
INCLUDED WITH THIS DOCUMENT ARE THE REQUIRED FHWA 1273 CONTRACT PROVISIONS, FEDERAL-AID CONSTRUCTION CONTRACTS THAT SHALL APPLY TO THIS CONTRACT IN ADDITION TO THE FOLLOWING:

1. BUY AMERICA REQUIREMENTS § 635.410

- A. The provisions of this section shall prevail and be given precedence over any requirements of this subpart which are contrary to this section. However, nothing in this section shall be construed to be contrary to the requirements of § 635.409(a) of this subpart.

- B. No Federal-aid highway construction project is to be authorized for advertisement or otherwise authorized to proceed unless at least one of the following requirements is met:
 - 1. The project either: (i) Includes no permanently incorporated steel or iron materials, or (ii) if steel or iron materials are to be used, all manufacturing processes, including application of a coating, for these materials must occur in the United States. Coating includes all processes which protect or enhance the value of the material to which the coating is applied.

 - 2. The State has standard contract provisions that require the use of domestic materials and products, including steel and iron materials, to the same or greater extent as the provisions set forth in this section.

 - 3. The State elects to include alternate bid provisions for foreign and domestic steel and iron materials which comply with the following requirements. Any procedure for obtaining alternate bids based on furnishing foreign steel and iron materials which is acceptable to the Division Administrator may be used. The contract provisions must (i) require all bidders to submit a bid based on furnishing domestic steel and iron materials, and (ii) clearly state that the contract will be awarded to the bidder who submits the lowest total bid based on furnishing domestic steel and iron materials unless such total bid exceeds the lowest total bid based on furnishing foreign steel and iron materials by more than 25 percent.

 - 4. When steel and iron materials are used in a project, the requirements of this section do not prevent a minimal use of foreign steel and iron materials, if the cost of such materials used does not exceed one-tenth of one percent (0.1 percent) of the total contract cost or \$2,500, whichever is greater. For purposes of this paragraph, the cost is that shown to be the value of the steel and iron products as they are delivered to the project.

- C.
 - 1. A State may request a waiver of the provisions of this section if;
 - i. The application of those provisions would be inconsistent with the public interest; or

- ii. Steel and iron materials/products are not produced in the United States in sufficient and reasonably available quantities which are of a satisfactory quality.
 2. A request for waiver, accompanied by supporting information, must be submitted in writing to the Regional Federal Highway Administrator (RFHWA) through the FHWA Division Administrator. A request must be submitted sufficiently in advance of the need for the waiver in order to allow time for proper review and action on the request. The RFHWA will have approval authority on the request.
 3. Requests for waivers may be made for specific projects, or for certain materials or products in specific geographic areas, or for combinations of both, depending on the circumstances.
 4. The denial of the request by the RFHWA may be appealed by the State to the Federal Highway Administrator (Administrator), whose action on the request shall be considered administratively final.
 5. A request for a waiver which involves nationwide public interest or availability issues or more than one FHWA region may be submitted by the RFHWA to the Administrator for action.
 6. A request for waiver and an appeal from a denial of a request must include facts and justification to support the granting of the waiver. The FHWA response to a request or appeal will be in writing and made available to the public upon request. Any request for a nationwide waiver and FHWA's action on such a request may be published in the **Federal Register** for public comment.
 7. In determining whether the waivers described in paragraph (c)(1) of this section will be granted, the FHWA will consider all appropriate factors including, but not limited to, cost, administrative burden, and delay that would be imposed if the provision were not waived.
- D. Standard State and Federal-aid contract procedures may be used to assure compliance with the requirements of this section.

2. SANCTIONS AND PENALTIES FOR BREACH OF CONTRACT

Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

3. ADVERTISING FOR BIDS AND PROPOSALS

Each bidder shall file a statement executed by, or on behalf of the person, firm, association, or corporation submitting the bid certifying that such person, firm, association, or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action, in restraint of free competitive bidding in connection with the submitted bid. Failure to submit the executed statement as part of the bidding documents will make the bid nonresponsive and not eligible for award consideration.

4. ENERGY EFFICIENCY

Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).

