

CHICAGO TRANSIT AUTHORITY DISADVANTAGED BUSINESS ENTERPRISE PROGRAM



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Introduction

The Chicago Transit Authority (CTA) operates the second largest public transportation system on the North American continent. Weekday riding averages over 1.4 million trips, with an annual ridership of 418.8 million system-wide.

The CTA, which was created by state legislation, began operating on October 1, 1947, after acquiring the properties of the Chicago Rapid Transit Company and the Chicago Surface Lines. On October 1, 1952, the CTA became the sole operator of transit services in Chicago when it purchased the Chicago Motor Coach System. The governing arm of the CTA is the Chicago Transit Board, consisting of seven members. Four members are appointed by the Mayor of Chicago, subject to approval by the City Council and the Governor of Illinois. Three members are appointed by the Governor, subject to approval by the State Senate and the Mayor of Chicago.

As a recipient of United States Department of Transportation (DOT) grant funds, CTA is subject to regulations governing such funds including the Code of Federal Regulations, Title 49 Part 26, which detail disadvantaged business enterprise (DBE) requirements.

As a recipient of DOT grant funds, CTA must adopt a DBE Program. The DBE Program in the pages that follow sets forth and formalizes CTA's actions with respect to upholding its commitment to create a level playing field on which small and disadvantaged businesses can compete fairly for DOT assisted projects.

SUBPART A – GENERAL REQUIREMENTS

Section 26.1 Objectives

CTA adopts the objectives provided in 49 CFR 26.1 for its DBE Program.

Section 26.3 Applicability

This CTA DBE Program (Program) will apply to contracts that are funded by United States Department of Transportation (DOT) grant funds.

Section 26.5 Definitions

The CTA adopts the definitions contained in Section 26.5 for its Program. See Attachment 1.

Section 26.7 Non-discrimination Requirements

CTA will not exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin.

In administering its DBE program, CTA will not, directly or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE program with respect to individuals of a particular race, color, sex, or national origin.

Section 26.11 Record Keeping Requirements

Uniform Report of DBE Awards or Commitments and Payments 26.11 (a)

CTA will report DBE participation to the DOT and Federal Transit Administration (FTA) on a bi-annual basis by submitting the Uniform Reports of DBE Awards or Commitments and Payment Form. This form reflects payments actually made to DBEs on DOT- assisted contracts.

Reporting to USDOT 26.11 (b)

CTA will continue to provide data about the Program to the DOT as directed by FTA.

Bidders List 26.11 (c)

The CTA will create a bidders list, consisting of information about all DBE and non-DBE firms that bid or quote on DOT-assisted contracts. The bidders list will include the name, address, DBE/non-DBE status, age, and annual gross receipts of firms

The CTA will obtain the above information by requiring all prime contractors bidding on DOT-

assisted contracts to return, at the time of submittal of its bid/proposal, a bidder's/proposer's information form included in the solicitation document. The form must be completed by the prime contractor and all subcontractors who submitted a bid to the prime for the contract.

The information obtained from this form will be used for statistical purposes only and will not be considered in the decision-making process of awarding the contract.

Section 26.13 Assurances

CTA shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE Program or the requirements of 49 CFR Part 26. CTA shall take all reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts.

CTA will include the following assurances in all DOT assisted contract:

Non-Discrimination:

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

- Termination of contract;
- Assessing sanctions;
- Withholding monthly progress payments;
- Liquidated damages; and/or
- Disqualifying the contractor from future bidding as non-responsible.

The Contractor agrees to include this assurance in all subcontracts and require its Subcontractors to include these assurances in their subcontracts.”

Prompt Payment:

The Contractor is required to pay each first tier Subcontractor for all Work that the Subcontractor has performed to the satisfaction of the CTA no later than fourteen (14) days after the Contractor has received payment from the CTA for that Work, and each tier of Subcontractors must likewise pay the next lower tier of Subcontractors within fourteen (14) calendar days after

receiving payment. **The Contractor agrees to include these assurances in all subcontracts and require its Subcontractors to include these assurances in their subcontracts.**

Retainage:

If this Contract provides for retainage, the CTA will make partial payments of retainage amounts for distinct portions of the Work that have been satisfactorily completed; the Contractor must then remit to each first-tier Subcontractor its share of any retainage within fourteen (14) days after receipt of such retainage from CTA, and each tier of Subcontractors must likewise remit retainage to the next lower tier of Subcontractors within fourteen (14) calendar days after receiving payment. If this Contract does not provide for retainage, then neither Contractor nor any Subcontractor may withhold retainage from a Subcontractor. Retainage must be reported in B2GNow. **The Contractor agrees to include these assurances in all subcontracts and require its Subcontractors to include these assurances in their subcontracts.**

SUBPART B – ADMINISTRATIVE REQUIREMENTS

Section 26.21 DBE Program Updates

The CTA will continue to carry out this Program until all funds from DOT financial assistance have been expended. CTA will provide to DOT updates representing significant changes in the Program.

Section 26.23 Policy Statement

The CTA has issued the policy statement attached as Attachment 2. The policy statement has been circulated throughout CTA as well as to DBE and non-DBE business communities that perform work on DOT-assisted contracts. The policy statement is also available on the CTA website.

Section 26.25 DBE Liaison Officer (DBELO)

CTA has designated the individual whose name is shown in Attachment 3 as the DBE Liaison Officer:

In this capacity, DBE Liaison Officer is responsible for implementing all aspects of the CTA's DBE Program and ensuring that the CTA complies with all provisions of 49 CFR Part 26. The DBE Liaison Officer has direct, independent access to the CTA President. (An organizational chart is provided in Attachment 4 of this Program.) It is the responsibility of the DBELO to carry out the day-to-day operations of the CTA's DBE Program. Specifically, the duties of the DBELO include, but are not limited to:

1. Develop, monitor and provide the implementation and continuing evaluation of the DBE Program;

2. Work with all CTA departments to set the CTA's overall annual DBE participation goal;
3. Circulate the DBE Policy Statement to CTA personnel and the CTA's contracting community;
4. Identify contracts and procurements to ensure that general and/or contract- specific DBE goals are included in solicitations and monitor the results;
5. Review third-party contracts and purchase requisitions for compliance with this program;
6. Ensure that bid notices and requests for proposals are available to DBEs in a timely manner;
7. Provide DBEs with information and assistance in preparing bids, and obtaining bonding and insurance;
8. Analyze the CTA's progress towards goal attainment and identify methods for improvement;
9. Consult with legal counsel, project managers and CTA's Purchasing Department to determine contractor compliance with good-faith efforts;
10. Certify DBEs according to the criteria set by the DOT and act as liaison to the Illinois Unified Certification Program Committee;
11. Maintain and update a Directory of bona fide DBEs qualified to participate in the DBE Program;
12. Provide management and technical assistance for the expansion and overall business development of DBEs;
13. Publicize CTA business opportunities to DBEs;
14. Attend pre-bid, pre-award and pre-construction meetings to explain DBE Program requirements;
15. Monitor contractors' and subcontractors' compliance with their DBE participation commitments through the life of the contracts;
16. Plan and participate in training sessions for the purpose of informing potential bidders about the DBE Program and about business opportunities with CTA;
17. Ensure timely submission of DBE Program reports that are required by FTA;

18. Maintain accurate and up-to-date records demonstrating DBE efforts and progress within CTA;
19. Review the Affirmative Action Programs of contractors to determine their compliance with DBE Program requirements; advise contractors (if required) of the steps necessary to bring them into compliance regarding DBE utilization; and conduct compliance reviews as needed to ensure effective program implementation;
20. Investigate complaints and protests filed against the DBE Program;
21. Ensure that each contract and each subcontract executed by the prime contractor contains the assurances listed in Section 26.13;
22. Consult with CTA's Chief Financial Officer to increase investment of funds with minority and female financial institutions;
23. Establish contract-specific DBE goals where applicable;
24. Survey the DBE community and other relevant sources as part of the DBE participation goal-setting process;
25. Conduct outreach in order to increase business opportunities for DBEs at CTA;
26. Advise the CTA's President and Board on DBE matters and achievement;
27. Evaluate all change orders that affect the original contract value for potential DBE participation opportunities; and
28. Ensure that safeguards are instituted to mitigate any potential conflicts of interest including reporting relationships.

Support Staff: The DBELO has a support staff from within the Diversity Programs Department. (A support staff organizational chart is provided in Attachment 4 of this Program.)

The President, with input from the DBELO, will evaluate the DBE compliance performance of all department heads and staff with specific DBE responsibility.

The following officials from other departments assist the DBELO with implementing the DBE Program:

1. General Counsel
2. Chief Financial Officer
3. Vice President, Purchasing & Warehousing
4. Chief Infrastructure Officer

The assistance includes, but is not limited to:

1. **General Counsel:** The General Counsel shall:
 - a. Provide legal advice with respect to interpreting and implementing the DBE regulations;
 - b. Advise the President and DBELO regarding matters dealing with imposition of administrative sanctions against contractors who violate any part of the DBE program requirements; and
 - c. Represent CTA in all legal actions involving DBE issues.
2. **Chief Financial Officer:** The Chief Financial Officer shall:
 - a. Consult with the DBELO to maximize investments of CTA funds with minority financial institutions, and periodically report progress to the CTA Board;
 - b. Assist in assuring adherence to the prompt payment provision in CTA contracts; and
 - c. Assist the DBELO in providing information on applications for federal grants.
3. **Vice President of Purchasing & Warehousing:** The Vice President of Purchasing & Warehousing shall:
 - a. Provide the scope of work for Invitation for Bids (IFBs), Request for Proposals (RFPs) and Request for Qualifications (RFQ) to the DBELO on a timely basis to enable goal-setting, outreach and, where applicable, development of appropriate DBE language;
 - b. Ensure that the DBELO has adequate time to review “good faith efforts” on all procurements with DBE contract goals when the goal is not met through participation;
 - c. Provide information to the DBELO on the projected contracts that the CTA plans to award during the upcoming federal fiscal year in a timely manner;
 - d. Ensure that the DBELO is kept abreast of all procurement policies and procedures, and changes thereto;
 - e. Offer instruction on bid/proposal specifications, procurement policies and procedures, and general bidding requirements to DBEs and prime contractors, when requested;
 - f. Assist the DBELO in giving instructions to DBEs on job performance,

- subcontracting, and bonding requirements;
- g. Support the DBELO with workshops, seminars, written material and specialized assistance to individual firms in order to facilitate DBE knowledge about procurement activities and business opportunities at CTA;
 - h. Ensure that the DBE community is notified of upcoming procurements, through announcements in the local and community newspapers and through providing the availability of plans and specifications to technical assistance agencies;
 - i. Ensure that a reasonable number of DBEs are listed on all bidders' lists;
 - j. Permit DBE to review and evaluate successful bid and proposal documents, subject to applicable law and confidentiality requirements;
 - k. Support and assist the DBELO with debriefing sessions to explain to DBEs as to why certain proposals were successful;
 - l. Hold and attend pre-bid conferences and pre-contract award meetings to assist the DBELO in giving instructions and explanation of DBE and procurement requirements in the solicitation;
 - m. Ensure that all procurement bid lead-times are reasonable and in accordance with normal industry practice;
 - n. Review with the DBELO certain types of procurements to determine whether the contracts may be broken down to be of a more advantageous size for DBE participation; and
 - o. Provide the DBELO with access to CTA procurement data on a monthly basis for completion of FTA-required reports.

