DBE Commercially Useful Function Review

MoDOT External Civil Right Symposium
Drury Inn Hotel - Chesterfield
Wednesday, March 27, 2024
Overview Topics

- DBE Program Requirements
- Commercially Useful Function
- DBE Substitutions/ Terminations
DBE Program Regulations

- DBE Program is administered by MoDOT External Civil Rights Division.
- Provides opportunities to participate in economic benefits of US DOT funded transportation projects.
- Program is federally mandated (49 CFR Part 26).
- Program includes DBE participation goals.
Category: 146 Disadvantaged Business Enterprise (DBE)

Disadvantaged Business Enterprise (DBE) Program is a required federal program administered by MoDOT’s External Civil Rights Division. Projects with federal funding will normally contain a DBE goal that is set to assist in achieving a statewide goal. This article guides the Resident Engineer’s office in administration of the DBE Program on the project level. For any questions or additional information regarding this article, contact MoDOT’s External Civil Rights Division.

Contents [hide]

146.1 DBE Compliance
146.2 DBE Subcontract
146.3 Commercially Useful Function Verifications
  146.3.1 DBE Subcontract – Performing Work Onsite
  146.3.2 Disadvantaged Business Enterprise (DBE) Manufacturer/Supplier CUF Certification Process
    146.3.2.1 DBE Manufacturers, Suppliers and Brokers
    146.3.2.2 Description
    146.3.2.3 Commercially Useful Function (CUF)
  146.3.3 DBE Trucking Companies

146.1 DBE Compliance
Types of DBEs

DBE’s performing work on the project

- Subcontractors - Furnish/Install
- Manufacturers
- Suppliers
- Brokers
- Truckers
- Engineering/Design/Consultants
Commercially Useful Function (CUF)

- Commercially Useful Function reviews are done to verify the execution of the work contracted by a DBE.
- The DBE shall be responsible, with respect to materials and supplies used on the Contract, for negotiating price, determining quality, quantity, ordering the material, installation (where applicable) and paying for the material itself.
- Be sure to fully complete the CUF form and mark N/A to any sections that do not apply.
- Upload the completed CUF forms to e-Projects.
Commercially Useful Function (CUF) Form

CUF Field Review – Inspector to Complete

Contract ID: ____________________ Job No.: ____________________ Date: ____________________
Prime Contractor: ____________________ DBE Contractor: ____________________
DBE Representative: __________________________________________________________
DBE Representative Reports to: ________________________________________________

Manufacturers – a DBE fabricates an item, which may include installation.
  1. Who arranged the delivery of materials? List employee name: ____________________
  2. Who scheduled the delivery of materials? List employee name: ____________________
  3. At what facility were the product(s) used today manufactured? ____________________
  4. Who ensures product quality? List employee name: ____________________

*Can be conducted via phone or email.  □ N/A
Commercially Useful Function (CUF) Form

Furnish & Install (Traffic Control, Guardrail/cable, Striping, Landscaping, Electrical, rebar, curb/gutter, Sidewalks, etc.)

1. Has the firm owner been present on the jobsite?
   - ☐ Yes  Owner Name: __________________________
   - ☐ No  Owner Name: __________________________

2. Who is present on the job site today? Provide first and last names of everyone present on the site.

3. Do you have equipment (trucks, heavy equipment, distribution) on the job site today?
   - ☐ Yes, if yes, are they ☐ Leased or ☐ Owned?
   - ☐ No  ☐ Don’t Know

4. Are there any subcontractors working under this company? ☐ No
   - ☐ Yes  Name of Firm: __________________________

☐ N/A
# Commercially Useful Function (CUF) Form

### Truckers - typically hauling asphalt mix, dump trucking, and removals.
1. List Driver names: 
2. List license plate #’s: 
3. Are your trucks/trailers ☐ Leased or ☐ Owned? ☐ Don’t Know
4. Are there any truckers working under this company as a second tier subcontractor? ☐ No ☐ Yes Name of Firm: 

☐ N/A

### Material Suppliers - aggregate, steel/rebar, pipe, liquid asphalt, electrical, lighting/signals – no installation.
1. Who delivered today’s materials? Employee(s): 
2. License Plate #’s: 
3. What facility were the materials picked up from? 

4. *LIQUID ASPHALT ONLY* Are your trucks/trailers ☐ Leased or ☐ Owned?