5. PROCUREMENT OF RECOVERED MATERIALS

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

6. EMPLOYMENT OF PERSONNEL OF PUBLIC AGENCIES

The Contractor shall not employ any person or persons in the employ of the United States Department of Transportation, Federal Highway Administration, or of the State of Arizona or any of its boards, agencies, or commissions, for any work required by the terms of this Contract, without prior written permission of the United States Department of Transportation, Federal Highway Administration, Federal Railroad Administration or of the State.

7. RETENTION OF RECORDS

Retention of Records shall be in accordance with the Standard Specifications for Road and Bridge Construction, 2008 Edition, Section 107.18.

8. DISADVANTAGED BUSINESS ENTERPRISE

1.0 Policy:

The Arizona Department of Transportation (hereinafter the Department) has established a Disadvantaged Business Enterprise (DBE) program in accordance with the regulations of the U.S. Department of Transportation (USDOT), 49 CFR Part 26. The Department has received Federal financial assistance from the U.S. Department of Transportation and as a condition of receiving this assistance, the Department has signed an assurance that it will comply with 49 CFR Part 26.

It is the policy of the Department to ensure that DBEs, as defined in Part 26, have an equal opportunity to receive and participate in USDOT-assisted contracts. It is also the policy of the Department:

1. To ensure nondiscrimination in the award and administration of USDOT-assisted contracts;
2. To create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts;
3. To ensure that the DBE program is narrowly tailored in accordance with applicable law;
4. To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are counted as DBEs;
5. To help remove barriers to the participation of DBEs in USDOT-assisted contracts;
6. To assist in the development of firms that can compete successfully in the market place outside the DBE program; and
7. To promote the use of DBEs in all types of federally-assisted contracts and procurement activities.

It is also the policy of the Department to facilitate and encourage participation of Small Business Concerns (SBCs), as defined herein, in USDOT-assisted contracts. The Department encourages contractors to take reasonable steps to eliminate obstacles to SBCs' participation and to utilize SBCs in performing contracts.

2.1 Assurances of Non-Discrimination:

The contractor, subrecipient, 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 USDOT-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 state deems appropriate, which may include, but are not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or

- (4) Disqualifying the contractor from future bidding as non-responsible.

The contractor, subrecipient, or subcontractor shall ensure that all subcontract agreements contain this non-discrimination assurance.

3.1 Definitions:

- (A) **Commercially Useful Function (CUF):** Commercially Useful Function is defined fully in 49 CFR 26.55 which definition is incorporated herein by reference.
- (B) **Disadvantaged Business Enterprise (DBE):** a for-profit small business concern which meets both of the following requirements:
- (1) Is at least 51 percent owned by one or more socially and economically disadvantaged individuals or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more such individuals; and,
 - (2) Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.
- (C) **Joint Check:** a two-party check between a subcontractor, DBE and/or non-DBE, a prime contractor and the regular dealer of material supplies.
- (D) **Joint Venture:** an association of a DBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which 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.
- (E) **NAICS Code:** The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the US business economy.
- (F) **Non-DBE:** any firm that is not a DBE.
- (G) **Race Conscious:** a measure or program is one that is focused specifically on assisting only DBEs, including women-owned DBEs.

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- (H) **Race Neutral:** a 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.

 - (I) **Small Business Concern:** a business that meets all of the following conditions:
 - (1) Operates as a for-profit business
 - (2) Operates a place of business primarily within the U.S., or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor;
 - (3) Is independently owned and operated;
 - (4) Is not dominant in its field on a national basis; and
 - (5) Does not have annual gross receipts that exceed the Small Business Administration size standards average annual income criteria for its primary North American Industry Classification System (NAICS) code.

 - (J) **Socially and Economically Disadvantaged Individuals:** any individual who is a citizen (or lawfully admitted permanent resident) of the United States and who is:
 - (1) Any individual who is found to be a socially and economically disadvantaged individual on a case-by-case basis.
 - (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, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
 - (iii) "Native Americans," which includes persons who are American Indians, Eskimos, Aleuts, 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), the Commonwealth of the Northern Marianas Islands, 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 Small Business Administration (SBA), at such time as the SBA designation becomes effective.