4. Chief Infrastructure Officer: The Chief Infrastructure Officer shall:

- a. Provide advance notification of all construction projects that have subcontracting opportunities;
- b. Participate in public and community meetings to inform the DBE community of upcoming construction projects; and
- c. Assist the DBELO in the interpretation of contract specifications for clarification regarding payment and work related disputes.

Section 26.27 DBE Financial Institutions

It is the policy of the CTA to investigate the full extent of services offered by Minority

Financial Institutions (MFI) owned and controlled by socially and economically disadvantaged individuals in the community and to make reasonable efforts to use these institutions and encourage prime contractors on DOT-assisted contracts to make use of these institutions. The following clause is contained in the DBE Special Conditions section of contract documents:

“Minority Financial Institutions - The Bidder is encouraged to utilize financial institutions owned and controlled by socially and economically disadvantaged individuals and community banks. Information about such institutions is available on-line at the Federal Deposit Insurance Corporation (FDIC) websites.”

Investments may be made only in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). CTA may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the FDIC. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. CTA may invest any public funds in dividend bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

Whenever funds of the Authority are to be deposited in a financial institution in an amount which causes the total amount of the Authority's funds deposited with such Institution to exceed the amount which is protected by the FDIC, the Treasurer shall require that all of the Authority's deposits which exceed the amount insured by the FDIC shall be collateralized, at the rate of 102% of such deposit, by: bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest or, at the rate of 110% of such deposit, by: bonds, notes, debentures or other similar obligations of Agencies of the United States of America (as defined in the Authorized Investments section of this Investment Policy).

If the financial institution can guarantee all funds exceeding FDIC limits are collateralized, CTA will consider depositing funds with the MFI based on their product offering. A typical security should have a duration of six months to one year.

CTA will require a monthly report showing balances held and securities pledged to collateralized deposited funds from the MPI to monitor compliance.

Since the Public Funds Investment Act requires each agency to investment in institutions with a minimum of \$15,000,000 in capital, a capital to asset ratio of at least 6% and a 125% collateral deposit match, the CTA does not currently have any funds in MFIs. In order to determine whether CTA can consider depositing funds in an MFI, Diversity Programs will, on an annual basis, reach out to local MFI financial institutions with a questionnaire, developed with the Chief Financial Officer's staff.

CTA has also made a commitment in the CTA Investment Policy to utilize approved minority and female owned financial institutions, money managers and financial advisors in the investment of public funds.

Section 26.29 Prompt Payment Mechanisms

1. CTA will include the following clause in each DOT assisted contract as well as require that prime contractors on DOT-assisted contracts include this provision in each of their subcontracts:
 - a. The Contractor is required to pay each first tier Subcontractor for all Work that the Subcontractor has performed to the satisfaction of the CTA no later than fourteen (14) days after the Contractor has received payment from the CTA for that Work, and each tier of Subcontractors must likewise pay the next lower tier of Subcontractors within fourteen (14) calendar days after receiving payment. **The Contractor agrees to include these assurances in all subcontracts, and require its Subcontractors to include these assurances in their subcontracts.**
 - b. If this Contract provides for retainage, the CTA will make partial payments of retainage amounts for distinct portions of the Work that have been satisfactorily completed; the Contractor must then remit to each first-tier Subcontractor its share of any retainage within fourteen (14) days after receipt of such retainage from CTA, and each tier of Subcontractors must likewise remit retainage to the next lower tier of Subcontractors within fourteen (14) calendar days after receiving payment. If this Contract does not provide for retainage, then neither Contractor nor any Subcontractor may withhold retainage from a Subcontractor. Retainage must be reported in B2GNow. **The Contractor agrees to include these assurances in all subcontracts, and require its Subcontractors to include these assurances in their subcontracts.**
2. A delay in or postponement of payment to the Subcontractor requires good cause and prior written approval of the Director, Purchasing.

Reporting Requirements:

1. The Bidder shall, within seven (7) calendar days of contract award, or prior to any work being performed by any Subcontractor of any tier, execute written subcontracts or

purchase orders with the Subcontractors included in the Bid. In the event the Bidder cannot complete the agreement with one or more Subcontractors within this seven (7) day period, the Bidder must provide a written explanation for the delay and an estimated date by which the written agreement will be completed to the Director of Diversity. These written agreements shall be made available to the Director of Diversity upon request. **All contracts between the Bidder and its Subcontractors must contain the following clauses as set forth in section IX and XI herein: prompt payment clause, retainage clause, and non-discrimination clause.**

2. The Contractor must utilize the Authority's Diversity Management System ("B2GNow"), <https://cta.dbesystem.com/>, which provides the Contractor an easy-to-use, web-based service for reporting payments rendered to **all Subcontractors**.

The Contractor will receive an electronic alert for every payment received from the Authority and must report all Subcontractor payments in B2GNow no later than seven (7) calendar days after paying the Subcontractor(s). **Failure to follow these directions may delay payment.**

The Contractor will be expected to respond to desk audits performed at the contract's quarterly milestones. Requests for information will include, but are not limited to, subcontractor invoices and proof of payment (i.e. cancelled check or electronic fund transfer ("EFT") statement).

Enforcements

1. Failure to comply with the DBE requirements of the contract or with the DBE substitution procedures or failure to use DBEs as stated in the Bid constitutes a material breach of contract. The DBELO shall have the discretion to recommend to the Authority's Purchasing Agent that the Authority apply suitable sanctions to the Contractor if the Contractor is found to be in non-compliance with the DBE requirements. Such sanctions include, but are not limited to, withholding payment to the Contractor until corrective action is taken; suspension and/or termination of the contract, in whole or in part; declaring the Contractor non-responsible; and debarring or suspending the Contractor from entering into future contracts with the Authority.
2. The failure by the Contractor to use a DBE Subcontractor to the extent the Contractor committed to use said DBE gives the underutilized DBE specific contract remedies, including the right to damages, the right to resolve the dispute by binding arbitration before an independent arbitrator and the right to recover its reasonable expenses, including attorneys' fees, if the DBE is the prevailing party, as follows:
 - A. Damages. In the event the Contractor has not complied with the contractual DBE percentage and the change to the contractual DBE usage has not been approved by the Authority, an affected DBE may recover from the Contractor damages suffered by said DBE as a result of being underutilized. This provision is intended for the benefit of any DBE affected by underutilization and grants such entity third party beneficiary rights under the contract. Any

rights conferred by this provision are non-waivable and take precedence over any conflicting provisions in the agreement between the Contractor and the DBE.

- B. Arbitration procedures. If requested by the DBE, the DBE shall have the right to initiate binding arbitration of any dispute concerning damages suffered as a result of being underutilized. A DBE desiring to arbitrate must notify the Contractor in writing to initiate the arbitration process. Unless the affected parties agree to a different schedule in writing, within ten (10) days of receipt by the Contractor of the intent to arbitrate from the DBE, the above-described disputes must be arbitrated in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”), a not-for-profit agency, with an office at 225 North Michigan Avenue, Suite 2527, Chicago, Illinois 60601-7601. All such arbitrations must be initiated by the DBE filing a demand for arbitration with the AAA; must be conducted by the AAA; and must be held in Chicago, Illinois.
- C. Fees. All fees of the arbitrator are the initial responsibility of the DBE; provided, however, that the arbitrator is authorized to award reasonable expenses, including attorneys’ and arbitrator fees, as damages to a prevailing DBE.
- D. Entry of judgment. Judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction.

Section 26.31 Directory

CTA utilizes the Illinois Unified Certification Program (ILUCP) DBE directory, a directory maintained by all the ILUCP Participants:

- Chicago Transit Authority
- Illinois Department of Transportation
- City of Chicago
- Metra
- Pace

The IL UCP DBE directory is updated on a regular basis per the ILUCP Procedures (Attachment 5). An online directory is available at the Illinois Unified Certification Program Website: (<https://webapps.dot.illinois.gov/UCP/ExternalSearch>)

Section 26.33 Overconcentration

During the CTA’s review for the triennial goal methodology, the DBELO will review all contracts and NAICS codes used for overconcentration against available census data, bidders list data, and internal contract data. Specifically, the DBELO will review the percentage of total contract dollars that go to DBE firms in each NAICS code. If the DBELO determines that the DBE participation is overconcentrated in certain NAICS codes that it

unduly burdens the participation of non-DBEs in that type of work, the DBELO will develop appropriate measures to address the overconcentration. Once approved, those measures will be added to the Program.

Measures to address DBE overconcentration in a specific NAICS code may include, but is not limited to, the following:

1. Developing ways to assist DBEs to move into nontraditional areas of work;
2. Varying the use of contract specific DBE goals;
3. Working with our Prime contractors and DBE community to find and use DBEs in other industry areas;

Section 26.35 Business Development Programs

CTA has elected not to administer a Business Development Program (BDP) as part of its overall DBE activities. However, the CTA is committed to the growth and development of the DBE Community and its ability to compete in the general marketplace. In this interest, the CTA has developed a Mentor-Protégé Program to enhance the capacity and capabilities of DBE firms and thereby increase the opportunities for DBE participation on CTA contracts. The full details of CTA's Mentor-Protégé Program are provided in Attachment 6.

CTA has also established a DBE Advisory Committee that meets every other month to discuss strategies and initiatives pertaining to CTA's DBE Program. The Committee is comprised of DBE-certified firm, prime non-certified firms, and technical assistance agencies.

