July 1, 2019

DISADVANTAGED BUSINESS ENTERPRISE (DBE)

It is the policy of the South Carolina Department of Transportation (SCDOT) to ensure nondiscrimination in the award and administration of federally assisted contracts and to use Disadvantaged Business Enterprises (DBEs) (all references to “DBE” herein shall mean “South Carolina certified DBE”) in all types of contracting and procurement activities according to State and Federal laws. To that end the SCDOT has established a DBE program in accordance with regulations of the United States Department of Transportation (USDOT) found in 49 CFR Part 26.

This document, known as the “DBE Supplemental Specifications” includes three main parts:

Part A. Instructions to Bidders – Pre-award Requirements
Part B. Instructions to Contractors – Post Award
  1) Bid-Build/LPA Process
  2) Design Build Process

PART A. INSTRUCTIONS TO BIDDERS – PRE-AWARD REQUIREMENTS

When incorporated into Design Build and/or Local Public Agency procurements, the terms “bid”, “bidder”, and “bid letting” shall mean “proposal”, “proposer” and “proposal opening.”

1. DBE CONTRACT GOAL

A. The DBE participation goal for this contract is set forth in the DBE Special Provisions.

B. The successful bidder shall exercise all necessary and reasonable steps to ensure that DBEs perform services or provide materials on this contract in an amount that meets or exceeds the DBE contract goal and commitment. Submitting the bid, including electronically, shall constitute an agreement by the bidder that if awarded the contract, it will meet or exceed the DBE contract goal and commitment or make good faith efforts to meet the goal or commitment. Failure to meet the contract goal or make good faith efforts to meet the contract goal will result in the bid being considered irregular and subject to rejection in accordance with Section 102.8(1)(D) of the SCDOT Standard Specification for Highway Construction, resulting in the contract being awarded to the next lowest responsible and responsive bidder.

2. DBE COMMITTAL

A. Each bidder shall enter all the information regarding how it intends to meet the DBE goal in the electronic bid folder found on the electronic bidding service website, Bid Express, entitled “DBE List.” (See paragraph (D) below for non-electronic bid submissions.) The listing of DBEs shall constitute a commitment by the bidder to utilize the listed DBEs, subject to the replacement requirement set forth below in Section 2 of Part B. A DBE listed on the DBE List or DBE Committal Sheet hereinafter shall be referred to as a “committed DBE.”

B. In meeting the DBE contract goal, the bidder shall use only certified DBEs included in the "South Carolina Unified Certification Program DBE Directory" (hereinafter referred to as the "Unified DBE Directory."). The DBE.BIN file used for the electronic bidding contains the names of the certified DBEs in
the “Unified DBE Directory.” For more information on the use of the DBE.BIN file in electronic bidding, see Section 6 below.

C. Failure to provide all information required in the electronic bid or DBE Committal Sheet will make the bid irregular and subject to rejection, resulting in the contract being awarded to the next lowest responsible and responsive bidder.

D. The DBE.BIN file listed for the letting must be downloaded for each particular letting because it is the data source for the DBEs listed in the “Unified DBE Directory” designated for use in the letting. ALL DBE data such as Name, Company ID, and Address must be selected from drop-down lists provided by the DBE. BIN file. If the DBE.BIN file is not downloaded, no data for the drop-down lists will be available. For non-electronic bidding in Design/Build or Local Public Agency procurements, use the attached DBE Committal Sheet in lieu of the DBE.BIN file.

The following information must be selected or entered in the electronic bid:

(1) The names and addresses of certified DBEs whose services or materials will be used in the contract.

(2) Work Type and Work Code selected from a drop-down list. When one of these is selected, the other will be filled in automatically. **[Note: Only select the Work Type and Work Code for which the selected DBE firm has been certified to perform]**.

(3) An Item of work, approximate Quantity of work to be performed or materials to be supplied, Unit (of measurement), Unit Price, and the extended dollar amount of participation by each DBE listed.
   (a) **Item:** The Item is the bid item with which the DBE will be associated and must be selected from the Schedule of (Bid) Items found in the drop-down list. If the proposed work is for only a portion of an Item of work (i.e. hauling of materials, tying of reinforced steel, etc.) an adequate description of this work shall be included in the Note block.
   (b) **Quantity, Unit, & Unit Price:** Initially when an Item is selected, the contract quantity, unit, and the bidder’s unit price and extension will appear. If the proposed work is for only a portion of an item as described in (1) above, then the Quantity, Unit Price and/or Extension shall be changed to reflect the actual amount of work committed to the DBE. The Unit (of measurement) cannot be changed.

(4) The bidder must also submit a copy of a signed statement or quote from each of the DBEs listed in the DBE List folder of the electronic bid or DBE committal sheet. The signed statements or quotes should verify the items, quantities, units, unit prices, and dollar values listed in the DBE List folder of the electronic bid or DBE committal sheet. COPIES OF THE SIGNED STATEMENTS MUST BE SUBMITTED TO SCDOT CONTRACT ADMINISTRATION OFFICE WITHIN FOUR (4) BUSINESS DAYS OF THE BID LETTING from the apparent low bidder. Should the apparent low bid be rejected for failing to meet the goal, the next apparent low bidder will have three (3) business days from notification to submit the signed quotes. SCDOT will accept facsimiles of the verified statements with the caveat that the bidder must furnish the original document to SCDOT upon request. Signed quotes must be on the DBEs letterhead and contain the following information: date, printed name, address, and phone number of the authorized individual providing the quote, project name and identification number, quote needs to be addressed to contractor from DBE, and identify specific services being performed and/or material being supplied.