4.1 Working with DBEs:

The Department works with DBEs and assists them in their efforts to participate in the highway construction program. All bidders should contact the Department's Business Engagement and Compliance Office (BECO) by phone, through email, or at the address shown below, for assistance in their efforts to use DBEs in the highway construction program of the Department. BECO contact information is as follows:

Arizona Department of Transportation
Business Engagement and Compliance Office
1801 W. Jefferson St., Ste. 101, Mail Drop 154A
Phoenix, AZ 85007
Phone (602) 712-7761
FAX(602) 712-8429
Email: contractorcompliance@azdot.gov
Website: www.azdot.gov/bec

4.2 Mentor-Protégé Program:

The Department has established a Mentor- Protégé program as an initiative to encourage and develop disadvantaged businesses in the highway construction industry. The program encourages prime contractors to provide certain types of assistance to certified DBE subcontractors. ADOT encourages contractors and certified DBE subcontractors to engage in a Mentor-Protégé agreement under certain conditions. Such an agreement must be mutually beneficial to both parties and to ADOT in fulfilling requirements of 49 CFR Part 23. For guidance regarding this program refer to the Mentor-Protégé Program Guidelines available on the BECO website.

The Mentor-Protégé program is intended to increase legitimate DBE activities. The program does not diminish the DBE rules or regulations, and participants may not circumvent these rules.

5.0 Applicability:

The Department has established an overall annual goal for DBE participation on Federal-aid contracts. The Department intends for the goal to be met with a combination of race conscious efforts and race neutral efforts. Race conscious participation occurs where the contractor uses a percentage of DBEs, as defined herein, to meet the contract-specified goal. Race neutral efforts are those that are, or can be, used to assist all small businesses or increase opportunities for all small businesses. The regulation, 49 CFR 26, defines race neutral participation as when a DBE wins a prime contract through customary competitive procurement procedures or is awarded a subcontract on a prime contract that does not carry a DBE contract goal.

The provisions are applicable to all bidders including DBE bidders.

6.1 Certification and Registration:

6.2 DBE Certification:

Certification as a DBE shall be predicated on:

- (1) The completion and execution of an application for certification as a "Disadvantaged Business Enterprise".
- (2) The submission of documents pertaining to the firm(s) as stated in the application(s), including but not limited to a statement of social disadvantage and a personal financial statement.
- (3) The submission of any additional information which the Department or the applicable Arizona Unified Certification (UCP) agency may require to determine the firm's eligibility to participate in the DBE program.
- (4) The information obtained during the on-site visits to the offices of the firm and to active job-sites.

Applications for certification may be filed online with the Department or the applicable UCP agency at any time through the Arizona Unified Transportation Registration and Certification System (AZ UTRACS) website at <http://www.azutracs.com>.

DBE firms and firms seeking DBE certification shall cooperate fully with requests for information relevant to the certification process. Failure or refusal to provide such information is a ground for denial or removal of certification.

ADOT is a member of the AZ Unified Certification Program (AZUCP). Only DBE firms that are certified by the AZUCP are eligible for credit on ADOT projects. A list of DBE firms certified by AZUCP is available on the internet at <http://www.azutracs.com/>. The list will indicate contact information and specialty for each DBE firm, and may be sorted in a variety of ways. However, ADOT does not guarantee the accuracy and/or completeness of this information, nor does ADOT represent that any licenses or registrations are appropriate for the work to be done.

The Department's certification of a DBE is not a representation of qualifications and/or abilities only that the firm has met the criteria for DBE certification as outlined in 49 CFR Part 26. The contractor bears all risks of ensuring that DBE firms selected by the contractor are able to perform the work.

6.3 SBC Registration:

To comply with 49 CFR Part 26.39 ADOT's DBE Program incorporates contracting requirements to facilitate participation by Small Business Concerns (SBCs) in federally assisted contracts. SBCs are for-profit businesses registered to do business in Arizona that meet the Small Business Administration (SBA) size standards for average annual revenue criteria for its primary North American Industry Classification System (NAICS) code.

While the SBC component of the DBE program does not require utilization goals on projects, ADOT encourages contractors to utilize small businesses that are registered in AZ UTRACS on their contracts, in addition to DBEs meeting the certification requirement. The contractor may use the AZ UTRACS website to search for certified DBEs and registered SBCs that can be used on the contract. However, SBCs that are not DBEs will not be counted toward DBE participation.

SBCs can register online at the AZ UTRACS website. The Department's registration of SBCs is not a representation of qualifications and/or abilities. The contractor bears all risks of ensuring that SBC firms selected by the contractor are able to perform the work.

