

Transporter

Civil Rights Office Newsletter

July 2002, Volume II, Issue 1

Demystifying Project Goal Setting for DBE Participation

Contractors bidding on federally funded ADOT&PF contracts are aware that most of these projects have a DBE Project Goal requirement. A common misconception is that DBE project goals are set using darts or random number generation; however, there is a science to calculating project goals. The following article explains how goals are set, and answers some questions we frequently hear.

"What is this DBE Project Goal?"

The DBE Project Goal is required for ADOT&PF contracts that receive federal aid. It is a percentage of the federal share of the basic bid amount that is to be subcontracted to businesses certified in the DBE program.

"Why is a goal set?"

The DBE program was mandated under TEA 21 (Transportation Equity Act for the 21st Century). DBE goal-setting requirements, detailed in 49 CFR 26, are passed down to the State as a part of the DBE program and required as a condition of the funding agreement. If the State does not meet the DBE requirements, the State will be ineligible to receive the project funding.

"Who sets this goal?"

The DBE goal is determined by the Civil Rights Office.

"How is the goal set?"

Setting the goal is basically a process of eliminating bid items

that aren't subcontractable to DBEs. The basic steps of goal setting are outlined below:

Project Review. The overall project scope is reviewed to determine what type of prime contractor will be bidding on this project based on the overall dollar value of the primary bid items. The bid items typically performed by the assumed prime contractor are generally not considered subcontractable to DBEs.

Work Categorization. The remaining bid items are then classified into the appropriate DBE work category, which can be found in the most current DBE Directory, at www.dot.state.ak.us/cvlrts/cvlrts.html. Generally, bid items in

work categories that do not have at least three DBEs listed in the project's region are not considered subcontractable to DBEs.

Project Location. The project location, relative to the overall dollar values of the subcontractable bid items, is considered. Projects in locations with high shipping or mobilization costs and relatively low subcontract value are not considered subcontractable.

Project Timing. Some bid items require tight schedules that are best handled by the prime contractor. Generally, this determination is based on the advice of the Design Engineer.

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Civil Rights Office
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Send comments to:



Bonding Assistance Available for Businesses

Recently, we were lucky to have Dolly Small, Assistant Director-USDOT TEAM WEST (Transportation Equipment Act Model Western Region), in Alaska to conduct two workshops on the DOT Bonding Assistance Program. During the workshop, Ms. Small provided valuable advice to business owners, both large and small, on overcoming current challenges.

One future trend, according to Ms. Small, is that more subcontractors are going to be required to provide bonding as a result of recent changes in the insurance and surety industries. Even large contractors with excellent bond ratings are feeling the pinch; some have seen their capacity chopped in half. It all boils down to risk and how it's going to be covered. To overcome these challenges, Ms. Small offered the following tips.

Organize your business. "Wearing the toolbelt and swinging the hammer is only 20% of your business," said Ms. Small. "Paperwork and organization is the other 80." These areas are particularly important for any type of work associated with government agencies. As a business owner, if you aren't comfortable with completing the paperwork or keeping your records organized, you should find someone you trust who is and can do it for you. These activities are critical for success, according to Ms. Small, especially if you are trying to obtain some type of bonding.

Remember education is key. The Internet can provide a wealth of information on bonding. Take time to read, read, read. And use the resource agencies available to you. The federal government has established several agencies to assist small businesses with challenges such as bonding. "Take advantage of all the free help you can get," said Ms. Small. "It's out there, you just have to ask."

Develop your business relationships early. "The time to buy an umbrella is not after it starts raining," said Ms. Small. Likewise, she continued, the time to develop a relationship with a surety is not two hours before a bid is due. To be successful as a business owner, you must have a good relationship with your lending institution and surety before you need their services advised Ms. Small. Many sureties offer some type of pre-approval process in which you can be pre-approved for a bonding limit before you need bonding for a specific project. By pre-certifying, the process will be much easier once a project that you want to bid on becomes available.