(5) **Watering and repair of silt fence will not be allowed as part of the committal, but must be reported if performed by a DBE.**

3. **GOOD FAITH EFFORTS REQUIREMENTS**

A. **Requirements for Submission for Approval of a Good Faith Effort.** If the bidder does not meet the DBE contract goal through the DBE committals submitted with the bid, it is the bidder's
responsibility to request, in writing (faxes and emails are acceptable) a good faith effort review by 5:00 pm of the next business day after they submit their bid. Bidder must submit additional information to satisfy to SCDOT that good faith efforts have been made by the bidder in attempting to meet the DBE contract goal. **THIS SUPPORTING INFORMATION/DOCUMENTATION MUST BE FURNISHED TO SCDOT CONTRACT ADMINISTRATION OFFICE (LOCAL CONTRACT ADMINISTRATOR FOR LPAs), IN WRITING WITHIN THREE (3) BUSINESS DAYS OF THE BID LETTING.** One complete set and five (5) copies of this information must be received by Contract Administration no later than 12:00 noon of the third business day following the bid letting. Where the information submitted includes repetitious solicitation letters, it will be acceptable to submit a sample representative letter along with the list of the firms being solicited. The documented efforts listed in item (C.) below are some of items SCDOT will consider in evaluating the bidder's good faith efforts. The documentation may include written subcontractor quotations, telephone log notations of verbal quotations, or other types of quotation documents.

**B. Failure to Submit Required Material.** If the bidder fails to provide this information by the deadline, the bid is considered irregular and may be rejected in accordance with Section 102.8(1)(D), SCDOT Standard Specifications for Highway Construction.

**C. Evaluation of a Good Faith Effort.** SCDOT may consider the following factors in judging whether or not the bidder made adequate and acceptable good faith efforts to meet the DBE contract goal:

1. Did the bidder attend any pre-bid meetings that were scheduled by SCDOT or Local Public Agency to inform DBEs of subcontracting opportunities?
2. Did the bidder provide solicitations through all reasonable and available means (e.g. posting a request for quotes from DBE subcontractors on SCDOT Construction Extranet webpage; attendance at pre-bid meetings, advertising and/or written notices at least 10 days prior to the letting; or showing the bidder provided written notice to all DBEs listed in the "Unified DBE Directory" that specialize in the areas of work in which the bidder will be subcontracting).
3. Did the bidder follow-up initial solicitations of interest by contacting DBEs to determine with certainty whether they were interested or not? If a reasonable amount of DBEs in the area of work do not provide an intent to quote, or there are no DBEs that specialize in the area of work to be subcontracted, did the bidder call SCDOT Office of Business Development & Special Programs to give notification of the bidder's inability to obtain DBE quotes?
4. Did the bidder select portions of the work to be performed by DBEs in order to increase the likelihood of meeting the contract goal? This includes, where appropriate, breaking out contract items of work into economically feasible units to facilitate DBE participation, even when the bidder might otherwise perform these items of work with its own forces.
5. Did the bidder provide interested DBEs with adequate and timely information about the plans, specifications, and requirements of the contract?
6. Did the bidder negotiate in good faith with interested DBEs, or reject them as unqualified without sound reasons based on a thorough investigation of their capabilities? Any rejection should be noted in writing with a description as to why an agreement could not be reached. The fact that the bidder has the ability or desire to perform the work with its own forces will not be considered as sound reason for rejecting a DBEs quote.
7. Was a quote received from an interested DBE, but rejected as unacceptable because it was not the lowest quote received? The fact that the DBE firm’s quotation for the work is not the lowest quotation received will not in and of itself be considered as a sound reason for rejecting the quotation as unacceptable, as long as the quote is not unreasonable.
8. Did the bidder specifically negotiate with non-DBE subcontractors to assume part of the responsibility to meet the contract goal when the work to be sublet includes potential for DBE participation?
9. Any other evidence that the bidder submits which demonstrates that the bidder has made reasonable good faith efforts to include DBE participation.
10. The DBE commitments submitted by all other bidders who were able to meet the DBE contract goal.
11. Did the bidder contact SCDOT for assistance in locating certified DBEs?
D. Nothing in this provision shall be construed to require the bidder to accept unreasonable quotes in order to satisfy DBE contract goals.

E. SCDOT may give the bidder an opportunity to cure any deficiencies resulting from a minor informality or irregularity in the DBE commitment or waive any such deficiency when it is in the best interest of the State. A minor informality or irregularity is one which is merely a matter of form or is some immaterial variation from the exact requirements of the invitation for bids having no effect or merely a trivial or negligible effect on DBE contract goal, quality, quantity, or delivery of the supplies or performance of the contract, and the correct or waiver of which would not be prejudicial to bidders.

4. DETERMINATION AND RECONSIDERATION PROCEDURES

A. After the letting, SCDOT will determine whether or not the low bidder has met the DBE participation contract goal or made good faith efforts to meet the goal. If SCDOT determines that the apparent low bidder failed to meet the goal, did not demonstrate a good faith effort to meet the goal, or meet the requirements of a commercially useful function SCDOT will notify the apparent low bidder of its determination by email and by US Mail or hand-delivery. The apparent low bidder may request a reconsideration of this determination.