7.0 DBE Financial Institutions:

The Department thoroughly investigates the full extent of services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in its service area and makes reasonable efforts to use these institutions. The Department encourages prime contractors to use such institutions on USDOT-assisted contracts. However, use of DBE financial institutions will not be counted toward DBE participation.

The Department encourages prime contractors to research the Federal Reserve Board website at www.federalreserve.gov to identify minority-owned banks in Arizona derived from the Consolidated Reports of Condition and Income filed quarterly by banks (FFIEC 031 and 041) and from other information on the Board’s National Information Center database.

8.0 Time is of the Essence:

TIME IS OF THE ESSENCE IN RESPECT TO THE DBE PROVISIONS.

9.0 Computation of Time:

In computing any period of time described in this DBE special provision, such as calendar days, 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 or State holiday, the period extends to the next day that is not a Saturday, Sunday, or Federal or State holiday. In circumstances where the

Department’s offices are closed for all or part of the last day, the period extends to the next day on which the Department’s offices are open.

10.1 Contractor and Subcontractor Requirements:

10.2 General:

The contractor shall establish a DBE program that will ensure nondiscrimination in the award and administration of contracts and subcontracts.

Agreements between the bidder and a DBE in which the DBE promises not to provide subcontracting quotations to other bidders are prohibited.

10.3 DBE Liaison:

The contractor shall designate a DBE Liaison responsible for the administration of the contractor’s DBE program. The name of the designated DBE Liaison shall be included in the DBE Intended Participation Affidavit Summary.

11.0 Bidders/Proposers List and AZ UTRACS Registration Requirement:

Under Title 49 CFR of the Code of Federal Regulations, Part 26.11, DOTs are required to collect certain information from all contractors and subcontractors who seek to work on federally- assisted contracts in

order to set overall and contract DBE goals. ADOT collects this information through a Bidders/Proposers List when firms register their companies on the Arizona Unified Transportation Registration and Certification System (AZ UTRACS) web portal at <http://www.azutracs.com/> a centralized database for companies that seek to do business with ADOT. This information will be maintained as confidential to the extent allowed by federal and state law.

Prime contractors and all subcontractors, including DBEs, must be registered in AZUTRACS. Bidders may verify that their firm and each subcontractors is registered using the AZ UTRACS website.

Bidders may obtain additional information at the AZ UTRACS website or by contacting BECO.

Bidders shall create the Bidders/Proposers List in the AZ UTRACS by selecting all subcontractors, service providers, manufacturers and suppliers that expressed interest or submitted bids, proposals or quotes for this contract. The Bidders/Proposers List form must be complete and must include the names for all subcontractors, service providers, manufacturers and suppliers regardless of the bidders' intentions to use those firms on the project.

All bidders must complete the Bidders/Proposers List online at AZ UTRACS whether they are the apparent low bidder or not. A confirmation email will be generated by the system. The bidders shall submit to the Procurement Officer a copy of the email confirmation no later than 4:00 p.m. on the fifth calendar day following the bid opening. Faxed copies are acceptable.

FAILURE TO SUBMIT THE REQUIRED BIDDERS/PROPOSERS LIST CONFIRMATION EMAIL TO THE PROCUREMENT OFFICER BY THE STATED TIME AND IN THE MANNER HEREIN SPECIFIED SHALL BE CAUSE FOR THE BIDDER TO BE DEEMED NONRESPONSIVE AND THEIR BID REJECTED.

12.0 DBE Goals:

The Department has not established contract goals for DBE participation in this contract. Contractors are still encouraged to employ reasonable means to obtain DBE participation. Contractors must retain records in accordance with these DBE specifications. The contractor is notified that this record keeping is important to the Department so that it can track DBE participation where only race neutral efforts are employed.

13.0 Payment Reporting:

The contractor shall ensure that a copy of this Subsection is included in every Reportable Contract of every tier.

For the purposes of this subsection “Reportable Contracts” means any subcontract, of any tier, DBE or non-DBE, by which work shall be performed on behalf of the contractor and any contract of any tier with a DBE material supplier.

The requirements of this subsection apply to all Reportable Contracts.