Start small and build bigger. The time to start building bonding capacity is when there are fewer zeros in the overall contract price, according to Ms. Small. If you have built your bonding capacity and relationships during a time when you are doing projects for \$10,000, \$20,000, or \$50,000, it will be much easier to secure bonding later when you begin bidding and performing jobs for \$100,000, \$200,000, or \$500,000.

Use your bonding capacity as a selling point. A lot of subcontractors are perfectly content to let the prime contractor obtain and pay for their bond. And that is a perfectly acceptable business method. However, you become much more attractive as a bidding partner if you can provide your own bond for the project, according to Ms. Small. Additionally, you begin building the freedom and independence to bid jobs on your own.

*Contributed by Katherine Anderson
(katherine_anderson@dot.state.ak.us)*

Resource Agencies

- | | | |
|-------------------------------|-------------------------------|--|
| ■ USDOT TEAM West | ■ Small Business Dev. Centers | ■ Procurement Technical Assistance Centers |
| Dolly Small, Assistant Dir. | Anchorage (274-7232) | |
| 1-888-992-2486 (pager) | Fairbanks (456-7232) | Anchorage (274-7232) |
| Dsmall@sccd.ctc.edu | Juneau (463-3789) | Fairbanks (456-7232) |
| | Kenai (262-7497) | |
| Bonding technical assistance. | Ketchikan (225-1388) | Government contracting technical assistance. |
| | Mat-Su (373-7232) | |
| | Rural Outreach (373-7232) | |

What is the Difference Between Insurance and Bonding?

Insurance is an agreement between two parties, the insured and the insurance company, that says the insurance company will make whole the insured from loss from any covered peril. An insurance policy assumes there is going to be a loss, and the premium for an insurance policy is calculated to cover such losses.

A bond is a three-party agreement between you (the principal or contractor), the project owner (the obligee), and the surety (or bonding company). The agreement guarantees the fulfillment of a legal obligation and operates as a credit relationship between the surety and you.

Government agencies often require surety bonds to guarantee that business owners and individuals will comply with various laws protecting public funds. A license bond, such as the one you may have been

required to get when you obtained your business license, is required to protect the public from business misconduct. Contract bonds required for specific projects protect taxpayers by guaranteeing that projects are completed properly, on time, and without liens. Typically the two types of contract bonds you will see required for a specific project are a bid bond and a performance and payment bond. A bid bond warrants that the contractor's bid is accurate and the bond will be forfeited if the contractor fails to enter the contract if it is awarded. Typically, the amount of the forfeit is the difference between the low bid and the second lowest bid. A performance bond guarantees that the contractor will perform the contract according to the plans and specifications of the specific project. A payment bond guarantees payment of all required labor and material bills.

DBE Survey Results Are In

At the end of April, DBE Support Services sent out surveys to our certified DBE firms. We received 42 responses back, almost 24 percent. Most indicated that DBEs were not aware a training reimbursement program is available and that plan sets can be purchased at a 50 percent discount. On the basis of this feedback, we will make an effort in the coming year to better advertise available services.

With the survey, we also requested that firms wanting to receive information electronically provide an e-mail address. This option has also been added to the annual affidavit. We would like to provide our DBE firms the option to receive information electronically. Not only is this method more cost efficient, but it will also allow more timely delivery of information. If you would like to receive information electronically, contact Katherine at the e-mail address below.

The survey also gave us a general idea of the direction to take with Support Services. Selected in 18 responses, Contract Terms and Administration was chosen overwhelmingly as an area of interest for a future workshop. We will begin working on coordinating this workshop in the upcoming year. Cost Estimating, Project Management, and Bonding and Insurance were ranked next as areas of interest. Watch for workshops on these topics as well. The DBE Support Services office will also be exploring other areas for outreach. We will most likely offer the Bonding Assistance Workshop and Contract Compliance Workshop annually. If you have any suggestions for seminars, conferences, or workshops, please contact Katherine at 269-0854 or via the e-mail below.

*Contributed by Katherine Anderson
(katherine_anderson@dot.state.ak.us)*

Goal Setting

Continued from Front Page

Goal Calculation. The DBE goal is then calculated as a percentage of the total estimated dollar value of the DBE subcontractable bid items over the total basic bid amount. This percentage is considered the maximum justifiable DBE goal.