B. The bidder must make a request for reconsideration in writing within three (3) business days of receipt of the determination. Within six (6) business days of receipt of the determination, the bidder must provide written documentation to SCDOT Director of Construction supporting its position. Only documentation dated within three (3) business days of the bid letting may be used in support of its position. No DBE goal efforts performed after 3 business days of the bid will be allowed as evidence. If the bidder fails to request a reconsideration with three (3) business days, the determination shall be final.

C. To reconsider the bidder’s DBE commitment or good faith efforts, the Deputy Secretary for Engineering will designate a panel of three (3) SCDOT employees, who did not take part in the original determination, comprised of: (1) one employee from the District Construction Engineer’s (DCE) Office, (2) one employee from the Office of Business Development & Special Programs, and (3) one employee at large (hereinafter referred to as the "Reconsideration Panel"). The DCE Office representative will be appointed chairman of the Reconsideration Panel. A representative from FHWA may be a non-voting member of the Reconsideration Panel. The Reconsideration Panel will contact the bidder and schedule a meeting. The Reconsideration Panel will make reasonable efforts to accommodate the bidder’s schedule; however, if the bidder is unavailable or not prepared for a hearing within ten (10) business days of receipt of SCDOT original written determination, the bidder’s reconsideration rights will be considered to have been waived.

D. The meeting will be held at SCDOT Headquarters Building, 955 Park Street, Columbia, South Carolina. The bidder will be allowed up to two (2) hours to present written or oral evidence supporting its position.

E. The Reconsideration Panel will issue a written report and recommendation to the Deputy Secretary for Engineering. SCDOT shall not award the contract until the Deputy Secretary for Engineering issues a decision or the bidder waives its reconsideration right either through failure to request reconsideration or failure to be available for the meeting. The Deputy Secretary for Engineering will notify the bidder of the final decision in writing.

5. CONSEQUENCES OF FAILURE TO COMPLY WITH DBE PROVISIONS

A. Failure on the part of the bidder to meet the DBE contract goal or to demonstrate good faith efforts to meet the DBE contract goal will result in the bid being declared irregular and may be rejected resulting in the contract being awarded to the next lowest responsible and responsive bidder. Upon rejection, the award may be made to the next lowest responsible and responsive bidder.
B. After bid letting, but prior to award, SCDOT reserves the right to cancel the project, or any or all bids or proposals may be rejected in whole or part, when it is in the best interest of the State.

6. DIRECTORY OF SOUTH CAROLINA CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES

A. The electronic DBE.BIN file found on the electronic bidding service website, *Bid Express*, contains data from the "Unified DBE Directory" approved for use in each particular letting. **The file must be downloaded for each letting because the directory approved for use in each letting is updated prior to the letting.** The bidder is advised that this directory pertains only to DBE certification and not to qualifications. It is the bidder's responsibility to determine the actual capabilities and/or limitations of the certified DBE firms. For non-electronic bid submissions, the directory can be found at:


B. In meeting the DBE participation contract goal, the bidder shall use only DBEs that are included in the "Unified DBE Directory" contained in the DBE.BIN file, or on-line, current for the month the bid is submitted. The bidder may only count toward the DBE goal work in the areas for which the DBE has been certified, unless prior written approval from SCDOT is obtained. The bidder and the DBE must jointly apply to SCDOT's Director of Construction for approval of work in an area of work other than that in which the DBE has been certified. The requested work must be in an area related to the area of work in which the DBE has been certified. Such requests must be submitted in writing to the Director of Construction no later than ten (10) business days prior to the date of the letting. The Director of Construction has the right to approve or disapprove the request. The Director of Construction will give the bidder and the DBE written notice of his decision no later than five (5) business days prior to the date on which bids are received. If approved, a copy of the written approval must accompany the submission of the subcontractor's quote.

C. Certification of a DBE for work in a certain area of work or approval to perform work in a related area shall not constitute a guarantee that the DBE will successfully perform the work or that the work will be performed completely. Such certification or approval shall only imply that the successful completion of the work by the DBE can count toward satisfying the DBE contract goal in accordance with the counting rules set forth in 49 CFR Part 26 (see Section 3 of Part B below.)

D. The bidder may print a copy of the "Unified DBE Directory" from SCDOT web page at:


7. ADDITIONAL DBE PARTICIPATION

The bidder is strongly encouraged to obtain the maximum amount of DBE participation feasible on the contract. Any DBE participation in excess of the DBE contract goal shall also be included in the DBE Quarterly Reports.

8. CONTRACTOR'S RESPONSIBILITY TO REPORT BIDDER INFORMATION

The bidder should keep a list of all subcontractors (DBE or non-DBE) who bid or quoted for subcontracts on this project. As a condition to prequalification or renewal of prequalification, Contractors must submit the names and addresses of all firms (DBE and non-DBE) who quoted the Contractor for subcontracts on SCDOT projects throughout the course of the previous year.
PART B (1) INSTRUCTIONS TO CONTRACTORS – POST-AWARD

REQUIREMENTS – Bid-Build/LPA

1. CONTRACTOR’S OBLIGATIONS

   A. 49 CFR 26. The Contractor shall carry out the applicable requirements of 49 CFR Part 26 and these DBE Supplemental Specifications in the award and administration of this contract. Failure by the Contractor to carry out these requirements is a material breach of the contract, and may result in the termination of the contract or such other remedy as SCDOT deems appropriate.

   A contractor’s failure to comply with any provision of the DBE regulations will be considered a material contract breach.

