

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DIRECTOR

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June 22, 2012

Dear Transportation Contracting Industry Partners and Stakeholders:

The California Department of Transportation (Caltrans) has a Disadvantaged Business Enterprise (DBE) Program waiver that was originally granted on August 7, 2008, and it was extended on September 16, 2010. The waiver allows Caltrans to set contract goals for some, but not all, certified DBEs.

On May 7, 2012, the California Department of Transportation (Caltrans) received a letter from the United States Department of Transportation (US DOT) Secretary, Mr. Ray LaHood, dated April 25, 2012, stating the Uniform Reports submitted by Caltrans to the Federal Highway Administration (FHWA) on DBE awards and commitments covering Fiscal Years 2007 through 2011 show levels of underutilization of Hispanic-American and Subcontinent-American-owned DBEs sufficient to warrant terminating the Caltrans DBE Program waiver.

Therefore, race-conscious measures (i.e., contract goals) used by Caltrans to meet its overall DBE goal must include all certified DBEs, including Hispanic-American and Subcontinent-American contractors. All Federal-aid contracts with DBE goals advertised by Caltrans after June 15, 2012, must ensure the contract goals apply to all DBEs. Additionally, all Federal-aid local agency-administered contracts with DBE goals authorized after June 30, 2012, must ensure the goals apply to all DBEs.

The May 7, 2012 letter from USDOT Secretary LaHood also requires that Caltrans adjust its race-neutral and race-conscious split to make proper use of race-neutral and race-conscious means, consistent with 49 CFR 26.51, that will allow Caltrans to meet its overall DBE goal. The FHWA recognizes these program modifications require Caltrans to make several process changes and has granted Caltrans some flexibility in adjusting its race-neutral and race-conscious split.

If you have any questions, please contact Ms. René Halverson, Assistant Director, Office of Business & Economic Opportunity, at (916) 324-0990.

Sincerely,

A handwritten signature in black ink, appearing to read "Malcolm Dougherty".

MALCOLM DOUGHERTY

Director