Section 26.37 Monitoring and Enforcement Mechanisms

CTA will engage in the following monitoring and enforcement mechanism to ensure compliance with 49 CFR Part 26:

1. CTA will bring to the attention of the Department of Transportation (DOT) any false, fraudulent, or dishonest conduct in connection with the Program, so that the DOT can take the steps (e.g., referral to the Department of Justice for criminal prosecution, referral to the DOT Inspector General, action under suspension and debarment or Program Fraud and Civil Penalties rules) provided in Section 26.109.
2. The CTA will monitor and enforce mechanisms to ensure compliance with 49 CFR Part 26. Failure to comply with the DBE requirements of the contract or failure to use DBEs as stated in the bid/proposal constitutes a material breach of contract. The DBELO shall have the discretion to recommend to CTA's Purchasing Agent that the Purchasing Agent apply suitable sanctions to the Contractor if the Contractor is found to be in non-compliance with the DBE requirements. Such sanctions include, but are not limited to, withholding payment to the Contractor until corrective action is taken; suspension and/or termination of the contract, in whole or in part; and debarring or suspending the Contractor from entering into future contracts with the CTA. Individual citizens aware of these violations by any company may report to CTA such incidence

directly to the Diversity Programs Department at (312) 681-2600.

3. CTA will also provide a monitoring and enforcement mechanism to verify that work committed to DBEs at contract award or subsequently is actually performed by the DBEs to which the work was committed. This will be accomplished by the following:

Executed Subcontract Agreements

When a contract award is made by the CTA, the prime contractor is sent a copy of the fully executed contract. Once a subcontract is executed CTA will inform the DBE subcontractors in writing that they have been named as subcontractor on the contract. Upon notification to the prime contractor of contract award, the prime contractor is required to execute subcontractor agreements or purchase orders with DBEs listed on their utilization plan within seven (7) calendars days prior to start of work with the DBE subcontractors identified in its bid/proposal. These subcontractor agreements will be reviewed by the Diversity Programs Department to ensure that proper non-discrimination, prompt payment, and retainage clauses are outlined in these agreements.

Kick-off Meeting

Diversity Programs staff shall attend a kickoff meeting to inform the contractor of the DBE Requirements and other matters, prior to or immediately after Notice to Proceed is issued. If a kickoff meeting is not scheduled, the prime contractor will be notified in writing of DBE requirements. The Contractor shall be responsible for informing the Subcontractors of all DBE Requirements as specified by CTA herein.

Commercially Useful Function Monitoring

During the course of the contract, CTA will conduct onsite monitoring to ensure that the scope of work committed to the DBEs are actually being performed by the DBEs. This monitoring effort is fully incorporated by CTA's compliance site visit process. The observed work will be reconciled with the DBE subcontractor agreements and also the certified payroll submitted if applicable.

Section 26.39 Small Business Enterprise Program

CTA will establish a race-neutral small business program (SBE Program). The program will:

1. Apply the Small Business Administration's (SBA) size standards for small businesses. Only those businesses that conform to the SBA size standards are eligible to participate in the SBE Program.
2. Apply 49 CFR 26.67 to establish the economic threshold of a small business owner in order to be considered economically disadvantaged.
3. Accept certifications by the entities listed on Attachment 7 to the DBE Special Conditions as revised from time to time by the DBELO.

4. From time to time, the DBELO may add additional certifying agencies whose small business certifications CTA will accept. CTA will not accept self- certifications.
5. DBE-certified firms will be grandfathered into the SBE Program.
6. To be considered for the SBE Program, non-DBE firms that meet the size and economic thresholds described herein must submit a certification application, including all required supporting documents demonstrating Personal Net Worth and Business Size i.e. personal tax returns for the last three years and business tax returns for the last three years are small businesses.
7. All participants in the SBE Program will be required to submit documentation supporting its certification as a small business when requested by CTA.
8. Two types of contracts may be included in the SBE Program: (1) Select blanket contracts with independent cost estimates (ICE) up to \$ 5,000,000 per year and select definite-quantity contracts with ICEs up to \$5,000,000 per contract will be identified to allow and encourage small businesses to bid as prime contractors. (2) Certain larger construction contracts will require that prime contractors identify portions of the work to subcontract to only small businesses.
9. Contract will be reviewed by the DBELO before advertisement to determine if the contract will be included in the SBE Program.
10. At the time of submitting its bid on a larger construction contract included in the SBE Program, prime contractor bidders will be required to identify those specific portions of the work to be subcontracted only to small businesses. Compliance with this requirement will be an element of responsiveness to the bid.

SUBPART C – GOALS, GOOD FAITH EFFORTS, AND COUNTING

Section 26.43 Set-asides or Quotas

The CTA's DBE Program is a goal-oriented program. The CTA will not use quotas in any way in the administration of the DBE Program.

Section 26.45 Overall Goals

CTA will follow the requirements of 49 CFR Part 26 when setting its overall agency DBE goal for its DOT-assisted contracts. To the extent possible, the goal will be met using means that are race neutral such as outreach, technical assistance and procurement modification. Where race neutral means are insufficient, contract-specific goals will be set by the CTA to assist it in achieving its overall agency DBE goal. The means used to achieve the goal will avoid imposing undue burden on on-DBEs.

Contract-specific goals will be reviewed regularly. The information gathered from such review will be used, along with other data, to adjust the use of contract-specific goals accordingly. The overall agency DBE goal will be reviewed on a tri-annual basis and revised as necessary.

From time to time, the CTA will utilize the services of a consultant to analyze available data, including census data, survey data and data on past CTA contracting with federal dollars to perform a disparity study. This consultant will perform a detailed statistical analysis to assess the current availability data and a detailed statistical analyses that assesses the current availability of DBEs in relevant market and that assesses whether past or current discrimination has limited the current availability of DBEs in that market.

CTA will establish its overall DBE goal every three (3) years and establish project-specific DBE goals when appropriate. In accordance with the methodology set forth in the regulations (49CFR Part 26.45), the CTA will then establish its overall and project-specific DBE goal as follows:

Step 1: The current bidders list that CTA compiles will be used to determine the number of ready, willing, and able DBE firms and the number of all ready, willing, and able firms. Each firm will be required to provide NAICS code(s) in which it would like to compete for CTA contracts in. CTA will then receive forecasted DOT-assisted contracts from all departments and identify subcontracting opportunities by NAICS code for each contract and assign estimated dollars based on the departments' estimates. Finally, CTA will divide the number of DBE firms by the number of all firms in each NAICS code to derive the base figure.

Step 2: In addition to measuring the relative availability of DBEs, the CTA will gather historical data on the forecasted contracts to analyze whether the forecasted dollars are similar to the previous three years of DOT-assisted spending. If they are similar, CTA will use the median attainment from the past three years to adjust the base figure. To adjust the base figure, CTA will average the base figure and the median attainment from the past three years. If they are not similar, CTA will review previous contracts similar in size and scope to analyze whether the base figure is consistent with previous attainments.

CTA will also confer with local experts, engage in public outreach, meet with technical assistance agencies, and examine anticipated changes in DOT-assisted contracting over the next year to buttress the consultant's recommendation.

When establishing or revising its agency DBE goal, CTA will:

1. Consult with minority, women's and general contractor groups, community organization, and other officials and organizations.
2. Publish (in general circulation and minority-focused media and trade publications) a notice announcing the overall goal and the fact that the goal and a description of the methodology used to establish it is available for inspection on CTA website and during an "Open House" event hosted at CTA Headquarters. The public will be advised that it

can submit comments on goals to CTA of the FTA within thirty (30) days of the date of publication.

3. This information will be made available on the CTA website. The notice includes the address for CTA's principal offices where the program goals can be reviewed and the address to which comments could be sent.
4. Distribute the methodology to the CTA's DBE Advisory Committee for feedback.

If CTA is instructed by FTA or feels it is necessary to establish a project DBE goal, CTA will use the same methodology described above specific to the work detailed in the project.

Section 26.47 Goal Setting and Accountability

If the awards and commitments shown on CTA's Uniform Report of Awards or Commitments and Payments at the end of any fiscal year are less than the overall applicable to the fiscal year CTA will:

1. Analyze in detail the reason for the difference between the overall goal and the actual awards/commitments;
2. Establish specific steps and milestone to correct the problems identified in the analysis; and
3. Submit the plan to the FTA within 90 days of the end of the affected fiscal year.

Section 26.49 Transit Vehicle Manufacturers Goals

The CTA will require each TVM, as a condition of being authorized to bid or propose on DOT-assisted transit vehicle procurements, to certify that it has complied with the requirements of 49 CFR Part 26.49. In conformity with 49 CFR Part 26.49 (f), CTA may, at its discretion and with FTA approval, establish project-specific goals for DBE participation in the procurement of transit vehicles.

CTA will verify each bidder/proposer's TVM certification on DOT's website prior to the award of a contract or option on a contract. Additionally, CTA will notify DOT within 30 days of making an award of a new contract or an option on a multi-year contract including the name of the successful bidder and the total dollar value of the contract.

Section 26.51 Meeting Overall Goals/Contract Goals

Race-Neutral Measures (26.51) (a-c)

The CTA will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The CTA will use the following race-neutral means to increase DBE participation:

1. The invitation for bids/proposals which are publicly advertised will be solicited from an adequate number of known small businesses, providing them sufficient bid-submittal time prior to the date set for opening bids/proposals. Ensure that unreasonable requirements are not placed on firms in order for them to qualify to do business, such as unnecessary experience and excessive bonding. Also ensure establishment of delivery schedules, quantities and specifications, where the solicitation permits, that encourage participation by small and DBE businesses;
2. Unbundling large contracts to make them more accessible to small businesses;
3. Encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces;
4. Providing assistance to DBEs in overcoming limitations such as inability to obtain bonding or financing (e.g., by such means as simplifying the bidding process, reducing bonding requirements, use of progress payments when appropriate requirements are met, eliminating the impact of surety costs from bids, and providing services to help DBEs and other small businesses obtain bonding and financing);
5. Providing technical assistance and other services;
6. Carrying out information and communications programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs and other small businesses on CTA's mailing lists for bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate);
7. Ensuring distribution of the DBE directory, through electronic means, to the widest feasible universe of potential prime contractors;
8. Institution of a Business Development Program which will assist DBE and other small businesses as new start-up firms (particularly in fields where DBE participation has historically been low), develop their capability to utilize emerging technology and conduct business through electronic media, help them improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventual self-sufficiency; and
9. Implementation of a Railroad Protective Insurance Program to permit purchase of this insurance, when required by the contract, at lower costs than on the open market.

Contract Goals 26.51(d-g)

The CTA will use contract goals to meet any portion of its overall DBE goal it projects it will not be able to meet using race-neutral means. Contract goals will be established over the period to which the overall goal applies.