   B. Meeting both the Goal and Commitment or Making Good Faith Efforts to Meet the Goal and Commitment. It is the Contractor’s responsibility to meet or make good faith efforts to meet the DBE contract goal and commitments. Failure to meet the goal or commitments to the specific DBEs listed on the committal sheet or to demonstrate good faith efforts to meet the goal or commitments may result in any one or more of the following sanctions:

   (1) Withholding monthly progress payments;
   (2) Declaring the Contractor in default pursuant to Section 108.10 of the Standard Specifications and terminating the contract;
   (3) Assessing sanctions in the amount of the difference in the DBE contract committal and the actual payments made to each certified DBEs;
   (4) Disqualifying the Contractor from bidding pursuant to Regulation 63-306, Volume 25A, of the S. C. Code of Laws.

   C. Using the DBEs shown on the Committal Sheet to Perform the Work. The Contractor must utilize the specific DBEs listed on the “DBE Committal Sheet” to perform the work and supply the materials for which each is listed unless the Contractor obtains prior written approval from the Director of Construction to perform the work with other forces or obtain the materials from other sources as set forth in Section 2 below. The Contractor shall not be entitled to any payment for such work or material unless it is performed or supplied by the listed DBE or, with prior written approval of the Director of Construction, by other forces (including those of the Contractor). Failure to meet a commitment to a specific DBE may result in the sanctions listed in Section 1(B) above, unless prior written approval is obtained for replacement of the committed DBE.

   When SCDOT makes changes that result in the reduction or elimination of work to be performed by a committed DBE, the Contractor will not be required to seek additional participation. When the SCDOT makes changes that result in additional work to be performed by a DBE based upon the Contractor’s commitment, the DBE shall participate in additional work to the same extent as the DBE participated in the original work.

   D. Incorporating DBE Supplemental Provisions in Subcontracts. The Contractor shall make available, at the request of SCDOT, a copy of all DBE subcontracts. The Contractor shall ensure that all subcontracts or agreements with DBEs to supply labor or materials require that the subcontract and all lower tier subcontracts be performed in accordance with these DBE Supplemental Specifications. The contractor is advised to insert the following provision in each subcontract or agreement:

   “This contract or agreement shall be performed in accordance with the requirements of the SCDOT DBE Supplemental Specifications dated July 1, 2019.”
E. Contractor should provide all sub-contractors (both DBE and non-DBE) with a minimum of a five (5) day notice of pre-construction meetings and appropriate partnering sessions.

F. Contractor should provide all sub-contractors (both DBE and Non-DBE) with a minimum of a five (5) day notice to commence work prior to the scheduled start of the work contracted to the sub-contractor.

2. REPLACEMENT OF CERTIFIED DBES

A. Requirement for Replacement. The following shall apply to replacement of a DBE listed on the “DBE Committal Sheet”:

1. When a DBE listed on the DBE committal sheet (hereafter referred to as a “committed DBE”) is unable or unwilling to perform the work in accordance with the subcontract, the Contractor shall follow the replacement procedures in Section 2(B) below. Failure on the part of the Contractor to comply with this requirement shall constitute a breach of contract and may be cause for the imposition of the sanctions set forth in Section 1(B) above.

2. When a committed or non-committed DBE is decertified or removed from the SC Unified DBE Directory after execution of a valid subcontract agreement with the Contractor:

   a. The Contractor may continue to utilize the decertified DBE on the contract and receive credit toward the DBE contract goal for the DBEs work unless the Contractor is implicated in the DBE decertification. However, the Contractor is encouraged to replace the decertified DBE with a certified DBE where feasible, to assist SCDOT in meeting the overall statewide DBE goal.

   b. If a committed or non-committed DBE is removed from the SC Unified DBE Directory due to graduation from the DBE program, the Contractor may continue to utilize the graduated DBE on the contract and receive credit toward the DBE contract goal for the DBEs work.

3. When a committed DBE is decertified or removed from the SC Unified DBE Directory prior to execution of a valid subcontract agreement with the Contractor, the Contractor shall follow the replacement procedures in Section 2(B) below. Failure on the part of the Contractor to comply with this requirement shall constitute a breach of the contract and may be cause for the imposition of the sanctions set forth in Section 1(B) above.

B. Replacement Procedures. In order to replace a committed DBE, the Contractor must obtain prior written approval from the Director of Construction. Prior to requesting SCDOT’s approval to terminate and/or substitute a committed DBE, the Contractor is to give notice to the DBE subcontractor in writing (certified mail) with a copy provided to both the Director of Construction and the Director of Business Development & Special Programs. The purpose of this notice is to both inform the DBE subcontractor of the Contractor’s intent to request SCDOT’s approval to terminate and/or substitute as well as to outline the reasons for the request. The DBE subcontractor shall be given five business days from receipt of notice to provide a written response stating either its consent or its reasons why it objects to the proposed termination. On a case by case basis and at SCDOT’s sole discretion, a shorter response period than five business days may be allowed as a matter of public necessity. If SCDOT determines a shorter response period is justified, the contractor and committed DBE will be advised in writing. In no case shall the Contractor’s ability to negotiate a more advantageous contract with another subcontractor be considered a valid basis for replacement. If the Contractor obtains the Director of Construction’s approval for the replacement, the Contractor shall replace the committed DBE with another certified DBE or make good faith efforts to do so as set forth in Section 2(C) below. Any DBE who is certified at the time of replacement may be used as a replacement. If the Director of Construction does not approve of replacement, the Contractor shall continue to use the committed DBE in accordance with the contract. Failure to do so may constitute cause for imposition of any of the sanctions set forth in Section 1(B) above.
C. **Good Faith Efforts.** After approval for replacement is obtained, if the Contractor is not able to find a replacement DBE, the Contractor shall provide the Director of Construction with documentation of its good faith efforts to find a replacement. This documentation shall include, but is not limited to, the following:

1. Copies of written notification to certified DBEs that their interest is solicited in subcontracting the work defaulted by the previous certified DBE or in subcontracting other items of work in the contract.