Goal Adjustment. The project DBE Goal may be adjusted depending on the current standing of the Annual DBE Goal.

Setting DBE goals varies greatly from project to project. Sometimes important details of a project are not available at the time the goal is calculated. For that reason, the Civil Rights Office welcomes public questions and comments on a project DBE Goal.

*Contributed by Allan Nakanishi
(allan_nakanishi@dot.state.ak.us)*



Projects On the Horizon

Complete descriptions of these projects, as well as up-to-date information, can be found at the procurement Web site under www.dot.state.ak.us.

State No.	Project Name	Estimated Range	Tentative Date- Advertisement
Central Region			
54938	AIA Closed Circuit Television	\$2.5-5M	July 2002
51609	Homer East End Rd MP 0.0-3.75 Rehab	\$5-10M	July 2002
55334	Seward Hwy: MP 0-8 Seward to Grouse Creek, Phase I - Bridges	\$10-20M	July 2002
55226	Atmaultluak Airport Reconstruction - Phase II	\$1-2.5M	July 2002
51811	New Stuyahok Airport Improvements	\$2.5-5M	July 2002
55771	St. Paul Airport Fencing	\$500K-1M	July 2002
54973	AIA Lake Hood Lakeshore/ Aircraft Dr Separation	\$1-2.5M	July 2002
55579	Eklutna Lake Rd Surfacing	\$2.5-5M	July 2002
55264	Glenn Hwy: MP 100-109, Caribou Creek	\$30-50M	July 2002
55950	Kodiak Areawide Guardrail, Phase 1	\$1-2.5M	July 2002
53922	Mat-Su: Knik-Goose Bay Rd Rehab & Pathway	\$5-10M	July 2002
52494	Seward Hwy: Turnagain Pass Recreation Area	\$1-2.5M	August 2002
55333	AIA Residential Sound Insulation	\$1-2.5M	August 2002
55361	AIA Lake Hood GA Parking Relocation	\$2.5-5M	August 2002
55801	AMATS: Campbell Creek Trail, Phase II IAR to Lake Otis	\$1-2.5M	August 2002
51822	Chuathbaluk Airport Relocation	\$5-10M	August 2002
55726	Girdwood Airport Safety Improvement	\$500K-1M	August 2002
Northern Region			
61189	College Road Illumination Upgrade	\$500K-1M	July 2002
61187	Geist Road Illumination Upgrade	\$250-500K	July 2002
67198	North Pole Bicycle/Pedestrian Path	\$1-2.5M	July 2002
60924	Parks Hwy MP 206-210 Rehab	\$2.5-5M	July 2002
65052	Parks Hwy MP 262 North Rehab	\$10-20M	July 2002
60479	Park Hwy MP 309 Monderosa Railroad Overpass	\$2.5-5M	July 2002
61263	Richardson Hwy MP 306 Birch Lake Wayside	\$250-500K	July 2002
60395	UAF/New Geist Road Access	\$10-20M	July 2002
60918	Alaska Hwy MP 1345 Wayside	\$250-500K	August 2002
60928	Chitina Bike/Pedestrian Path	\$500K-1M	August 2002
67030	Parks Hwy Denali Park Pedestrian Access Safety Improvements	\$5-10M	August 2002
66686	Parks Hwy Nenana Canyon Safety/ Access Improvements	\$2.5-5M	August 2002
60425	South Fairbanks Street & Drainage Improvements	\$1-2.5M	August 2002
Southeast Region			
67735	Ketchikan Totem Bight State Historic Scenic Wayside	\$250-500K	July 2002
68140	KTN Tongass Avenue Resurfacing	\$250-500K	August 2002



PHOTO IDENTIFICATION CONTEST: We had one response to our photo contest in the last newsletter. The response by Beverly Sourapas of Fairbanks Welding identified the location as Eagle Summit on the Steese Highway. We actually photographed this convenience in Nome at a construction yard of a contractor. While we don't doubt the report we received, there is either more than one of these novel outhouses around the State, or this one travels a lot...



