considered acceptable for listing in the bidders submittal of MB and WB participation.

(A) The contractor shall indicate on the form for listing of MB and WB subcontractors the following required information:

- (1) The names of MB and WB firms committed to participate in the contract;
- (2) The Contract Item Numbers of work to be performed by each MB and WB firm; and
- (3) The total dollar amount to be paid to each MB and WB based on agreed upon prices.

Failure to indicate the required information on the specified form will cause the bid to be considered nonresponsive and it may be rejected.

(B) In lieu of submitting the information required by (A) above, the bidder may submit the detailed information required below along with the bid proposal.

- (1) The names of MB and WB firms committed to participate in the contract;
- (2) The Contract Item Numbers and Contract Item Descriptions and agreed upon prices of work to be performed by each MB and WB firm; and
- (3) The total dollar amount to be paid to each MB and WB based on agreed upon prices.

Failure to indicate the required information on the specified form will cause the bid to be considered nonresponsive and it may be rejected.

The Department will not allow any substitutions, deletions, or other alterations to the listing of firms committed for MB and WB participation and/or the respective listed contract item numbers after opening of bids. The Department will not allow adjustments to total dollar amount of MB and/or WB participation after the opening of bids which would result in the MB and/or WB participation being less than the contract goal. The only exceptions to the requirements of this paragraph will be: (1) to allow for replacement of a MB or WB firm that had been decertified

after opening of bids, and (2) to allow alteration of the listed contract item numbers subject to the Bidder submitting sufficient documentation to verify an obvious error in the initial submittal.

- (C) If the bid of the lowest responsive bidder exceeds \$500,000 and if the MB and/or WB participation submitted in response to Paragraph B exceeds the algebraic sum of the MB and WB goals by \$1000 or more, the excess will be placed on deposit by the Department for future use by the bidder. Separate accounts will be maintained for MB and WB participation and these may accumulate for a period not to exceed 24 months.

If the MB and WB participation submitted in response to Paragraph A/B does not meet or exceed the MB and WB contract goals, the apparent lowest responsive bidder shall submit information to satisfy the North Carolina Department of Transportation that sufficient reasonable efforts have been made to meet the contract goals. One complete set and nine (9) copies of this information shall be received in the office of the State Contractual Services Engineer no later than 12:00 noon of the sixth day following opening of bids. Where the information submitted includes repetitious solicitation letters it will be acceptable to submit a sample representative letter along with a distribution list of the firms being solicited. Documentation of MB and WB quotations shall be a part of the good faith effort submittal as necessary to demonstrate compliance with the factors listed below which the Department considers in judging good faith efforts. This documentation may include written subcontractor quotations, telephone log notations of verbal quotations, or other types of quotation documentation.

Where the bidder fails to provide this information by the deadline, the Department may impose the following sanctions: (1) disqualify the contractor and any affiliated companies from further bidding for a period of time of no more than 90 days from the date of disqualification as established in notification by certified mail; and (2) disqualify the contractor and any affiliated companies for award of all contracts for which bids have been received and opened.

The following factors are what the Department will consider in judging whether or not the bidder has made adequate good faith effort:

- (1) Whether the bidder attended any pre-bid meetings that were scheduled by the Department to inform MBs and WBs of subcontracting opportunities;
- (2) Whether the bidder provided written notice to a reasonable number of specific MBs and WBs that their interest in the contract is being solicited and whether the firms solicited could have reasonably been expected to quote the work in the contract;
- (3) Whether the bidder followed up on initial solicitations of interests by contacting MBs and WBs to determine with certainty whether they were interested;
- (4) Whether the bidder selected portions of the work to be performed by MBs and WBs in order to increase the likelihood of meeting the contract goals;

- (5) Whether the bidder provided interested MBs and WBs with adequate information about the plans, specifications and requirements of the contract;
- (6) Whether the bidder negotiated in good faith with interested MBs and Wbs not rejecting them as unqualified without sound reasons based on a thorough investigation of their capabilities;
- (7) Whether quotations were received from interested MB and WB firms but rejected as unacceptable without sound reasons why the quotations were considered unacceptable;
- (8) Whether the bidder made efforts to assist interested MBs and WBs in obtaining any required insurance or bonding that may be required by the bid proposal or by the bidder;
- (9) Whether the bidder specifically negotiated with subcontractors to assume part of the responsibility to meet the contract MB and WB goal when the work to be sublet includes potential for MB and WB participation.

In the event one bidder is the apparent low bidder on two non-federally funded projects within the same letting located in the same geographic area of the state, as a part of the good faith effort the Department will consider allowing the bidder to combine the MB participation on the two projects so long as the overall MB goal value of both projects is achieved.

In the event one bidder is the apparent low bidder on two non-federally funded projects within the same letting located in the same geographic area of the state, as a part of the good faith effort the Department will consider allowing the bidder to combine the WB participation on the two projects so long as the overall WB goal value of both projects is achieved.