CTA will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities, and the size of the goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

Section 26.53 Good Faith Efforts Procedures

In its Good Faith Efforts evaluation, CTA will consider the quality, quantity, and intensity of the different kinds of efforts that the bidders/proposers have made. It will be determined if the efforts employed by the bidders/proposers were those that one could reasonably expect a bidder/proposer to take if the bidder/proposer was actively and aggressively trying to obtain DBE participation sufficient to meet the DBE contract goal. Examples of good faith efforts are given in 49 CFR, Appendix A to Part 26 and in the DBE Special Conditions of the CTA contract.

Mere *pro forma* efforts will not be considered good faith efforts to meet the DBE contract requirements.

CTA will also take into consideration the performance of the other bidders/proposers in meeting the goal or good faith efforts on the specific contract. When other bidders/ proposers have met the goal, the CTA will analyze the reasonableness of the effort of the apparent low bidders/ successful proposers. If the apparent low bidder/ successful proposer fails to meet the goal, but meets or exceeds the average DBE participation obtained by other bidders/ proposers, this will be viewed by CTA in conjunction with the efforts listed above as evidence of the apparent low bidders/ successful proposers having made good faith efforts.

Information to be Submitted: 26.53 (b)

Each Solicitation for which a contract goal has been established will require the bidder/ offeror, with bid proposal, to submit the following information:

1. The names and addresses of DBE's that will participate in the contract;
2. A description of work that each DBE will perform;
3. The dollar amount of each DBE's participation;
4. Written and signed documentation of commitment to use a DBE subcontractor whose participation it submits to meet a contract goal;
5. Written and signed confirmation from the DBE that it is participating on this contract as provided in the prime contractor's commitment; and
6. If the contract goal is not met, evidence of good faith efforts.

Evaluation of Good Faith Efforts: 26.53 (a) & (c)

1. For all contracts in which contract DBE goals are established, CTA will inform competitors in the solicitation that all bidders/proposers will be required to show good faith efforts to meet the DBE goal with their bid/proposer documents. Good faith efforts will be shown by documenting enough DBE participation to meet the goal or documenting adequate good faith efforts to meet the goal or a combination of the two. A ward of the contract will be conditioned upon the bid/proposers documenting good faith efforts to meet the DBE goals on the contracts.
2. On all invitations for bids, meeting the DBE goal/documenting good faith efforts will be an element of responsiveness. On all requests for proposals and letters of interest and qualifications, meeting the DBE goal/documenting good faith efforts will be an element of responsibility.
3. All bids and proposals must contain the following:
 - a. The name and addresses of the DBE subcontractors that will participate in the contract;
 - b. A description of the work that each DBE will perform;
 - c. The dollar amount of the participation of each DBE firm participating;
 - d. Written documentation of the bidder's/proposer's commitment to use the DBE subcontractors whose participation it submits to meet a contract goal or otherwise
 - e. Written confirmation from the DBE that it is participating in the contract as provided in the prime contractor's commitment.

If insufficient DBE participation is submitted to meet the DBE contract goal, bidders/proposers must document their good faith efforts to meet the goal at the time of submitting their bid or proposal. This submission should be submitted on company letterhead and signed by a President, Vice President, or other employee authorized by corporate resolution or bylaw to bind the company. CTA will ensure that all information is complete, accurate, and adequately documents the bidder's and or proposer's good faith efforts before CTA awards the contract.

Reconsideration 26.53 (d)

CTA requires that all information regarding DBE participation and/or good faith efforts must be submitted with the bid. If it is determined that the apparent lowest bidder has failed to submit adequate good faith efforts, CTA will provide the apparent low bidder an opportunity for administrative reconsideration before awarding the contract. The DBELO will provide the

second low bidder an opportunity for administrative reconsideration as well. If necessary, this procedure will be repeated for subsequent bidders. This reconsideration will include the following:

1. The opportunity to either provide written clarification to or attend a scheduled meeting with the Reconsideration Officer concerning the issue of whether the efforts taken by the bidder met the DBE contract goal or documented adequate good faith efforts to meet the goal. The reconsideration official will not have played any role in the original determination that the bidder/ offeror did not document sufficient good faith efforts;
2. A written decision will be issued promptly to the bidder explaining the basis for the finding that the bidder did or did not meet the goal through participation or made adequate good faith efforts to do so. The result of the reconsideration process is not administratively appealable.

Good Faith Efforts when a DBE is Terminated/Substituted on a Contract 26.53 (f)

CTA requires that prime contractors not terminate a DBE subcontractor listed on a bid/contract with a DBE contract goal without CTA's prior written consent. Prior written consent will only be provided where there is "good cause" for termination of the DBE firm, as established by Section 26.53(f)(3) of the DBE regulation.

Before transmitting to CTA its request to terminate, the prime contractor must give notice in writing to the DBE of its intent to do so. A copy of this notice must be provided to CTA prior to consideration of the request to terminate. The DBE will then have five (5) days to respond and advise CTA of why it objects or agrees with the proposed termination. A copy of the DBE's response must also be provided to CTA. [Note: the five-day period may be reduced if the matter is one of public necessity. e.g., safety.]

In those instances where "good cause" exists to terminate a DBE's contract, CTA will require the prime contractor to make good faith efforts to replace a DBE that is terminated or has otherwise failed to complete its work on a contract with another certified DBE, to the extent needed to meet the contract goal. CTA will require the prime contractor to notify the DBE Liaison officer immediately of the DBE's inability or unwillingness to perform and provide reasonable documentation.

In this situation, CTA will require the prime contractor to obtain our prior approval of the substitute DBE and to provide copies of new or amended subcontracts, or documentation of good faith efforts.

Section 26.55 Counting DBE Participation

CTA will count DBE participation toward overall and contract goals as provided in 49 CFR 26.55.

Commercially Useful Function

DBE primes and subcontractors, at any tier, must perform a Commercially Useful Function (CUF). 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, you must 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.

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. If a DBE does not perform or exercise responsibility for at least 30 percent (30%) 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, CTA will presume that the DBE is not performing a commercially useful function

When a DBE is presumed not to be performing a commercially useful function, the DBE may present evidence in writing to rebut this presumption. CTA may determine that the firm is performing a commercially useful function given the type of work involved and normal industry practices. CTA decisions on commercially useful function are not administratively appealable.

Counting guidelines are provided as follows:

DBE as the Prime Contractor: 100% DBE credit for that portion of the work performed by the DBE's own forces, including the cost of materials and supplies. Work that a DBE prime subcontracts to a non-DBE firm does not count toward the DBE goal.

DBE as a Joint Venture Contractor: 100% DBE credit for that portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work performed by the DBE's own forces.

DBE as a Subcontractor: 100% DBE credit for the work of the subcontract performed by the DBE's own forces, including the cost of materials and supplies, excluding the purchase of materials and supplies or the lease of equipment by the DBE subcontractor from the prime contractor or its affiliates. Work that a DBE subcontractor in turn subcontracts to a non-DBE firm does not count toward the DBE.

DBE as a Material Supplier or Broker:

100% DBE credit for the cost of materials or supplies obtained from a DBE

manufacturer.

60% DBE credit for the cost of the materials or supplies purchased from a DBE regular dealer.

100% DBE credit for the value of reasonable fees and commissions for the procurement of materials and supplies if not a regular dealer or manufacturer

DBE as a Trucker: 100% DBE credit for trucking participation provided the DBE is responsible for the management and supervision of the entire trucking operation for which it is responsible. At least one truck owned, operated, licensed and insured by the DBE must be used on the contract. Credit will be given for the full value of all such DBE-owned trucks operated using DBE employed drivers. DBE credit for transportation services provided by a non-DBE firm will be limited to the value of transportation services provided by DBE-owned trucks on the contract. Any additional participation by a non-DBE firm will receive credit only for the value of the reasonable fee or commission received by the DBE.

CTA uses the following six (6) factors in determining whether to count expenditures to a DBE trucking firm, to determine if it is performing a commercially useful function:

1. 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 the DBE commitment.
2. The DBE must itself own and operate at least one fully licensed, insured and operational truck used on the contract.
3. The DBE receives credit for the total value of the transportation services it provides on the contract using trucks it owns, insures, and operates using drivers it employs.
4. The DBE may lease trucks from another DBE firm, including an owner-operator who is certified as a DBE. The DBE who leases the trucks from another DBE receives credit for the total value of the transportation services the DBE lessor provides on the contract.
5. The DBE may also lease trucks from a non-DBE firm, including an owner-operator. The DBE who leases trucks from a non-DBE is entitled to credit for the total value of transportation services provided by the non-DBE firm not to exceed the value of transportation services provided by DBE-owned trucks on the contract. Additional participation by non-DBE firms receive credit only for the fee or commission it receives as a result of the lease arrangement. CTA will obtain written consent from FTA if it chooses this approach.

For purposes of the section above, 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.

SUBPART D – CERTIFICATION STANDARDS

Section 26.61 – 26.73 Certification Process

The CTA and the other certifying members of the IL UCP will use the certification standards of 49 CFR, Subpart D of Part 26 and the certification procedures of Subpart E of Part 26 to determine the eligibility of firms to participate as DBEs in DOT-assisted contracts. To be certified as a DBE, a firm must meet all certification eligibility standards. CTA will make its certification decision based on the facts as a whole.

For information about the certification process, firms will be directed to contact the DBELO at (312) 681-2600, or directed to submit such requests in writing to:

diversity@transitchicago.com

or

Chicago Transit Authority
Diversity Programs Department
567 W. Lake St. 4th Floor
Chicago, IL, 60601

Applications are available online. (<https://cta.dbesystem.com/>)

Section 26.67 Personal Net Worth

CTA will require all disadvantaged owners of applicants and of currently-certified DBEs whose eligibility under 49 CFR Part 26 is reviewed, to submit documentation of personal net worth (PNW). CTA will ensure all PNW statements are incorporated into each application for certification or if required during certification review.

The statement of personal net worth and supporting documentation submitted pursuant to 49 CFR, Part 26.67 (a)(2)(I) will be kept confidential by the CTA

Section 26.73 Other Rules Affecting Certification

1. CTA does not consider commercially useful function issues with respect to DBE certification eligibility. CTA recognizes that commercially useful function pertains solely to counting DBE participation and meeting DBE goals on individual CTA contracts.
2. CTA will consider whether a firm has exhibited a pattern of conduct indicating its involvement in attempts to evade or subvert the intent or requirements of the DBE

Program when rendering certification decisions.