UPCOMING EVENTS & TRAINING OPPORTUNITIES

July to August 2002

Anchorage SBDC Seminars

- ✓ Developing a Business Plan
Friday, July 12
Friday, August 16
- ✓ Employer Payroll Taxes
Tuesday, July 9
Tuesday, August 13
- ✓ Small Business Owner Tax Return
Wednesday, July 17
- ✓ Basic Business Bookkeeping
Thursday, August 22
- ✓ Financing Your Small Business
Tuesday, August 20
- ✓ Marketing Your Business
Wednesday, August 7

For more information and registration, please call SBDC at 274-7232.

July to August 2002

UAA Workforce & Community Education

- ✓ Excel Beginning
Wednesday, July 17
- ✓ Conflict Management
Thursday, August 1
- ✓ Grant Writing
Wednesday, August 7
- ✓ Word Beginning
Wednesday, August 7
- ✓ Excel Next Step
Wednesday, August 7
- ✓ Communication Across the Gender Gap
Thursday, August 8

For more information or registration, please call 786-6722 or visit www.training.uaa.alaska.edu/register.asp

July 2002

Ketchikan SBDC Seminars

- ✓ Effective Hiring and Personnel Practices
Saturday, July 27

For more information and registration, please call SBDC at 225-1388.

July to August 2002

Rural SBDC Outreach

- ✓ Kotzebue, Seminars and Counseling, July 22-26
- ✓ Nome, Seminars and Counseling, August 12-16
- ✓ Valdez, Seminars and Counseling, August 26-30

Travel schedule is subject to change. For more information, please call SBDC at 373-7232.

Maximize Your DBE Trucking Credit

Certain DBE trucking firms now offer 100% of the subcontracted amount toward DBE credit. The amount of credit a firm can provide is determined by the Commercially Useful Function (CUF) criteria in Special Provision S-33, Section 120.

A trucking firm that is certified by the Civil Rights Office to own all of its trucks and employ all operators is considered to be a Contractor and is 100% creditable toward DBE credit for transportation or hauling work. DBE trucking firms without certified truck ownership and employee operators, or who lease trucks from a non-DBE are considered Brokers that are eligible for 5% DBE credit.

DBE trucking firms are permitted to lease equipment; however, the amount of DBE credit that the leased equipment will provide

		Contractor (Lessor)		
		DBE Contractor (100% Creditable)	DBE Broker (5% Creditable)	non-DBE (0% Creditable)
Subcontractor (Lessee)	DBE Contractor (100% Creditable)	100% Credit	100% Credit	0% Credit
	DBE Broker (5% Creditable)	5% Credit	5% Credit	0% Credit
	non-DBE (0% Creditable)	5% Credit	5% Credit	0% Credit

depends on the DBE trucking status of both firms. DBE firms that lease trucks from another DBE will be credited at the same rate as the lessee DBE provides on the contract. The matrix above shows the various DBE credit scenarios for Contractor/Subcontractor leasing arrangements.

Contractors must ensure only the equipment and employees certified with the CRO are performing on the job to be eligible for 100% credit. A list of 100% creditable DBE trucking firms with the corresponding truck identification and employee names is available at the CRO Web site.



Unified Certification Program News

Beginning September 4, 2002, the ADOT&PF Civil Rights Office will begin operating the Alaska Unified Certification Program (AUCP). The Municipality of Anchorage, City of Kenai, and City and Borough of Juneau had all provided DBE certification services in addition to those provided by the ADOT&PF Civil Rights Office. This multiple certification effort resulted in some confusion because not all DBE firms were recognized statewide and these firms often served the needs of that particular government entity.

The AUCP, which was developed under a mutual agreement between all participating agencies, will offer applicants "one-stop shopping" for DBE certification. Applicants apply only once for a DBE certification, which will be honored by all

Federal Highway Administration (FHWA), Federal Aviation Administration (FAA) and Federal Transit Administration (FTA) recipients in the State. This unified effort should be a more efficient and effective way to handle DBE certifications for the State of Alaska. The anticipated format of the AUCP directory will be by mode (FHWA, FAA, & FTA) and will include work categories consistent with the needs of the USDOT recipients. This means you will see everything from highway construction contractors to airport concessionaires to public transportation service suppliers.