2. Statement of efforts to negotiate with certified DBEs for specific subbids including at a minimum:
   - (a) Names, addresses and telephone numbers of certified DBEs who were contacted;
   - (b) Description of the information provided to certified DBEs regarding the plans and specifications for portions of the work to be performed;
   - (c) Statement of why additional agreements with certified DBEs were not reached.

3. For each certified DBE contacted but rejected, the reasons for the Contractor’s rejection. Failure to find a replacement DBE at the original price is not in itself evidence of good faith.

4. Documentation demonstrating that the Contractor contacted SCDOT’s DBE Supportive Service Office for assistance in locating certified DBEs willing to take over that portion of work or do other work on the contract.

If SCDOT determines that the Contractor has made good faith efforts to replace the committed DBE with another certified DBE, then the remaining portion of the DBEs work shown on the “DBE Committal Sheet” can be completed by the Contractor’s own forces or by a non-DBE subcontractor approved by SCDOT.

The Contractor will not be required to make up that part of the DBE goal attributable to the portion of work not completed by the committed DBE, and this shortfall in meeting the DBE goal will be waived by SCDOT.

If SCDOT determines that the Contractor has not made good faith efforts to replace the committed DBE with another certified DBE, such failure may constitute cause for imposition of any of the sanctions set forth in Section 1(B) above.

D. **Payment from SCDOT.** The Contractor shall not be entitled to payment for work or material committed to a committed DBE unless:

1. The work is performed by the **committed DBE**; or
2. The work is performed by another certified DBE after the Director of Construction has given approval to replace the committed DBE as provided above; or
3. The work is performed by a non-DBE after SCDOT determines that the Contractor has demonstrated good faith efforts to replace the committed DBE as provided above.

3. **COUNTING CERTIFIED DBE PARTICIPATION TOWARD MEETING THE DBE GOAL**

DBE participation shall be measured by the actual, verified payments made to DBEs subject to the following rules. The Contractor is bound by these rules in regard to receiving and reporting credit toward the DBE contract goal. The Contractor shall report on DBE Quarterly Reports only the amounts properly attributable toward the goal under these rules.
A. **General Counting Rules.**

(1) The entire amount of that portion of a construction contract (or other contract not covered by paragraph A(2) of this section) that is performed by the DBEs own forces may be counted toward the goal. The cost of supplies and materials obtained by the DBE for the work of the contract, including supplies purchased or equipment leased by the DBE (except supplies and equipment the DBE subcontractor purchases or leases from the prime contractor or its affiliate) can be counted toward the goal.

(2) When a DBE subcontracts part of the work of its contract to another firm, the value of the subcontracted work may be counted toward DBE goals only if the subcontractor is also a DBE. Work that a DBE subcontracts to a non-DBE firm does not count toward the DBE goals.

(3) The Contractor can count expenditures to a DBE only if the DBE is certified by SCDOT, except as provided in section 2(A)(2) above, in the event a DBE loses eligibility status after a subcontract is signed.

(4) The Contractor can count expenditures to a DBE only after the DBE has actually been paid.

B. **Joint Ventures.** When a DBE performs as a participant in a joint venture, the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the DBE performs with its own forces can be counted toward DBE goals. A joint venture must be approved by the Director of Construction prior to start of the contract.

C. **Commercially Useful Function.** Expenditures to a DBE contractor can be counted toward DBE goals only if the DBE is performing a commercially useful function on that contract:

(1) A DBE performs a commercially useful function when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a commercially useful function, the DBE must also be responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself. To determine whether a DBE is performing a commercially useful function, SCDOT will evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the DBE credit claimed for its performance of the work, and other relevant factors.

(2) A DBE does not perform a commercially useful function if its 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 DBE participation. In determining whether a DBE is such an extra participant, SCDOT will examine similar transactions, particularly those in which DBEs do not participate.

(3) If a DBE does not perform or exercise responsibility for at least 30 percent of the total cost of its contract with its own work force, or the DBE subcontracts a greater portion of the work of a contract than would be expected on the basis of normal industry practice for the type of work involved, SCDOT will presume that it is not performing a commercially useful function.

(4) When a DBE is presumed not to be performing a commercially useful function as provided in paragraph (3) of this section, the DBE may present evidence to rebut this presumption. SCDOT may determine that the firm is performing a commercially useful function given the type of work involved and normal industry practices.

(5) SCDOT’s decisions on commercially useful function matters are subject to review by the Federal Highway Administration, but are not administratively appealable to the USDOT.
D. Special Rules for Trucking Companies. SCDOT will use the following rules to determine whether a DBE trucking company is performing a commercially useful function and what portion of the DBE work can be counted toward DBE goals:

(1) **DBE must control all work.** To be considered as performing a commercially useful function, the DBE must be responsible for the management and supervision of the entire trucking operation for which it is responsible on a particular contract, and there cannot be a contrived arrangement for the purpose of meeting DBE goals.