Where the apparent lowest responsive bidder fails to submit sufficient participation by MB firms to meet the contract goal, as part of the good faith effort the Department will consider allowing the bidder to withdraw funds to meet the MB goal so long as there are adequate funds available from the bidders MB bank account.

Where the apparent lowest responsive bidder fails to submit sufficient participation by WB firms to meet the contract goal, as part of the good faith effort the Department will consider allowing the bidder to withdraw funds to meet the WB goal so long as there are adequate funds available from the bidders WB bank account.

Where the apparent lowest responsive bidder fails to submit sufficient participation by MB and WB firms to meet the contract goal and upon a determination by the Goal Compliance Committee based upon the information submitted that the apparent lowest

responsive bidder failed to make sufficient reasonable efforts to meet the contract goal, the Department may reject the bid.

In the event that the Department does not award the contract to the apparent lowest responsive bidder, the Department reserves the right to award the contract to the next lowest responsive bidder that can satisfy the Department that the contract goal can be met or that adequate good faith efforts have been made to meet the goal.

Directory of Certified Business

Included with this Proposal is a list of businesses, which have been certified by the North Carolina Department of Transportation. Only those MB firms with current certification may be used to meet the contract MB goal. Only those firms with current certification may be used to meet the contract WB goal.

The listing of an individual firm certified by the Department shall not be construed as an endorsement of the firm's capability to perform certain work.

Replacement of MBs and WBs

(A) Performance Related

If any MB or WB subcontractor indicated on the form for listing of MB and WB subcontractors, contained elsewhere in this proposal, does not perform satisfactorily to the extent indicated or anticipated, the contractor shall take all necessary, reasonable steps to replace the MB subcontractor with another MB subcontractor and/or the contractor shall take all necessary, reasonable steps to replace the WB subcontractor with another WB subcontractor.

Any substitution of MB or WB firms after award of the contract shall be approved by the Department. The contractor shall submit any requests for substitutions through the Resident Engineer and the request shall provide a valid basis or reason for the proposed substitution.

To demonstrate necessary, reasonable efforts, the contractor shall document the steps he has taken to replace any MB or WB subcontractor that is unable to perform successfully with another MB or WB subcontractor. Such documentation shall include but not be limited to the following:

- (1) Copies of written notification to MBs/WBs that their interest is solicited in subcontracting the work defaulted by the previous MB or WB subcontractor or in subcontracting other items of work in the contract.
- (2) Efforts to negotiate with MBs and WBs for specific subbids including at a minimum:

- (a) The names, addresses, and telephone numbers of MBs and WBs that were contacted;
 - (b) A description of the information provided to MBs and WBs regarding the plans and specifications for portions of the work to be performed; and
 - (c) A statement of why additional agreements with MBs and WBs were not reached.
- (3) For each MB or WB contacted but rejected as unqualified, the reasons for the contractor's conclusion.
 - (4) Efforts made to assist the MBs and WBs contacted, if needed, in obtaining bonding or insurance required by the contractor.

Failure of the contractor to demonstrate reasonable efforts to replace a MB or WB firm that does not perform as intended or anticipated, shall be just cause to disqualify the contractor from further bidding for a period of up to 6 months after notification by certified mail.

(B) Decertification

- (1) If the Department has approved a Request for Subcontract for a particular MB or WB subcontractor and that MB or WB subcontractor is subsequently decertified by the Department; then the Department will not require the Prime Contractor to solicit replacement MB or WB participation equal to the remaining work to be performed by the decertified firm.
- (2) If a Prime Contractor has listed a MB or WB firm in his low bid submittal and the MB or WB firm is decertified prior to the Department approving a Request for Subcontract for the named MB or WB firm, the Prime Contractor may be required to make a good faith effort to:
 - (a) Replace the decertified firm with a certified firm, or
 - (b) To obtain replacement MB or WB participation in other areas of work.

Definitions

- (A)** For purposes of this provision, the following definition will apply:

Minority Business or MB means a small business concern, which is owned and controlled by one or more minorities. Except that such term shall not include any concern or group of concerns controlled by the same minority or minorities which has average annual gross receipts over the preceding 3 fiscal years in excess of \$14,000,000, as adjusted by the Department for inflation. For the purposes of this part, owned and controlled means a business:

- (1) Which is at least 51 percent owned by one or more minorities or in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more minorities; and
 - (2) Whose management and daily business operations are controlled by one or more such individuals.
- (B) Minority is defined as a citizen or lawful permanent resident of the United States and who is:
- (1) Black (a person having origins in any of the black racial groups of Africa);
 - (2) Hispanic (a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race);
 - (3) Asian American (a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands);
 - (4) American Indian
- (C) Women Business or WB means a small business concern, which is owned and controlled by one or more women. Except that such term shall not include any concern or group of concerns controlled by the same woman or women which has average annual gross receipts over the preceding 3 fiscal years in excess of \$14,000,000, as adjusted by the Department for inflation. For the purposes of this part, owned and controlled means a business:
- (1) Which is at least 51 percent owned by one or more women or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
 - (2) Whose management and daily business operations are controlled by one or more of the women who own it.