3. CTA will evaluate the eligibility of a firm on the basis of present circumstances.
4. CTA requires all firms seeking DBE certification to cooperate fully with requests from CTA and DOT for information relevant to the certification process. Failure of refusal to provide such information is a ground for a denial or removal of certification.
5. CTA will only accept firms organized for-profit in consideration for DBE certification.
6. An eligible DBE firm must be owned by individuals who are socially and economically disadvantaged. Except as set forth below, a firm that is not owned by such individuals, but instead is owned by another firm-even another DBE firm- cannot be an eligible DBE.
7. A subsidiary of socially and economically DBE eligible parent company or holding company may be certified if it otherwise meets all the requirements for certification. In this situation, the individual owners and controllers of the parent or holding company are deemed to control the subsidiary through the parent or holding company. Where the parent or holding company has not applied for certification, CTA will require it to first demonstrate its eligibility prior to certifying the subsidiary.
8. CTA will certify such a subsidiary only if there is cumulatively 51 per cent ownership of the subsidiary by socially and economically disadvantaged individuals.
9. Recognition of business as a separate entity for tax or corporate purpose is not necessarily sufficient to demonstrate that a firm is an individual business, owned and controlled by socially and economically disadvantaged individuals.
10. Prequalification as a condition for DBE certification is not required at this time.
11. CTA recognizes firms owned by a Native American tribe or Native Hawaiian organization as an entity, not as individuals. Such a firm must meet the size standards of CFR Part 26.65 and be controlled by socially and economically disadvantaged individuals, as provided in 49 CFR, Part 26.71.
12. CTA will comply with requirements for Alaskan-Native Corporation set forth in 49CFR, Part 26.73(i).
13. CTA will confirm, through the DOCR website, that an applicant firm has not been denied within 12 months of the submitted application to CTA by another IL UCP certifying agency.

SUBPART E – CERTIFICATION PROCEDURES

Section 26.81 Unified Certification Programs

CTA is a member of the Illinois Unified Certification Program (ILUCP) administered by Illinois Department of Transportation (IDOT). The ILUCP will meet all of the requirements of this section. CTA will use and count for the DBE credit only those DBE firms certified by the ILUCP. The Illinois Unified Certification Program Procedures are found in Attachment 5.

Section 26.83 No Change Affidavits

“No Change” Affidavits and Notices of Change

CTA requires every DBE to provide to CTA written notification in an affidavit of any change in its circumstances affecting its ability to meet size, disadvantaged status, ownership, or control criteria of 49 CFR Part 26, or any material changes in the information provided with DBEs application for certification within 30 days of change.

CTA also requires all owners of DBE firms that have been certified by CTA to submit, on a yearly basis, a “no change” affidavit. The following is an excerpt of the text of this affidavit:

“I swear that there has not been any change in the circumstances of [name of DBE firm] affecting its ability to the size, disadvantaged status, ownership, or control requirements of 49 C FR Part 26. There has not been any material change in the information provided with [name of DBE]’s application for certification, except for any changes in which written notice was provided under 49 CFR 26.83. (I). [name of DBE firm] and its affiliates continue to meet the Small Business Administration (SBA) criteria for being a small business and its average annual gross receipts (pursuant to SBANAICS size limits), in addition to ensuring the firm’s previous three fiscal years, does not exceed the USDOT, 22.41million size limit.”

CTA requires DBEs to submit with this affidavit documentation of the firm’s size and gross receipts.

CTA will mail “no change” affidavit notifications to all currently certified DBE firms sixty (60) Days and thirty (30) Days before the anniversary date of certification. By signing the affidavit the DBE owners affirm that they meet all regulatory requirements of Part 26, including personal net worth. If a firm’s owner knows or should know that he or she, or the firm, fails to meet a Part 26 eligibility (e.g., personal net worth), the obligation to submit a notice of change still applies.

Certification Review Procedures

1. Process

- a. Per 49 CFR 26.83(h)(2), a grantee “may conduct a certification review of a certified DBE firm, including a new on-site review, if appropriate in light of changed circumstances (e.g., of the kind requiring notice under paragraph (i) of this section or relating to suspension of certification under §26.88), a complaint, or other information concerning the firm's eligibility.”

- b. If the authority is presented with evidence that warrants a Certification Review, the Certification Manager will send a letter via email advising the DBE firm of the Certification Review. The letter will state that the firm must submit the documents requested and an unannounced site visit may be performed.
 - c. Once the complete file has been review, the Certification Manager will make a recommendation to the DBELO to either (a) begin removal proceedings or (b) allow the firm to remain DBE certified.
2. Documents Requested
- a. During a Certification Review, the Certification staff will request the following documentation [49 CFR 26.67 (b)]:
 - i. Personal Net Worth Statement
 - ii. Personal tax returns of the majority owners for the previous 3 fiscal years
 - iii. Other documentation as deemed necessary
3. Reasons for a Certification Review
- a. Complaint [49 CFR 26.87(a)(1) & (2)]
 - i. If the Diversity Programs Department receives a complaint about a DBE firm, the Certification Manager will review the information received to determine whether a Certification Review is needed.
 - b. Compliance Site Visit [49 CFR 26.83(h)(2)]
 - i. While performing commercially useful function [CUF] site visit, if the Compliance staff records observations that they feel warrant a Certification Review of a DBE firm, the Compliance Staff will document their observations in a memo to the Compliance Manager. Upon review, if the Compliance Manager agrees a Certification Review is necessary, the Compliance Manager will recommend to the Certification Manager via a memo.
 - c. No Change Affidavit [NCA] Review
 - i. While performing a NCA Review, if the Certification staff identifies reasons for a firm to undergo a Certification Review, they will document their observations in a memo to the Certification Manager.

Section 26.85 Interstate Certification

Firms certified outside of Illinois seeking DBE certification with CTA

The CTA requires that firms seeking Interstate Certification must submit:

1. A complete copy of the firm's original application forms state and all supporting documents submitted to its home and any other information submitted to any state related to its certification. This includes No Change Affidavits and any notices of changes the firm submitted to any recipient concerning its application or status as a DBE;
2. Any notices or correspondences from states other than the firm's home state

concerning its status as an applicant or a DBE (e.g., denial of certification or subject of decertification action);

3. If the firm has filed a certification appeal with DOT, it must disclose this and provide its appeal letter and DOT's response;
4. An affidavit sworn to by the firm's owner(s) before a person authorized by state law to administer such oaths or an unsworn declaration under penalty of perjury that the firm's owner(s) has submitted all information required by 49 CFR Part 26.85(c) and the information is correct and that the information above is identical to the information submitted to its home state. If the firm's home state on-site report is more than three years old as of the date of the firm's application to the CTA, the CTA will require that the affidavit also affirm that the facts in the on-site report remain true and correct.
5. With seven (7) days of CTA receiving, from an applicant firm, all the information required by 49 CFR Part 26.85(c), the CTA will request a copy of the site visit report from the firm's home state, any updates to the site review and any evaluation based on the site visit. The firm's home state must transmit this information to the CTA within 7 days of receiving the request. If the CTA does not receive a copy of the site visit report from the firm's home state within 14 days after it has made a timely request, the certification review process will be in abeyance pending receipt of this report. In this event, the CTA will notify the firm of this delay and the reason for it no later than 30 days from receipt of all the required information from the firm.
6. The CTA will review all submitted information to determine whether it believes the home state's certification is erroneous or should not apply in Illinois. This determination will be based upon:
 - a) Fraud is involved in the certification;
 - b) Information not available when the home state certified the firm showing that the firm is not eligible;
 - c) The home state's certification is erroneous or was inconsistent with the requirements;
 - d) The state law of Illinois requires a different result than the home state's law.
 - e) The information provided by the firm does not meet the requirements listed in 1 through 4 above.

Should the CTA determine that the home state's certification is consistent with the requirements of 49 CFR part 26; no later than 60 days from receipt of all the information required from the firm, send notification to the firm that it is certified, and its information will be listed in the next issuance of the IL UCP DBE Directory.

Should the CTA determine the firm's home state certification is factually erroneous and inconsistent with the requirements of 49 CFR part 26, no later than 60 days from receipt of all the required information from the firm, send written notification to the firm stating the reasons for the determination

and offer the firm an opportunity to respond. The firm will be given 20 days from receipt of the notification to respond, either may in writing, request an in-person meeting with the CTA hearing officer, or both. The CTA hearing officer must be thoroughly familiar with the DBE certification requirements. If a meeting is requested, the CTA must schedule a meeting to take place within 30 days of receipt of the firm's request and notify the home state of determination.

The firm bears the burden of proof based upon a preponderance of the evidence with respect to the particular issues raised by the CTA. The CTA must issue a written decision within 30 days of receipt of the written response from the firm or meeting with the CTA hearing officer, whichever is later. The firm's certification application remains in pending status awaiting the outcome of this process. The decision by the CTA may be appealed to the US DOT Department of Civil Rights under § 26.89.

CTA certified firms seeking DBE certification outside Illinois:

It is the policy of the CTA to cooperate fully and timely to process CTA certified firm's request for certification outside Illinois within 14 days receipt of the firm's written request.

- 1) Copy the firm's application and all supporting documentation and provide them to the firm.
- 2) Provide a copy of the site visit report to the requesting state within 7 days of receipt of the request.

NOTE: If the site visit report is more than three years old and the requesting state requires more current information, the CTA will conduct a courtesy review within 14 days after receipt of this notification from the requesting state.

Section 26.86 Denial of Certification

The CTA may deny a firm's an initial request for certification when:

- A firm fails to cooperate per 26.109(c). Applicants are given twenty (20) calendar days after receipt of the Request for Information (RFI) letter to respond. If information is not received by the 20th calendar day, a follow-up RFI letter will be sent giving the firm ten (10) additional calendar days to respond. If within the specified time period, no contact has been made by the applicant the firm, the application will be denied.
- A firm does not prove it is 51% owned and controlled by a socially and economically disadvantaged individual.
- A firm's annual gross receipt 3-year average, including any and all affiliates, exceeds the Small Business Administration's business size standards for the NAICS code(s), found in 13 CFR 121 and 49 CFR 26.71, appropriate to the type(s) of work the applicant firm seeks to perform. Per 26.65, an applicant firm is not eligible for DBE certification if it's 3-year

average annual gross receipts, including any and all affiliates, exceeds the DBE Program cap of \$23,980,000.

The CTA will provide the applicant firm a written explanation of the reasons for the denial, specifically referencing the evidence in the record that supports each reason for denial. The CTA also establishes a time period of twelve months that must elapse before the firm may reapply for DBE certification. The firm may appeal the denial to DOT.

When CTA denies a firm's application, rejects a firm certified in another state or removes a firm's eligibility in whole or in part, it must make an entry in the Department of Transportation Office of Civil Rights' (DOCR) Ineligibility Determination Online Database. The entry shall include:

- i) Firm's name;
- ii) Firm's owner(s) name(s);
- iii) Type and date of the action; and
- iv) Reason for the action.