(2) **DBE must “own” at least one truck.** The DBE must itself own and operate at least one fully licensed, insured, and operational truck used on the project. For purposes of this section, a DBE will be considered to “own” a truck if:
   a) The truck is titled in the DBE’s name; or,
   b) The DBE leases the truck under a valid lease-to-own agreement and the driver of the truck is an employee of the DBE.

   The DBE must submit documentation to SCDOT to establish the number of trucks the DBE owns, operates and insures. The DBE must submit the documentation to SCDOT’s Office of Business Development & Special Programs at the time of certification, annual reporting on certification requirements, or at any time during the year that the DBE obtains additional trucks.

(3) **Counting DBE trucking toward DBE goal.** The Contractor can count toward DBE goals the total value of the transportation services the DBE provides using trucks the DBE owns, insures, and operates using drivers the DBE employs.

(4) **Counting leased DBE trucking toward DBE goal.** The DBE may lease with another DBE firm, including an owner-operator who is certified as a DBE, to provide trucks on a project. In this case, the Contractor may count toward the DBE goal the total value of the transportation services provided by the DBE subcontractor.

(5) **Counting leased non-DBE trucking toward the goal.** The DBE may lease trucks from a non-DBE firm, including an owner-operator, to provide trucks on a project. Prior to beginning work, the DBE must provide SCDOT’s Resident Construction Engineer with a list identifying all DBE and non-DBE trucks and truck numbers that will be used on the project. In this case, the Contractor may count toward the DBE goal the total value of the transportation services provided in each quarter by the non-DBE trucks, not to exceed the value of the transportation services provided by DBE-owned trucks in that quarter.

   For example, in a given quarter, if DBE-owned trucks provide transportation services of $50,000, while non-DBE trucks provide transportation services of $75,000, a maximum of $100,000 can be counted toward the DBE goal in that quarter.

   For purposes of this paragraph (5), a lease must indicate that the DBE has exclusive use of and control over the truck. This does not preclude the leased truck from working for others during the term of the lease with the consent of the DBE, so long as the lease gives the DBE absolute priority for use of the lease truck. Leased trucks must display a placard with the name and USDOT identification number of the DBE leasing the truck. The placard must be legible and visible when standing at least 15 feet from the driver’s side of the truck. It may be affixed to the side of the truck or inside the cab window as long as it does not interfere with the safe operation of the truck. See example below.

   **Sample placard:**

   

   **Operated by:**

   Bell’s Trucking, LLC
   USDOT 123456
NOTE: DBE firms may not receive credit for DBE participation when leasing non-DBE owned trucks from the Prime contractor with whom the DBE firm is subcontracted as 49 CFR 26.55(a)(1) applies.

E. DBE Manufacturers and Dealers. The Contractor can count expenditures with DBEs for materials or supplies toward DBE goals in accordance with the following rules:

(1) **DBE Manufacturers.** If the materials or supplies are obtained from a DBE manufacturer, the Contractor can count 100 percent of the cost of the materials or supplies toward DBE goals. For purposes of this paragraph, a manufacturer is a firm that operates or maintains a factory or establishment that produces, on the premises, the materials, supplies, articles, or equipment required under the contract and of the general character described by the specifications. The DBE must be listed as a “manufacturer” in the “South Carolina Unified DBE Directory” to be considered a manufacturer for purposes of these counting rules.

(2) **DBE Dealers.** If the materials or supplies are purchased from a DBE regular dealer, the Contractor can count 60 percent of the cost of the materials or supplies toward DBE goals. For purposes of this section, a regular dealer is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials, supplies, articles or equipment of the general character described by the specifications and required under the contract are bought, kept in stock, and regularly sold or leased to the public in the usual course of business. The DBE must be listed as a “dealer” in the South Carolina Unified DBE Directory to be considered a dealer for purposes of these counting rules.

(3) **DBE Brokers.** With respect to materials or supplies purchased from a DBE which is neither a manufacturer nor a regular dealer, count the entire amount of fees or commissions charged for assistance in the procurement of the materials and supplies, or fees or transportation charges for the delivery of material or supplies required on a job site, toward DBE goals.

F. Special Rules for Design Build and Local Public Agency Contracts

(1) When the Design Build team changes work that results in the reduction or elimination of work that the Design Build team committed to be performed by a DBE, the Design Build team shall seek additional participation by DBEs equal to the reduced DBE participation caused by the change.

4. **JOINT CHECKS.**

The Director of Construction must approve all requests for a Contractor to issue and use joint checks with a DBE. The following conditions apply:

A. The DBE must submit a request to the Director of Construction which includes a formalized agreement between all parties that specify the conditions under which the arrangement will be permitted;

B. The DBE remains responsible for all other elements of 49 CFR 26.55(c)(1). SCDOT must clearly determine that independence is not threatened because the DBE retains final decision making responsibility;

C. There can be no requirement by the prime contractor that a DBE use a specific supplier nor the prime contractor’s negotiated unit price.
5. **REPORTS**

The Contractor shall furnish to the SCDOT the following reports and information. **THIS REQUIREMENT APPLIES REGARDLESS OF WHETHER THERE IS A CONTRACT GOAL ASSIGNED TO THE CONTRACT.**

A. **DBE Quarterly Reports.** The Contractor shall provide to the SCDOT, DBE Quarterly Reports showing the dollar amount of payments to each certified DBE. The Contractor and each DBE that received payment must sign the report. The Contractor’s and DBE’s signature on the Quarterly Report shall constitute certification that the DBE has performed the work and that the Contractor is entitled to credit toward the DBE goal for the amount shown in accordance with the counting rules set forth in Section 3 above. The report shall include the amount paid each DBE for the quarter and the total amount paid to each DBE on the contract. The report must include DBE subcontractors, hauling firms, and suppliers. The report shall be submitted in duplicate to the Resident Construction Engineer by the 15th of the month after each calendar quarter (January, April, July, and October 15). Failure to submit the quarterly report may result in the withholding of monthly progress and/or final payment. The Quarterly Report must be submitted for each quarter even if no payments have been made to a DBE in that quarter. When no payments have been made to a DBE in a quarter, DBEs are not required to sign the report.