Payment Reporting for all Reportable Contracts shall be done through the Department’s web-based DBE System. The DBE System can be accessed from the Department’s BECO website. No later than 15 calendar days after the preconstruction conference, the contractor shall log into the Department’s web based DBE System and enter or verify the name, contact information, and subcontract amounts for Reportable Contracts on the project. As Reportable Contracts are approved over the course of the contract, the contractor shall enter them in the system. Reportable contracts shall be entered into the system no later than five calendar days after approval by the Department.

The contractor shall report on a monthly basis indicating the amounts actually paid and the dates of each payment under any Reportable Contract on the project. In addition, the contractor shall require that all participants in any Reportable Contract electronically verify receipt of payment on the contract by the last day of the month and the contractor shall actively monitor the Department’s DBE System to ensure that the verifications are input. The contractor shall proactively work to resolve any payment discrepancies in the DBE System between payment amounts it reports and payment confirmation amounts reported by others.

The contractor shall ensure that all Reportable Contract activity is reported to the Department. This includes all lower-tier Reportable Contracts.

The contractor shall maintain records for each payment explaining the amount requested by the subcontractor, and the amount actually paid pursuant to the request, which may include but are not limited to, estimates, invoices, pay requests, copies of checks or wire transfers, and lien waivers in support of the monthly payments in the DBE System.

The contractor shall provide information for payments made on all Reportable Contracts during the previous month by the 15th day of the current month. In the event that no payments were made during a given month, the contractor shall identify that by entering a dollar value of zero. If the contractor does not pay the full amount of any invoice from a subcontractor, the contractor shall note that and provide the reasons in the comment section of the Monthly Payment Audit of the DBE System.

14.1 Crediting DBE Participation:

14.2 General Requirements:

To count toward DBE participation, the DBE firm must be certified in each NAICS code applicable to the kind of work the firm will perform on the contract. NAICS for each DBE can be found on the AZ UTRACS under the Firm Directory. General descriptions of all NAICS codes can be found at www.naics.com.

The entire amount of a contract that is performed by the DBE's own forces, including the cost of supplies and materials purchased by the DBE for the work on the contract and equipment leased by the DBE will be credited toward DBE participation. Supplies and equipment the DBE subcontractor purchases or leases from the prime contractor or its affiliate will not be credited toward DBE participation.

The contractor bears the responsibility to determine whether the DBE possesses the proper contractor's license(s) to perform the work.

The Department's certification is not a representation of a DBE's qualifications and/or abilities. The contractor bears all risks that the DBE may not be able to perform its work for any reason.

A DBE may participate as a prime contractor, subcontractor, joint venture partner with either a prime contractor or a subcontractor, or as a vendor of materials or supplies. A DBE joint venture partner shall be responsible for a clearly defined portion of the work to be performed, in addition to meeting the requirements for ownership and control.

The dollar amount of work to be accomplished by DBEs, including partial amount of a lump sum or other similar item, shall be on the basis of subcontract, purchase order, hourly rate, rate per ton, etc., as agreed to between parties.

With the exception of bond premiums, all work must be attributed to specific bid items. Where work applies to several items, the DBE contracting arrangement must specify unit price and amount attributable to each bid item. DBE credit for any individual item of work performed by the DBE shall be the lesser of the amount to be paid to the DBE or the prime contractor's bid price. If the amount bid by the DBE on any item exceeds the prime contractor's bid amount, the prime contractor may not obtain credit by attributing the excess to other items.

Where more than one DBE is engaged to perform parts of an item (for example, supply and installation), the total amount payable to the DBEs will not be considered in excess of the prime contractor's bid amount for that item.

Bond premiums may be stated separately, so long as the arrangement between the prime contractor and the DBE provides for separate payment not to exceed the price charged by the bonding company.

DBE credit may be obtained only for specific work done for the project, supply of equipment specifically for physical work on the project, or supply of materials to be incorporated in the work. DBE credit will not be allowed for costs such as overhead items, capital expenditures (for example, purchase of equipment), and office items.

If a DBE performs part of an item (for example, installation of materials purchased by a Non-DBE), the DBE credit shall not exceed the lesser of (1) the DBE's contract or (2) the prime contractor's bid for the item, less a reasonable deduction for the portion performed by the Non-DBE.

When a DBE performs as a partner in a joint venture, only that portion of the total dollar value of the contract which is clearly and distinctly performed by the DBE's own forces can be credited.