The CTA will check the DOCR website at least monthly to determine whether any firm that is applying for certification or has already been certified, is on the list. If such a firm is on the list, the CTA will promptly request a copy of the listed decision from the UCP that made it. The information will be considered in determining what action to take with respect to a DBE or applicant. A UCP receiving the request will provide a copy of the decision to the requesting UCP within 7 days.

The firm's information including reason for denial will be input to the DOCR website no later than 14 days after denial.

Section 26.87 Removal of Certification

In the event CTA proposes to remove a DBE's certification, it will follow procedures consistent with 49 CFR 26.87. To ensure separation of functions in the removal of a firm's eligibility, the DBELO has established a reconsideration officer who will render such decisions, separate and apart from the DBE Program Office. See Attachment 8 to this Program sets forth these procedures in detail.

In the event the CTA denies a firm's initial certification or renders a decision to remove a firm, the firm may not submit another application for certification eligibility prior to 12 months from the date of our decision letter.

Section 26.88 Summary Suspension of Certification

The CTA will immediately suspend a certified firm's DBE certification pursuant to 49 CFR 26.88 when:

- An individual owner whose ownership and control of the firm are necessary to the firm's certification dies or is incarcerated;
- There is adequate evidence to believe that there has been a material change in circumstances that may affect the eligibility of the DBE firm to remain certified;
- When the DBE fails to notify the department or IL UCP in writing of any material change in circumstances;
- Fails to timely file an affidavit of no change under 49 CFR 26.83(j).

Following receipt of the Notice of Suspension, if the DBE believes it is no longer eligible, it may voluntarily withdraw from the program, in which case no further action is required. If the DBE believes that its eligibility should be reinstated, it must provide to the agency information demonstrating that they are eligible notwithstanding its changed circumstances. Within 30 days of receiving this information, the agency must either lift the suspension and reinstate the firm's certification or begin decertification procedures under §26.87 of this part. During the proceeding, the suspension remains in effect.

CTA may also immediately suspend a DBE's certification if there is adequate evidence to believe that there has been a material change in circumstances that may affect the eligibility of the DBE firm to remain certified, or when the DBE fails to notify the CTA in writing of any material change in circumstances as required by 49 CFR 26.83(i).

In the event that CTA suspends a firm's DBE certification, the firm will be notified of the suspension by certified mail, with a return receipt requested, to the last known address of the owner(s) of the DBE firm. Following receipt of the Notice of Suspension, a DBE may voluntarily withdraw from the program, if the owner believes the firm is no longer eligible, or the DBE must provide the CTA information demonstrating that the firm is eligible notwithstanding its changed circumstances.

The DBE firm will not be considered to meet a contract DBE goal on a new contract while suspended and any work it does on a contract while suspended will not be counted toward the CTA's overall goal.

The DBE firm will be counted to for DBE credit for contracts executed before the DBE firm received the Notice of Suspension as long as the DBE is performing a commercially useful function under the existing contract.

DBE suspension is not appealable to USDOT. Failure of the CTA to either lift or reinstate the firm or commence a decertification proceeding is appealable to the USDOT.

If the DBE has not communicated with the CTA after 90 days of receiving the Notice of Suspension, the CTA will begin removal proceedings.

Section 26.89 Certification Appeals

Any firm may appeal CTA's decision in any certification or removal of eligibility matter to

DOT. All appeals must be filed within 90 days of CTA's final decision. Appeals must be sent in writing to DOT, including information and arguments concerning why CTA's decision should be reversed. The address in which appeals are to be sent to is:

U.S. Department of Transportation Departmental
Office of Civil Rights Certification Appeals Branch
200 New Jersey Ave; SE W-35
Washington, DC 20590

Or as amended by the U.S. Department of Transportation. CTA will promptly implement any DOT certification appeal decisions affecting the eligibility of DBEs for DOT-assisted contracting (e.g., certify a firm if DOT has determined that CTA's denial of its application was erroneous). Pending DOT's decision, the CTA's decision will remain in effect.

SUBPART F – COMPLIANCE AND ENFORCEMENT

Section 26.109 Information, Confidentiality, Cooperation

CTA shall not disclose to third parties information that may reasonably be regarded as confidential business information, consistent with Federal, state, and local law.

Notwithstanding any contrary provisions of Federal, state or local law, CTA shall not release personal financial information submitted in response to the personal net worth requirement to a third party (other than DOT) without the written consent of the firm that submitted the documentation.

Monitoring Payments to DBEs

CTA shall require prime contractors to maintain records and documents of payments to DBEs for three years following the performance of the contract. These records will be made available for inspection upon request by any authorized representative of the FTA or DOT. This reporting requirement also extends to any certified DBE subcontractor.

CTA shall perform project milestone audits of contract payments to DBEs. The audit will review payments to DBE subcontractors to ensure that the actual amount paid to DBE subcontractors equals or exceeds the dollar amounts stated in the schedule of DBE participation.

US DOT OFFICIAL DBE PROGRAM REGULATIONS QUESTIONS & ANSWERS

DOT's official questions and answers regarding the DBE Program Regulations can be found at: <https://www.transportation.gov/sites/dot.gov/files/docs/mission/civil-rights/disadvantaged-business-enterprise/55851/official-questions-and-answers-disadvantaged-business-enterprise->

[program-regulation-49-cfr-26-4-25.pdf](#).

AMENDMENT

This Program may be amended to comply with changes to the federal regulations, 49 CFR Part 26, or with changes to the manner in which the CTA does business by the President of the CTA; provided, however, that the DBE goal may only be set or revised by the Chicago Transit Board.

Attachments:

1. Definitions
2. CTA Policy Statement
3. DBE Liaison Officer
4. DBE Liaison Officer (DBELO) Agency Org Chart
5. ILUCP (Illinois Unified Certification Program)
6. Mentor Protégé Program
7. Small Business Verification Agencies
8. Procedures for Removal

Please note that the Attachment 5 consist of more than twenty (20) pages and has been represented by the first page of that document. Complete forms of these documents are available upon request.

Attachment 1

Definitions

Affiliation has the same meaning the term has in the Small Business Administration (SBA) regulations, 13 CFR part 121.

Except as otherwise provided in 13 CFR part 121, concerns are affiliates of each other when, either directly or indirectly:

- One concern controls or has the power to control the other; or
- A third party or parties controls or has the power to control both; or
- An identity of interest between or among parties exists such that affiliation may be found.

In determining whether affiliation exists, it is necessary to consider all appropriate factors, including common ownership, common management, and contractual relationships. Affiliates must be considered together in determining whether a concern meets small business size criteria and the statutory cap on the participation of firms in the DBE program.

Alaska Native means a citizen of the United States who is a person of one-fourth degree or more Alaskan Indian (including Tsimshian Indians not enrolled in the Metlaktla Indian Community), Eskimo, or Aleut blood, or a combination of those bloodlines. The term includes, in the absence of proof of a minimum blood quantum, any citizen whom a Native village or Native group regards as an Alaska Native if their father or mother is regarded as an Alaska Native.

Alaska Native Corporation (ANC) means any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1601, et seq.).

Assets mean all the property of a person available for paying debts or for distribution, including one's respective share of jointly held assets. This includes, but is not limited to, cash on hand and in banks, savings accounts, IRA or other retirement accounts, accounts receivable, life insurance, stocks and bonds, real estate, and personal property.

Business, business concern or business enterprise means an entity organized for profit with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the United States economy through payment of taxes or use of American products, materials, or labor.

Compliance means that a recipient has correctly implemented the requirements of this part.

Contingent Liability means a liability that depends on the occurrence of a future and uncertain event. This includes, but is not limited to, guaranty for debts owed by the applicant concern, legal claims and judgments, and provisions for federal income tax.

Contract means a legally binding relationship obligating a seller to furnish supplies or services (including, but not limited to, construction and professional services) and the buyer to pay for them. For purposes of this part, a lease is considered to be a contract.

Contractor means one who participates, through a contract or subcontract (at any tier), in a DOT-assisted highway, transit, or airport program.

Days mean calendar days. In computing any period of time described in this part, the day from which the period begins to run is not counted, and when the last day of the period is a Saturday, Sunday, or Federal holiday, the period extends to the next day that is not a Saturday, Sunday, or Federal holiday. Similarly, in circumstances where the recipient's offices are closed for all or part of the last day, the period extends to the next day on which the agency is open.

Department or DOT means the U.S. Department of Transportation, including the Office of the Secretary, the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Aviation Administration (FAA).

Disadvantaged business enterprise or DBE means a for-profit small business concern—

- That is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals; and
- Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

DOT-assisted contract means any contract between a recipient and a contractor (at any tier) funded in whole or in part with DOT financial assistance, including letters of credit or loan guarantees, except a contract solely for the purchase of land.

Good faith efforts means efforts to achieve a DBE goal or other requirement of this part which, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program requirement.

Home state means the state in which a DBE firm or applicant for DBE certification maintains its principal place of business.

Immediate family member means father, mother, husband, wife, son, daughter, brother, sister, grandfather, grandmother, father-in-law, mother-in-law, sister-in-law, brother-in-law, and domestic partner and civil unions recognized under State law.

Native American tribe means any Native American tribe, band, nation, or other organized group or community of Indians, including any ANC, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or is recognized as such by the State in which the tribe, band, nation, group, or community resides. See definition of “tribally-owned concern” in this section.

Joint venture means an association of a DBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which the parties combine their property, capital, efforts, skills and knowledge, and in which the DBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

Liabilities mean financial or pecuniary obligations. This includes, but is not limited to, accounts payable, notes payable to bank or others, installment accounts, mortgages on real estate, and unpaid taxes.

Native Hawaiian means any individual whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

Native Hawaiian Organization means any community service organization serving Native Hawaiians in the State of Hawaii which is a not-for-profit organization chartered by the State of Hawaii, is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians.

Noncompliance means that a recipient has not correctly implemented the requirements of this part.

Operating Administration or OA means any of the following parts of DOT: the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA). The “Administrator” of an operating administration includes his or her designees.

Personal net worth means the net value of the assets of an individual remaining after total liabilities are deducted. An individual's personal net worth does not include: The individual's ownership interest in an applicant or participating DBE firm; or the individual's equity in his or her primary place of residence. An individual's personal net worth includes only his or her own share of assets held jointly or as community property with the individual's spouse.