☐ N/A
# Field Observation Review

1. Describe the recent type of work observed and/or take photos: ________________________________

2. Were there any employees that you observed and appeared to be part of the DBE crew that the DBE representative did not mention above?
   - [ ] Yes, if so, conduct a wage rate interview on these employee(s).
   - [ ] No

3. List the types of major equipment (trucks, heavy equipment, distribution) used by the DBE:
   ________________________________

4. Does the equipment have the DBE’s markings or emblems?
   - [ ] Yes
   - [ ] No, list other name, and take photo: ________________________________

5. Do you believe the DBE operators are controlling their own work?
   - [ ] Yes, if yes list the name of the employee(s) responsible for the equipment:
     ________________________________
   - [ ] No, list the name of the individuals directing the work: ________________________________

6. Do you believe the DBE employees are directing their own work?
   - [ ] Yes
   - [ ] No, list observations here: ________________________________

7. Issue(s) reported to ECR: ________________________________
   ________________________________
   ________________________________

Reported by: ________________________________  Reported to: ________________________________  Date Reported: ________________________________
RED FLAGS & EXAMPLES/GUIDANCE FOR COMPLETING CUF FORM
CUF Red Flags

- DBE performing work outside of its known experience or capability.
- DBE provides little or no supervision of the work, DBE superintendent is not a regular firm employee or supervision performed by personnel not under DBE firm’s control.
- DBE workforce not under DBE’s control or direction or work is performed by personnel employed by another business.
- Substantial portion of equipment used by the DBE firm belongs to the prime/another contractor with no formal lease agreement.
- Materials/supplies delivered, billed, or paid by another business.
- DBE firm subcontracts or assigns any portion of the work to another firm.
CUF Red Flags

- DBE working without a subcontract agreement approved by the Department except in cases of trucking.
- DBE trucker utilizes prime’s trucks.
- DBE prime subcontracts more than 50% of the contract value.
- DBE prime only purchases materials while performing little/none of the work.
- Agreement between prime and DBE artificially inflates the DBE participation or erodes the ownership, control or independence of the firm.
- DBE firm works for only one prime.
- Employees work for both DBE & prime.
- Inquiries by MoDOT or FHWA answered by prime.
- DBE firm owner unaware of status of the work or firm’s performance.
CUF Observations/Concerns
MRCC DBE Directory

Missouri Department of Transportation (MoDOT)
Missouri Regional Certification Committee (MRCC)
Disadvantaged Business Enterprise (DBE)
Small Business Enterprise (SBE)

Disadvantaged Business Enterprise Search

DBE Name:
CEO Name:
Address:
City:
State:
Phone:
Email:

Agency:
County:
DBE Status:
State:
Zip Code:
City:

Click on search button for a complete listing - do not enter any criteria
Trucking – Requirements

ALL Trucking Operations
- Submit an equipment list on a quarterly basis as well as their Quarterly Wage Contribution Reports.
- DBE must submit weekly trucker reports to project office
  - Trucker reports should include documentation indicating which employees worked that week via payroll.

Regular Dealers ONLY
- DBE must own or long term lease all trucks utilized on project
- DBE must employ all personnel on project (no 1099)
- DBE should advise employees to sign BOL/hauling tickets legibly
- ECR will work on case-by-case basis for unsigned tickets
Trucker Reports

DBE Contractor/Subcontractor Project Trucker and Equipment List

DBE Firm ____________________________________________
Reporting Period ____________________________________

Complete the form below to verify the specific trucks/tankers owned by your firm. This form will need to be submitted to MoDOT on a calendar year quarterly basis. Use Submit Form button at the top of the form to submit form data to dbe@modot.mo.gov.

Trucks:

<table>
<thead>
<tr>
<th>Truck Year</th>
<th>Truck Make/Model</th>
<th>License Plate Number</th>
<th>Truck VIN # or ID</th>
<th>Owned or Leased Truck</th>
<th>If Leased, Who Do You Lease the Truck From?</th>
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Factors Used to Determine if a DBE is Performing a “CUF”:

- Negotiating Price
- Determining quality and quantity
- Ordering the material
- Paying for the material
- Completing 100% of the work with DBE’s own employees and equipment
How documentation shall be submitted for liquid asphalt supply

Documentation shall be in the following formats:

- Bills of lading
- Hauling tickets
- Shipper’s manifest
- Paid invoices

Regardless of the format, the document(s) shall include: name of the carrier, full name of the driver, driver ID number(s), truck and tanker ID or VIN number, and reflect the contract number, job number, county and route.
Factors regarding ineligibility of DBE credit for liquid asphalt

A DBE Regular Dealer of Liquid Asphalt is Not Eligible for DBE Credit if and/or when

- “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 acts in this capacity (brokering), only the fees and commissions may be counted towards the DBE goal.
Factors regarding ineligibility of DBE credit for liquid asphalt

- If the type of transaction does not allow the DBE subcontractor to perform one of the required functions
- If work is performed with trucks that are not owned nor under a lease agreement
- Lack of documentation verifying that at least one DBE owned (not leased) tractor, tanker/trailer was used for hauling on the project
DBE Terminations & Substitutions

The prime contractor will submit a DBE substitution request when they desire to replace or remove a DBE (49 CFR 26.53).

- Form completed for DBE:
  - Substitution
  - Termination
  - Addition

- Valid reasons for substitution/termination:
  - DBE out of business
  - DBE requested removal
  - DBE failed/refused to perform work
  - DBE performed unsatisfactory work
  - Project underruns
DBE Substitutions

- Form MUST include:
  - Prime’s termination letter & DBE agreement to terminate
  - OR
  - DBE letter of voluntary removal request
  - AND
  - Replacement DBE commitment along with quote

- For additional DBE participation, only new commitment & quote required.
MoDOT ECR Division

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