Listed below are organizations that have participated in, or will be a member of, the AUCP:

Akiachak Native Community -
Alaska DOT&PF - Alaska

Railroad - Central Area Rural Transit System, Inc. - City & Borough of Juneau - City and Borough of Sitka Airport - City of Delta Junction - City of Egegik - City of Fairbanks - City of Kodiak - City of Nenana - City of North Pole - City of Palmer - City of Soldotna Airport - City of Wasilla - Fairbanks North Star Borough - Inter Island Ferry Authority - Kenai Municipal Airport - Ketchikan Gateway Borough Airport - Matanuska-Susitna Community Transit - Matanuska-Susitna Borough - Municipality of Anchorage - Native Village of Quinhaqak - Native Village of Venetie Tribal Government - North Slope Borough - Sitka Public Transit Coordination Agency

*Contributed by Jon Dunham
(jon_dunham@dot.state.ak.us)*

Step One Annual DBE Goal Now Available for Comment

Each July, the Civil Rights Office establishes an Annual DBE Goal for participation on federally funded construction projects for the upcoming Federal Fiscal Year (FFY). The Annual Goal is determined by using a two-step process. The Step One numbers are based on the total number of contractors registered in our Bidder's database and the percentage of available DBE firms. For FFY2003, the Civil Rights Office has calculated a Step One FHWA, FAA, and FTA at 11% each for DBE participation. We are now in Step Two of the annual DBE

goal-setting process of holding public meetings in Anchorage, Fairbanks, and Juneau to solicit comments on the proposed DBE Goals. All comments, as well as historical goals, tentative projects, and past DBE participation performance will be taken into account in determining the Step Two goal. The Step Two goal will be submitted to the respective funding agency for final approval for incorporation into next years DBE program. Your participation in this process is critical for the overall success of the DBE program. Interested citizens may

comment at the meetings or at the address listed until July 31, 2002.

*Anchorage, July 17, 2002, 3-6 pm
ADOT&PF Aviation Building
4111 Aviation Ave – Main Conference Room*

*Fairbanks, July 15, 2002, 3-6 pm
Noel Wein Library - Cowles Street*

*Juneau, July 18, 2002, 3-6 pm
6860 Glacier Hwy – 1st Floor Conf Rm*

*ADOT&PF, Civil Rights Office
PO Box 196900
Anchorage, AK 99519-6900
Telephone (907) 269-0851
Toll Free (800) 770-6236
TTY (907) 269-0473
Fax (907) 269-0847*

Notes & News About Certification



Newly Certified Firms

January to May 2002

- ✓ **Word Wrangling – Anchorage, AK**
Certified: Graphics. Also provides document design and formatting; writing; editing; layout; Web site development; marketing; brochure preparation; printing coordination; training materials; newsletters; public relations; and research.
- ✓ **Twin Peaks Construction – Anchor Point, AK**
Certified: Clearing and grubbing; earthwork; landscaping; and underground sewer/water line installation. Also provides septic systems and roadwork.
- ✓ **PSI Environmental & Instrumentation – Anchorage, AK**
Certified: Environmental consulting; hazardous materials investigation; hazardous materials testing; and hazardous materials removal and remediation. Also provides gas detection; maintenance and calibration; sale of accessories; and calibration gas.
- ✓ **SE Environmental Modifications – Douglas, AK**
Certified: Carpentry. Also provides ADA construction and modifications; installation of mechanical elevators and lifts; ADA doors and openers; ADA bars and services; and rental of wheelchairs, scooters and other equipment.
- ✓ **Garrison Corp DBA Budget Rent-A-Car – Kenai, AK**
Certified: Automotive rental (airport concessionaire).
- ✓ **RJ Construction – Wrangell, AK**
Certified: Carpentry; concrete; earthwork; and interior finishing. Also provides small-scale excavation and block and stone work.
- ✓ **Iliamna Natives Limited – Iliamna, AK**
Certified: Barge transportation; equipment rental; and fencing, guardrail and aggregates supplier.
- ✓ **Nanook Resources – Whitefish, MT**
Certified: Environmental consulting; hazardous materials investigation and remediation; permitting; and photogrammetry and mapping. Also provides geotechnical investigations;

engineering; construction and project management; and technical writing and editing.