Primary industry classification means the most current North American Industry Classification System (NAICS) designation which best describes the primary business of a firm. The NAICS is described in the North American Industry Classification Manual—United States, which is available on the Internet at the U.S. Census Bureau Web site: <http://www.census.gov/eos/www/naics/>.

Primary recipient means a recipient which receives DOT financial assistance and passes some or all of it on to another recipient.

Principal place of business means the business location where the individuals who manage the firm's day-to-day operations spend most working hours. If the offices from which

management is directed and where the business records are kept are in different locations, the recipient will determine the principal place of business.

Program means any undertaking on a recipient's part to use DOT financial assistance, authorized by the laws to which this part applies.

Race-conscious measure or program is one that is focused specifically on assisting only DBEs, including women-owned DBEs.

Race-neutral measure or program is one that is, or can be, used to assist all small businesses. For the purposes of this part, race-neutral includes gender-neutrality.

Recipient is any entity, public or private, to which DOT financial assistance is extended, whether directly or through another recipient, through the programs of the FAA, FHWA, or FTA, or who has applied for such assistance.

Secretary means the Secretary of Transportation or his/her designee.

Set-aside means a contracting practice restricting eligibility for the competitive award of a contract solely to DBE firms.

Small Business Administration or SBA means the United States Small Business Administration.

SBA certified firm refers to firms that have a current, valid certification from or recognized by the SBA under the 8(a) BD or SDB programs.

Small business concern means, with respect to firms seeking to participate as DBEs in DOT-assisted contracts, a small business concern as defined pursuant to section 3 of the Small Business Act and Small Business Administration regulations implementing it (13 CFR part 121) that also does not exceed the cap on average annual gross receipts specified in §26.65(b).

Socially and economically disadvantaged individual means any individual who is a citizen (or lawfully admitted permanent resident) of the United States and who has been subjected to racial or ethnic prejudice or cultural bias within American society because of his or her identity as a members of groups and without regard to his or her individual qualities. The social disadvantage must stem from circumstances beyond the individual's control.

(1) Any individual who a recipient finds to be a socially and economically disadvantaged individual on a case-by-case basis. An individual must demonstrate that he or she has held himself or herself out, as a member of a designated group if you require it.

(2) Any individual in the following groups, members of which are reputedly presumed to be socially and economically disadvantaged:

(i) “Black Americans,” which includes persons having origins in any of the Black racial groups of Africa;

(ii) “Hispanic Americans,” which includes persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

(iii) “Native Americans,” which includes persons who are enrolled members of a federally or State recognized Indian tribe, Alaska Natives, or Native Hawaiians;

(iv) “Asian-Pacific Americans,” which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), Republic of the Northern Marianas Islands, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, Nauru, Federated States of Micronesia, or Hong Kong;

(v) “Subcontinent Asian Americans,” which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka;

(vi) Women;

(vii) Any additional groups whose members are designated as socially and economically disadvantaged by the SBA, at such time as the SBA designation becomes effective.

(3) Being born in a particular country does not, standing alone, mean that a person is necessarily a member of one of the groups listed in this definition.

Spouse means a married person, including a person in a domestic partnership or a civil union recognized under State law.

Transit vehicle manufacturer means any manufacturer whose primary business purpose is to manufacture vehicles specifically built for public mass transportation. Such vehicles include, but are not limited to: Buses, rail cars, trolleys, ferries, and vehicles manufactured specifically for paratransit purposes. Producers of vehicles that receive post-production alterations or retrofitting to be used for public transportation purposes (e.g., so-called cutaway vehicles, vans customized for service to people with disabilities) are also considered transit vehicle manufacturers. Businesses that manufacture, mass-produce, or distribute vehicles solely for personal use and for sale “off the lot” are not considered transit vehicle manufacturers.

Tribally-owned concern means any concern at least 51 percent owned by an Indian tribe as defined in this section.

Attachment 2



POLICY STATEMENT

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM PLAN

OBJECTIVES (49 CFR Part 26.1, 26.23) TO ALL CTA EMPLOYEES AND THE SERVICE COMMUNITY:

As a major provider of public transportation, the Chicago Transit Authority (CTA) recognizes its responsibility to the community it serves and CTA has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (USDOT), 49 CFR Part 26. CTA will take all necessary and reasonable steps to ensure that small business enterprises, certified and defined as DBEs pursuant to 49 CFR Part 26, shall have a fair opportunity to participate in CTA contracts. As part of its DBE policy commitment, the CTA will make every effort to achieve the following objectives of 49 CFR Part 26:

- a) To ensure nondiscrimination in the award and administration of USDOT- assisted contracts;
- b) To create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts;
- c) To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
- d) To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
- e) To help remove barriers to the participation of DBEs in USDOT-assisted contracts;
- f) To assist the development of firms that can compete successfully in the marketplace outside of the DBE Program.

The Director of Diversity Programs has been designated as the DBE Liaison Officer and in that capacity; the Director is responsible for implementing all aspects of the DBE Program. Implementation of the DBE Program is given the same priority as compliance with all other legal obligations required by the CTA's financial assistance agreements with the USDOT.

The CTA has disseminated this policy statement to the Transit Board and all of the components of our organization. We have distributed this statement to DBE and non-DBE business communities that perform work for us on USDOT-assisted contracts.

In my role as President, I shall take all reasonable steps to ensure achievement of our program plan. The Transit Board and all CTA employees share in the responsibility for making CTA's DBE Program a success.

Date: 8/31/2015

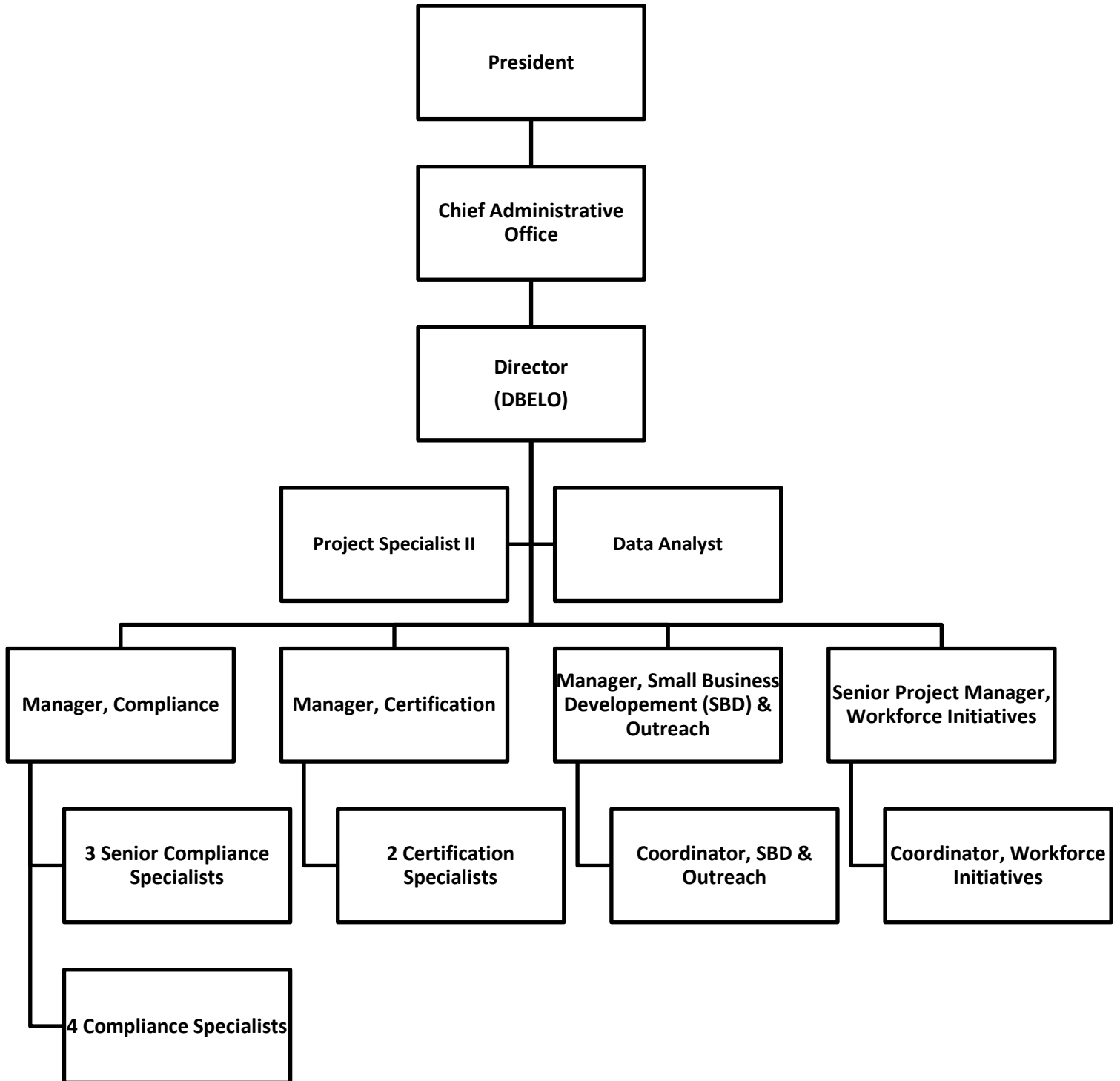
Dorval R. Carter Jr., President

Attachment 3

CTA names the following person as the DBE Liaison Officer (DBELO):

JuanPablo Prieto
Director, Diversity Programs
Chicago Transit Authority
567 West Lake Street 4th floor
Chicago, IL 60661 (312) 681-2600

Attachment 4:



Attachment 5

Disadvantaged Business Enterprise Program

Unified Certification Procedures

Illinois Unified Certification Program

Attachment 6

Mentor-Protégé Program

1. PURPOSE

The Chicago Transit Authority (CTA) is committed to the growth and development of the Disadvantaged Business Enterprise (DBE) Community and its ability to compete in the general marketplace. In this interest, the CTA's Diversity Programs department has developed a Mentor-Protégé program ("Program") within the guidelines provided in the federal DBE Regulations, as set forth in Appendix D to 49 CFR Part 26, to enhance the capacity and capability of DBE firms and thereby increase opportunities for DBE participation on CTA contracts. Through hands-on and classroom training experience, the Program strives to develop working relationships between DBE firms and prime contracting firms that have successfully participated in and/or completed CTA contracts.

2. PROGRAM OUTLINE

Participation in the Program is voluntary. Eligible prime contractor firms that wish to mentor a DBE firm under the Program must work together to achieve the agreed upon outcomes outlined in a Relationship Plan submitted by the prime contractor with its bid or proposal for a contract. The requirements and format for the Relationship Plan are attached as Exhibit A and will be used by Mentor and Protégé to identify specific areas of training for the Protégé.

