



Business Engagement & Compliance



DBE

Termination / Substitution

Be Confident, know when to act and what to do

Tucson DBE Conference

November 2017

Termination/Substitution Training Objective



- ❑ Know what to do and when to act
 - Contractor
 - DBE
 - ADOT



Termination/Substitution Outline



- Requirements
- Reasons for Request
- Good Faith Effort
- Sanctions



Termination/Substitution Requirements



□ Notification

- Contractor notifies RE/BECO within 24 hours
- Contractor gives written notice to DBE
- DBE has minimum of 5 days to respond to Contractor



EPRISE Section 24.02 Contractor Notice Termination/Substitution

Termination/Substitution Requirements



□ Formal Request

- Form
- Notice to DBE
- Supporting documentation



EPRISE Section 24.03 Contractor Request for Termination/Substitution

Termination/Substitution Requirements



□ Types of Requests

- Termination
- Substitution
- Reduction of work



EPRISE Section 24.03 Contractor Request for Termination/Substitution

Termination/Substitution Request Form



1. Change Order/Scope of work

- Yes
- No



Termination/Substitution Request Form



1. Change Order/Scope of work

- Yes – Explain impact on DBE Participation

What would be some supporting
Documents?



Termination/Substitution Request Form



1. Change Order/Scope of work

- Yes
- No – Indicate possible reason(s):



Termination/Substitution Request Form



1. Change Order/Scope of work

- Yes
- No – Possible reasons:
 - Fails to execute written contract
 - Refuses to perform work
 - Bankrupt/Insolvent/Credit unworthiness
 - Irresponsible contractor
 - Ineligible to perform type of work
 - Owner disabled/dies



Termination/Substitution Request Form



2. Date Prime Determined DBE to be

- Unwilling
- Unable
- Ineligible



Termination/Substitution Request Form



3. Date of Written Notice to DBE, attach

- Notice
- DBE response

All reasonable efforts need to be made to avoid terminating or substituting a DBE listed on the affidavit



Termination/Substitution Request Form



- 4. DBE affidavit amount
- 5. Amount DBE work completed
- 6. DBE amount to be substituted

4. Original DBE affidavit amount: \$ 20,000

5. Amount of DBE work completed to date: \$ 15,000 6. DBE \$ amount to be substituted: \$ 5,000



Termination/Substitution Request Form



7. Proposed Sub Name

8. Replacement Sub Start Work Date



Termination/Substitution Request Form



9. Is replacement an AZ Certified DBE?

- Yes
- No



Termination/Substitution Request Form



9. Is replacement an AZ Certified DBE?

- Yes – Provide affidavit



Termination/Substitution Request Form



9. Is replacement an AZ Certified DBE?

- Yes – Provide affidavits for new DBE(s)
 - Same \$ or more – No GFE documentation
 - \$ Less than – Yes GFE documentation



NEED:

- Individual DBE affidavit
- Revised summary affidavit

Termination/Substitution Request Form



9. Is replacement an AZ Certified DBE?

- Yes
- No – GFE & supporting docs needed



Termination/Substitution Request Form



10. Will Assessed DBE Goal be Met?

- Yes
- No



Termination/Substitution Request Form



10. Will Assessed DBE Goal be Met?

- Yes – Provide DBE Affidavits and Summary
- No



Termination/Substitution Request Form



10. Will Assessed DBE Goal be Met?

- Yes
- No – Provide GFE documentation



Termination/Substitution Note:



....approval of termination/substitution request(s) will not relieve the contractor of its obligation to meet the assessed contracted DBE goal.



EPRISE Section 24.05 DBE Termination/Substitution Good Faith Effort

Termination/Substitution Good Faith Effort (GFE)



- GFE is
 - For the life of the project
 - Ongoing
 - NOT just a form



EPRISE Section 24.05 DBE Termination/Substitution Good Faith Effort

Termination/Substitution Good Faith Effort (GFE)



- ❑ Documented evidence contractor attempted to:
 - ❑ Identify activities and work with DBE
 - ❑ Find another DBE
 - ❑ Contact ADOT Supportive Services
- ❑ Submit within 7 calendar days from approved request date



EPRISE Section 24.05 DBE Termination/Substitution Good Faith Effort

Termination/Substitution

DBE Supportive Services



- ❑ Support and assistance for
 - ❑ Contractor
 - ❑ DBE
- ❑ Events
- ❑ Resource Center



Termination/Substitution Sanctions



❑ Considerations

- ❑ Submit on time
- ❑ Notify the DBE
- ❑ GFE documentation
- ❑ Self performing



Dollar amount of the wrongfully substituted/replaced DBE subcontract plus 25% of the amount remaining to be paid to the DBE

Everyone in compliance; no sanctions



EPRISE Section 24.06 Sanctions

Termination/Substitution Wrap Up



- Educate
- Support
- Monitor/Enforce



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Everyone in compliance; no sanctions

Termination/Substitution Contact Info



- ❑ <https://www.azdot.gov/bec>
- ❑ contractorcompliance@azdot.gov
- ❑ 602-712-7761

Everyone in compliance; no sanctions



Questions and Answers



The End



Thank you