- ✓ **CMMS Alaska – Palmer, AK**
Certified: Construction Administration: Office Engineering and Construction Inspection Services; and Maintenance Management Systems–Computerized. Also provides computer software training and support for the upkeep and tracking of assets and utilities.
- ✓ **Baranof Construction Group – Sitka, AK**
Certified: Carpentry; concrete; roofing; and building insulation. Also provides construction management services.
- ✓ **Valley Illuminators – Auburn, WA**
Certified: Signs: Permanent and Temporary and traffic signals and lighting supplier. Also specializes in manufacturing airfield runway L-853 reflective markers, signs and lights, and supplies windsocks.

Recertified Firms

January to May 2002

- ✓ **Ever Electric, Inc. DBA Island Electric – Juneau, AK**
- ✓ **Arrow Construction – Eatonville, WA**
- ✓ **Construction Services – Fairbanks, AK**
- ✓ **Rodney P. Kinney Assoc., Inc. – Eagle River, AK**
- ✓ **Jeanne Lematta Engineering – Valdez, AK**
- ✓ **DiCarlo Associates, Inc. – Quincy, MA**
- ✓ **EB Enterprises – Girdwood, AK**
- ✓ **Acme Fence Company, Inc – Anchorage, AK**
- ✓ **Pacific West Construction – Kotzebue, AK**
- ✓ **Sanders & Associates, Inc. – Seattle, WA**

Remember: DBE firms are responsible for ensuring the names of their key employees are on file with the Civil Rights Officer prior to beginning work to meet the requirements of the 120 Specification on federally funded State construction projects. If you need to verify the names of the employees listed in your file and approved by the Civil Rights Office as key employees for your firm, please contact a Certification Officer at 269-0851.

**Alaska Department of Transportation
and Public Facilities
Civil Rights Office**

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Anchorage, Alaska 99519-6900

Phone: (907) 269-0851

(800) 770-6236 (within Alaska)

Fax: (907) 269-0847

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Web site: www.dot.state.ak.us

Frequently Asked Questions—DBE Certification

Q: *After a firm loses eligibility for exceeding size limits, or an individual's presumption of social and economic disadvantage is rebutted for exceeding the personal net worth cap, can the individual or business ever participate in the DBE Program in the future?*

A: When a firm is denied certification, the recipient must establish a waiting period of 12 months or less for reapplication. Once this waiting period has expired, the firm can reapply for certification.

This provision applies regardless of the basis for the denial of certification. A denial based on business size or personal net worth grounds is no different, for this purpose, from a denial based on ownership or control grounds.

For example, suppose a firm is denied certification in Year 1 because it exceeds the business size standard, or because its owner has a personal net worth that exceeds \$750,000. In Year 2, after the recipient's

reapplication waiting period expires, the firm applies for certification again. If the size of the business in Year 2 is under the applicable standard, or the personal net worth of the owner has fallen below \$750,000, respectively, then the recipient would certify the firm, assuming it met all other certification requirements. [Http://osdbuweb.dot.gov/business/dbe/dbeqna.html](http://osdbuweb.dot.gov/business/dbe/dbeqna.html) (posted 2/12/02)

*Contributed by Eileen Oliver, Certification Officer
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The General Counsel of the Department of Transportation has reviewed these questions and answers and approved them as consistent with the language and intent of 49 CFR Part 26. These questions and answers therefore represent the institutional position of the Department of Transportation. These questions and answers provide guidance and information for compliance with the provisions under 49 CFR part 26, pertaining to the implementation of the Department's disadvantaged business enterprise program. Like all guidance material, these questions and answers are not, in themselves, legally binding or mandatory, and do not constitute regulations. They are issued to provide an acceptable means, but not the only means, of compliance with Part 26. While these questions and answers are not mandatory, they are derived from extensive DOT, recipient, and contractor experience and input concerning the determination of compliance with Part 26.