B. **Trucker’s Reports.** All DBE haulers must complete and submit a DBE Trucker’s Report along with the DBE quarterly report when the DBE leases trucks from another firm. The DBE hauler must list all trucks leased, payments made to the lessee during the quarter, and identify whether each leased truck is owned by a certified DBE or non-DBE. DBE Haulers must also submit one copy of each lease agreement to the Resident Construction Engineer prior to the start of work for each truck leased. A lease must indicate that the DBE has exclusive use of and control over the truck. This does not preclude the leased truck from working for others during the term of the lease with the consent of the DBE, so long as the lease gives the DBE absolute priority for use of the leased truck. Leased trucks must display the name and identification number of the DBE.

C. **Other Documents.** Upon request of SCDOT, the Contractor and all subcontractors shall furnish documents, including subcontracts, necessary to verify the amount and costs of the materials or services provided by certified DBE suppliers or subcontractors. The Contractor shall keep the documents that verify this information for at least three years from the date of final close-out of the contract. Failure to provide these documents upon request may result in the withholding of monthly progress and/or final payment or disqualifying the Contractor from bidding pursuant to R. 63-306, South Carolina State Regulations.

6. **CONTRACT COMPLETION – DETERMINATION OF WHETHER CONTRACTOR HAS MET THE GOAL OR MADE GOOD FAITH EFFORTS**

A. **Review by SCDOT.** After receipt of the final DBE Quarterly Reports, SCDOT will review the necessary contract documentation to determine whether the Contractor has met the DBE commitments and contract goal.

B. **Notification of Failure to Meet Goal.** If the documentation indicates that the Contractor has not met the DBE commitments and contract goal, the Director of Construction will notify the Contractor in writing and request documentation of the Contractor’s good faith efforts to meet the goal.

C. **Determination of Good Faith Efforts.** The Contractor shall submit documentation demonstrating good faith efforts to meet the contract commitments and goal to the Director of Construction within thirty (30) days of the date of the “Notification of Failure to Meet Goal.” The Director of Construction will provide the Contractor with written notice of SCDOT’s determination whether good faith efforts have been demonstrated.
D. Request for Reconsideration. If the Contractor disagrees with SCDOT’s determination of post construction compliance, the Contractor may request a reconsideration by filing a written request with the Director of Construction within ten (10) business days after receipt of the determination. The Contractor shall submit any additional documentation that it wishes to be considered in support of its position within ten (10) business days of its request for reconsideration. If the Contractor fails to request a reconsideration within ten (10) days, the determination shall be final. If the Contractor requests reconsideration, the Director of Construction Office will appoint a Reconsideration Official who did not take part in the original determination to review the decision and supporting documentation (hereinafter referred to as the “Reconsideration Official”). FHWA may participate in the review process. The Reconsideration Official will contact the Contractor and schedule a meeting with the Contractor. The meeting will be held at the SCDOT Headquarters Building in Columbia. At the meeting, the Contractor will have an opportunity to present oral and written evidence to demonstrate that good faith efforts were made to meet the DBE commitments and contract goal. The Reconsideration Official may also consider evidence presented by SCDOT at the same meeting. After the meeting, the Reconsideration Official will issue a written report and recommendation to the Director of Construction. The Director of Construction shall make the final decision on the issue. The Director of Construction will notify the Contractor of the final decision in writing.
PART B (2) INSTRUCTIONS TO CONTRACTORS

REQUIREMENTS - DESIGN BUILD

A. GOAL
The DBE goal on this project is located in the Design Build Agreement.

B. GENERAL
PROPOSER shall comply with Parts A and B above, except as specifically modified pursuant to this section. This section modifies the timing and steps for which the PROPOSER is to submit DBE committals for a design build project.

C. DBE PROGRAM RELATED CERTIFICATIONS
By submitting a proposal and by entering into any contract on the basis of that proposal, the PROPOSER certifies and agrees to each of the following DBE Program-related conditions and assurances:

1. PROPOSER shall adhere to the requirements of 49 CFR 26 and this supplemental specification.
2. PROPOSER’s failure to comply may result in one or more sanctions as outlined in Part B above.
3. PROPOSER shall ensure DBE firms are given full and fair opportunities to participate with the PROPOSER on this project.
4. PROPOSER shall not discriminate on the basis of race, color, age, national origin, or sex in the performance of the contract.
5. PROPOSER will not prevent a DBE firm from providing quotations to other PROPOSERs.
6. PROPOSER shall adhere to the rules and requirements of good faith efforts in seeking qualified DBE firms.
7. PROPOSER shall adhere to the rules and requirements of Commercially Useful Function (CUF) as described in 49 CFR 26 and Part B above.
8. PROPOSER agrees that, if a bond surety assumes the completion of work, the surety shall be obligated to meet the same contract terms and requirements as were required of the original PROPOSER.