Counting MB/WB Participation toward Meeting the MB/WB Goal

- (A) If a firm is determined to be an eligible MB or WB firm and certified by the Department, the total dollar value of the participation by the MB or WB will be counted toward the appropriate MB or WB goal. The total dollar value of participation by a certified MB or WB will be based upon prices agreed upon by the Prime Contractor and MB or WB subcontractor.
- (B) The contractor may count toward its MB or WB goal a portion of the total dollar value of participation with a joint venture, eligible under the standards of this provision, equal to

the percentage of the ownership and controls of the MB or WB partner in the joint venture.

- (C)
 - (1) The contractor may count toward its MB or WB goal only expenditures to MBs or WBs that perform a commercially useful function in the work of a contract. A MB or WB is considered to perform a commercially useful function when it is responsible for execution of a distinct element of the work of a contract and carrying out its responsibilities by actually performing, managing, and supervising the work involved. To determine whether a MB or WB is performing a commercially useful function, the Department will evaluate the amount of work subcontracted, industry practices, and other relevant factors.
 - (2) Consistent with normal industry practices, a MB or WB may enter into subcontracts. If a MB or WB contractor or subcontractor subcontracts a significantly greater portion of the work of the contract than would be expected on the basis of normal industry practices, the MB or WB shall be presumed not to be performing a commercially useful function. The MB or WB may present evidence to rebut this presumption to the Department. The Department's decision on the rebuttal of this presumption shall be final.
- (D) A contractor may count toward its MB or WB goal 60 percent of its expenditures for materials and supplies required to complete the contract and obtained from MB or WB regular dealer and 100 percent of such expenditures to a MB or WB manufacturer.
 - (1) For purposes of this provision, a manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the contractor.
 - (2) For purposes of this provision, a regular dealer is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for the performance of the contract are bought, kept in stock, and regularly sold to the public in the usual course of business. To be a regular dealer, the firm shall engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular dealer in such bulk items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock, if it owns or operates distribution equipment. Brokers and packagers shall not be regarded as manufacturers or regular dealers within the meaning of this section.
- (E) A contractor may count toward its MB or WB goal the following expenditures to MB or WB firms that are not manufacturers or regular dealers:
 - (1) The fees or commissions charged for providing a bona fide service, such as professional, technical, consultant or managerial services and assistance in the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the contract, provided that the fee or commission is

determined by the Department to be reasonable and not excessive as compared with fees customarily allowed for similar services.

- (2) The fees charged for delivery of materials and supplies required on a job site (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Department to be reasonable and not excessive as compared with fees customarily allowed for similar services.
- (3) The fees or commissions charged for providing any bonds or insurance specifically required for the performance of the contract provided that the fee or commission is determined by the Department to be reasonable and not excessive as compared with fees customarily allowed for similar services.

Reports

Within 30 days after receipt of materials, supplies, or services from MBs or WBs, not otherwise documented by Request for Subcontracts (RS-1A/RS-1B), the contractor shall furnish to the Engineer appropriate documentation (canceled checks, paid invoices, etc.) to verify expenditures with MB and WB concerns. The documentation should also indicate the percentage (60% or 100%) of expenditures claimed for MB or WB credit.

All requests for subcontracts involving MB or WB subcontractors shall be accompanied by a certification executed by both the Prime Contractor and the MB or WB subcontractor attesting to the agreed upon prices and extensions for the affected contract items. This document shall be on the Departments Form RS-1-D, or in lieu of using the department's form, copies of the actual executed agreement between the Prime Contractor and the MB or WB subcontractor may be submitted. In any event, the Department reserves the right to require copies of actual subcontract agreements involving MB and WB subcontractors.

The RS-1-D certification forms may be obtained from the Departments Resident Engineer. These certifications shall be considered a part of the project records, and consequently will be subject to any penalties under State Law associated with falsifications of records related to projects.

Reporting Minority Business Enterprise or Women Business Enterprise Participation

When payments are made to Minority Business Enterprise firms or Women Business Enterprise firms, including material suppliers, contractors at all levels (prime, subcontractor, or second tier subcontractor) shall provide the Engineer with an accounting of said payments. This accounting shall be furnished the Engineer for any given month by the end of the following month. Failure to submit this information accordingly may result in (1) withholding of money due in the next partial pay estimate; or (2) removal of an approved contractor from the prequalified bidders list or the removal of other entities from the approved subcontractors list. The accounting shall list for each payment made to a MB/WB Enterprise firm the following:

DOT Project Number

Payee Contractor Name

Receiving Contractor or Material Supplier

MB/WB Certification Basis, e.g., Woman Owned, Native American, African American, etc.

Amount of Payment

Date of Payment

A responsible fiscal officer of the payee contractor, subcontractor, or second tier subcontractor who can attest to the date and amounts of the payments shall certify that the accounting is correct. A copy of an acceptable report may be obtained from the Engineer.