In order to remain compliant with the Commercially Useful Function ("CUF") requirements of the federal DBE Regulations, each firm must have distinct, specific roles and responsibilities, but will work together to successfully deliver a completed contract. This may require a relationship that will last through the completion of the contract or a predetermined timeframe if, for example, the relationship is specific to trade that will not be required for the entire contract. In the event that a mentor proposes to include a protégé firm as part of their DBE Utilization Plan, the mentor may only claim credit for scopes that the protégé firm is certified in and is completing without any assistance from the mentor firm, or any other firm, in accordance with CUF requirements of the federal DBE Regulations. Example: Mentor firm is mentoring protégé firm in Scope 1. Protégé firm is certified and proposed to perform Scope 2. The mentor firm can only claim DBE credit for Scope 2, contingent on a Compliance and CUF review.

The Relationship Plan must be submitted for review with the prime contractor's bid or proposal in which it plans to use the Mentor/Protégé relationship.

3. PROGRAM BENEFITS

- Create and strengthen working relationships between established and emerging companies
- Increase opportunities for DBE firms to participate in CTA contracts
- Enhance DBE firm's capabilities
- Increase pool of qualified DBEs for various types of work on CTA projects
- Encourage DBEs to bid as prime contractors on future CTA contracts

4. INCENTIVES

If a contract is procured through a request for proposals ("RFP"), submission of a Relationship Plan may be evaluated as part of the Diversity Outreach Plan criteria to determine whether the proposal is most advantageous to the CTA.

Subject to CTA Diversity's review and approval, a prime contracting firm may receive credit for DBE participation for implementation of a Relationship Plan on a contract,

5. ELIGIBILITY REQUIREMENTS

Mentor requirement:

- Firm must have at least five (5) years of public contracting experience, preferably as a prime contractor
- Must agree to a minimum of **8** hours per month of coaching including but not limited to classroom training, one-on-one meetings, small group seminars, and/or on-the-job training with the protégé
- Must assign qualified key personnel to administer training and supervision of the program

Protégé requirement:

- Firm must be DBE certified in the Illinois Unified Certification Program (ILUCP) Directory at the time of opening of bids or proposals
- Firm must remain DBE certified and in good standing throughout the duration of the Relationship Plan
- Must agree to a minimum of **8** hours per month of coaching including but not limited to classroom training, one-on-one meetings, small group seminars, and/or on-the-job training with the mentor

6. RELATIONSHIP PLAN

Prime contractors wishing to participate in the Program must submit a Relationship Plan with their bid or proposal to be approved by the CTA. The Relationship Plan delineates the specific responsibilities and obligations of each party in the Mentor-Protégé relationship and must include the timeline by which stated obligations will be completed. Content and format for the Relationship Plan can be found in Exhibit A. Only participants with an approved Relationship Plan can participate in the Program. The Relationship Plan must include specific training curriculum for the Protégé in areas such as business, financial, technical, and bidding/estimating. The Relationship Plan must also include measurable benchmarks required of both parties, a training schedule, and a reporting schedule.

The Relationship Plan must be signed by both parties. Only Relationship Plans approved by CTA Diversity will be considered for scoring as part of a Diversity Outreach Plan criterion on a RFP procurement.

The Mentor/Protégé is a cooperative relationship. The Mentor cannot exercise management control over the Protégé outside of contractual requirements, or have any direct or indirect ownership interest in the Protégé, and the Protégé cannot be dependent on the Mentor. Both are independent entities who will be responsible for their own tasks and management of their own staff. The Protégé must perform a CUF and not be required to work exclusively with the Mentor.

7. TERMINATION OF MENTOR-PROTÉGÉ RELATIONSHIP

Once a Relationship Plan has been approved, written notice of any change in its status must be sent to the Director of Diversity Programs in a timely manner. In order to terminate a Relationship Plan, one of the parties must submit a request, in writing, to the Director of Diversity Programs explaining why the Relationship Plan should be terminated. The request should include any documentation and correspondence between the two parties to show a failure to meet the obligations of the Relationship Plan. The CTA will concur in the termination of the Relationship Plan for cause for any of the following reasons, documented to the satisfaction of the CTA: failure of the other party to submit reports and/or attend quarterly meetings; its failure to meet task deadlines; lack of cooperation; or any material breach of the Program requirements.

Termination may affect the prime contractor's ability to receive DBE participation credit on the contract.

8. REPORTING

Reports of activities such as completed tasks, trainings, and progress toward planned goals must be submitted to the CTA's Diversity Programs department on a quarterly basis for the duration of the Relationship Plan. The report must be signed and approved by both parties before submittal.

9. MONITORING

Oversight of the Program will be performed by the compliance unit of the CTA's Diversity Programs department. The Diversity Programs compliance unit will review all monthly reports and schedule quarterly meetings with both parties to discuss progress and/or any goal shortfalls. Mentor and Protégé must attend all quarterly meetings.

The Compliance unit will evaluate reports to ensure both parties are adhering to the Relationship plan. The evaluation will focus on stated objectives in the plan and the overall relationship between Mentor and Protégé. The following will be a guide to evaluate the overall vitality of the Mentor-Protégé relationship:

- Satisfactory progress toward the stated goals in the Relationship Plan
- Quality of training provided by the Mentor
- Working relationship between Mentor and Protégé
- Protégé's improved competency in specific target areas
- Decreased reliance on the Mentor by the Protégé

10. SITE VISIT

The CTA may conduct site visits (scheduled or unscheduled) at project sites or field locations where classes and hands-on training are conducted. The purpose of site visits is for a first-hand observation of the progress made by both parties and to verify concurrence with monthly reports.

EXHIBIT A

Mentor-Protégé Relationship Plan

The Relationship Plan should be designed to comply with the Program while providing the flexibility to meet specific requirements for all parties involved. The content requirements and format for the Relationship Plan are as follows:

The Plan must identify three (3) or more areas of specific training provided by the Mentor to the Protégé from the list below. Each training objective must be tailored to the specific needs of the Protégé.

- **Bidding/Estimating**
- **Business Administration**
- **Business Development**
- **Finance/Invoicing**
- **Insurance & Bonding**
- **Marketing**
- **Public-Sector Contracting Strategy**
- **Safety/Quality**

- **Technical**
- **Technology/Software**

The Relationship Plan must include the following elements:

1. Overall description of purpose for Mentor-Protégé relationship
 - Explain why this relationship should be considered for the Program
2. Key Personnel
 - Identify personnel from both parties who will be responsible for the deliverables of this Relationship Plan
3. An objective for each area of training
 - Provide a rationale for the selected areas of training for the Protégé
4. Provide specific responsibilities of each party for all areas of training
 - Describe the specific obligations each party will adhere to during training
5. Training goal
 - Describe specific goals to be achieved by each training
6. Training schedule for hands-on and classroom training
 - Submit a predetermined schedule that includes dates, times, and locations
7. Milestone timelines
 - Provide a predetermined timeline by which measurable progress toward stated goals must be achieved by Protégé
8. Reporting
 - Mentor must provide a description of how the Protégé will be evaluated in each training
9. Duration of Mentor-Protégé relationship
 - Provide the length of time this relationship will be in effect

Mentor-Protégé Relationship Plan

Project Name: _____

Contract No.: _____

Bid/Proposal Due Date: _____

Start Date of Relationship: _____ Estimated End Date of Relationship: _____

Mentor Firm: _____ Protégé Firm: _____

Contact: _____ Contact: _____

Address 1: _____ Address 1: _____

Address 2: _____ Address 2: _____

Phone: _____ Phone: _____

Email: _____ Email: _____

2. Overall description of purpose for the Mentor-Protégé relationship (Attach additional pages as necessary)

3. Key Personnel (Include resumes for Mentor staff responsible for training and program deliverables)

Mentor: Protégé:

Name: _____ Name: _____

Title: _____ Title: _____

Name: _____ Name: _____

Title: _____ Title: _____

Name: _____ Name: _____

Title: _____ Title: _____

4. Training Categories (Attach additional pages as necessary)

For each Training Category identify the following:

- a. Identify objectives
- b. Specific responsibilities of each party
- c. Training goals

Training category: _____

Objective: _____

Specific responsibilities: _____

Training goals: _____

Attach the following items:

5. Training schedule for hands-on and classroom training

6. Milestone timelines

7. Reporting template: Describe the evaluation criteria the Mentor will use to evaluate Protégé’s progress in each training category

Mentor Signature Date

Protégé Signature Date

Approved by:

CTA Diversity Programs Director Date

Attachment 7

The Chicago Transit Authority accepts SBE certifications by the following entities:

Chicago Transit Authority

Metra

Pace

Attachment 8

Procedures for Removing DBE Eligibility

The IL UCP-certifying Participant will review the records concerning the firm, any material provided by the challenged firm and other available information. The certifying Participant may request additional information from the firm or conduct any other investigation that it deems necessary.

If the IL UCP-certifying Participant determines that such reasonable cause does not exist, the IL UCP-certifying Participant must notify the complainant and the firm in writing of this determination and the reasons for its decision.

If the IL UCP-certifying Participant finds reasonable cause to believe that the firm is ineligible, written notice must be provided to the firm that the IL UCP-certifying Participant proposes to find the firm ineligible, setting forth the reasons for the proposed determination. In this notice, the firm must be given an opportunity for an informal hearing, at which the firm may respond to the reasons for the proposal to remove its eligibility in person and provide information and arguments concerning why it should remain certified, or in the alternative, the firm may choose to file a written appeal. The firm is given twenty (20) calendar days from the date of the notice of proposed removal to request an informal hearing or submit a written appeal (Request for Appeal), before the Hearing Officer. If the firm requests the opportunity to appeal in person the firm must also state whether the firm will be represented by counsel. The IL UCP-certifying Participant must notify all other Participants within two (2) calendar days of receipt of the request.

Pursuant to 49 CFR 26.87, the IL UCP-certifying Participant's Hearing Officer must maintain a complete record of the hearing, by any means acceptable under state law, for the retention of a verbatim record of an administrative hearing. If there is an appeal to DOT under 49 CFR 26.89, the certifying Participant must provide the hearing transcript to DOT; and on request to the firm. The original record of the hearing must be maintained. The firm may be charged only for the cost of copying the record.

The Hearing Officer must render a decision within sixty (60) days following receipt of the written appeal or informal hearing. The IL UCP-certifying Participant must provide the firm written notice of the decision in a timely manner, including the reasons for it and specific references to the evidence in the record that supports each reason for the decision. The IL UCP Participants are notified in writing within two (2) calendar days of the decision.