D. DESIGN BUILD DBE PROGRAM COMPLIANCE PROCEDURES

1. DBE Utilization Plan
a. Within thirty (30) calendar days from the effective date of the Agreement, the PROPOSER shall submit to SCDOT a DBE Utilization Plan for review and approval. This plan shall include the following information:

   1) The various work elements the PROPOSER anticipates subcontracting to DBE firms in order to meet the established contract goal;
   2) The expected dollar amount and contract percentages of each work element to be applied towards meeting the contract goal; and
   3) Anticipated timeframes for which PROPOSER expects DBE subcontracts to be executed for each of the work elements identified.

b. Failure to promptly submit the DBE Utilization Plan will not delay SCDOT’s issuance of the Notice to Proceed thereby commencing contract time.

c. As the Project proceeds through the design phase, the PROPOSER may submit a revisions to the approved DBE Utilization Plan, if necessary, for the SCDOT’s consideration and approval.
Reasons for the revisions shall be documented by the PROPOSER and included in the revision request.

d. The DBE Utilization Plan must identify an active DBE liaison officer responsible for administrating the DBE program and promoting an inclusive DBE program.

e. After approval of the DBE Utilization Plan, PROPOSER may begin submitting DBE Committal Sheet.

2. Establishing DBE Committals

a. The PROPOSER shall aggressively implement the approved DBE Utilization Plan by submitting DBE Committal Sheets listing specific DBE firms to carry out the identified work elements. The use of DBE firms and the information to be provided on the DBE Committal Sheet shall be as instructed in Part A above. The PROPOSER’s Final DBE Committal Sheet with signed quotes on DBE company letterhead must be submitted and approved 30 calendar days prior to beginning of construction activities. Failure to meet this deadline may result in withholding progress payments. Construction activity will not begin until all DBE committals sheets are approved by SCDOT.

b. If the Final DBE Committal Sheet falls short of the DBE contract goal, the PROPOSER shall comply with the good faith efforts procedures in accordance with Part A above, with the exception that the good faith information is due within three (3) business days following the submission of final DBE committal sheet.

3. Progress Review Meetings / Monthly Updates

a. Implementation of the DBE Utilization Plan shall be a discussion point during each progress review meeting until such time as the SCDOT deems it a closed issue.

b. The DBE liaison officer shall attend all progress review meetings (in person or via teleconference).

c. PROPOSER’s failure to submit monthly updates or if the SCDOT believes the efforts of the PROPOSER in implementing the DBE Utilization Plan are insufficient. PROPOSER may incur sanctions as outlined in Part B above. The SCDOT’s approval date of the DBE Utilization Plan will establish the date for which monthly updates are required of the PROPOSER.

d. PROPOSER shall provide copies of executed DBE subcontracts when executed.

4. PROPOSER’s Obligation Post DBE Committal

a. Once a firm is listed on the DBE Committal sheet, the PROPOSER shall administer the subcontract with the firm in accordance with the instructions provided in Part B(1).

b. Proposer must invite all sub-contractors to the pre-construction/partnering session(s).

c. PROPOSER, for itself, for its design build team, and for its subcontractors and suppliers, whether certified DBE firm or not, commits to complying fully with all federal and state DBE provisions and agrees to assume these contractual obligations and to bind the design build team contractually to the same at the PROPOSER’s expense.
SCDOT Project Number ______________________

**DISADVANTAGED BUSINESS ENTERPRISES (DBE) COMMITTAL SHEET**

Information must be shown on this sheet as required by the supplemental specifications entitled “Disadvantaged Business Enterprises (DBE) Supplemental Specification” included in this proposal.

FAILURE TO PROVIDE ALL INFORMATION REQUIRED ON THIS FORM MAY RESULT IN THE AWARD BEING MADE TO THE NEXT LOWEST RESPONSIBLE AND RESPONSIVE BIDDER. FOR DESIGN BUILD PROJECTS, FAILURE TO PROVIDE ALL INFORMATION REQUIRED ON THIS FORM MAY RESULT IN SANCTIONS IN ACCORDANCE WITH PART B OF THE DBE SUPPLEMENTAL SPECIFICATIONS.

<table>
<thead>
<tr>
<th>1 Name &amp; Address of DBE’s (Subcontractor/Sub-consultant or Supplier)</th>
<th>2 Percent</th>
<th>3 Description of Work and Approximate Quantity</th>
<th>5 Dollar Value</th>
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**Total amount committed $ __________________** TOTAL COMMITTAL FOR THIS CONTRACT: ________%

1 The designation of Firm A and/or B is not considered acceptable. I hereby certify that this company has communicated with and received quotes from the DBE’s listed above and that they are willing to perform the work as listed above and that this company is committed to utilizing the above firm(s) on this contract.

2 Percent – show percent of total contract amount committed to each DBE listed.

3 All information requested must be included unless item is listed in proposal on a lump sum basis.

4 Unit Price – show unit price quoted by DBE.

5 Dollar Value – extended amount based on Quantity and Unit Price.

6 Applies to lump sum items only.

The form may be reproduced or additional sheets added in order to provide all requested information.

**SWORN to before me this ________________ day of _____________________, 20______________________________ ________________ ________________ **

Prime Contractor

______________________________

By: ___________________________

Signature of Prime Contractor Representative

______________________________ (SEAL)

Notary Public for _____________________

My commission expires: ________________

Title: ___________________________

Prime Contractor Representative

rev 7/1/19