The contractor may credit second-tier subcontracts issued to DBEs by non-DBE subcontractors. Any second-tier subcontract to a DBE must meet the requirements of a first-tier DBE subcontract.

A prime contractor may credit the entire amount of that portion of a construction contract that is performed by the DBE's own forces. The cost of supplies and materials obtained by the DBE for the work of the contract can be included. No credit is permitted for supplies purchased or equipment leased from the prime contractor or its affiliate(s).

When a DBE subcontracts a part of the work of its contract to another firm, the value of the subcontract may be credited towards DBE participation only if the DBE's subcontractor is itself a DBE and performs the work with its own forces. Work that a DBE subcontracts to a non-DBE firm does not count towards DBE participation.

A prime contractor may credit the entire amount of fees or commissions charged by a DBE firm for providing a bona fide service, such as professional, technical, consultant, or managerial services, or for providing bonds or insurance specifically required for the performance of a USDOT-assisted contract, provided the fees are reasonable and not excessive as compared with fees customarily allowed for similar services.

14.3 Effect of Loss of DBE Eligibility:

If a DBE is deemed ineligible (decertified) or suspended by the Department in accordance with 49 CFR 26.87 and 26.88, the DBE may not be considered to count toward DBE participation on a new contract, but may be considered to count toward DBE participation under a subcontract that was executed before the DBE suspension or decertification is effective.

When a DBE firm or a DBE prime contractor loses its DBE eligibility and a subcontract or contract has not been executed before a decertification notice is issued to the DBE firm by its certifying agency, the ineligible firm does not count toward DBE participation. When a subcontract is executed with the DBE firm before the Department notified the firm of its ineligibility, the contractor may continue to receive DBE participation credit for the firm's work on the contract.

14.4 Notifying the Contractor of DBE Certification Status

Each DBE contract of any tier shall require any DBE subcontractor or supplier that is either decertified or certified during the term of the contract to immediately notify the contractor and all parties to the DBE contract in writing, with the date of decertification or certification. The contractor shall require that this provision be incorporated in any contract of any tier in which a DBE is a participant.

14.5 Police Officers:

DBE credit will not be permitted for procuring DPS officers. For projects on which officers from other agencies are supplied, DBE credit will be given only for the broker fees charged, and will not include amounts paid to the officers. The broker fees must be reasonable.

14.06 Commercially Useful Function:

A prime contractor can credit expenditures to a DBE subcontractor only if the DBE performs a commercially useful function (CUF) on the contract.

A DBE performs a CUF when it is responsible for execution of the work of a 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 on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself that it uses on the project. To determine whether a DBE is performing a commercially useful function, the Department will evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the DBE credit claimed for its performance of the work, and other relevant factors.

A DBE will not be considered to perform a commercially useful function if its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of DBE participation. In determining whether a DBE is such an extra participant, the Department will examine similar transactions, particularly those in which DBEs do not participate.

If a DBE does not perform or exercise responsibility for at least 30 percent of the total cost of its contract with its own work force, or if 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, the Department 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 as provided above, the DBE may present evidence to rebut this presumption. The Department will determine if the firm is performing a CUF given the type of work involved and normal industry practices.

The Department will notify the contractor, in writing, if it determines that the contractor's DBE subcontractor is not performing a CUF. The contractor will be notified within seven calendar days of the Department's decision.

Decisions on CUF may be appealed to the State Engineer. The appeal must be in writing and personally delivered or sent by certified mail, return receipt requested, to the State Engineer. The appeal must be received by the State Engineer no later than seven calendar days after the decision of BECO. BECO's decision remains in effect unless and until the State Engineer reverses or modifies BECO's decision. The State Engineer will promptly consider any appeals under this subsection and notify the contractor of the State Engineer's findings and decisions. Decisions on CUF matters are not appealable to USDOT.

The Department will conduct project site visits on the contract to confirm that DBEs are performing a CUF. The contractor shall cooperate during the site visits and the Department's staff will make every effort not to disrupt work on the project.

14.7 Trucking:

The Department will use the following factors in determining whether a DBE trucking company is performing a commercially useful function. The DBE must be responsible for the management and supervision of the entire trucking operation for which it is responsible on a particular contract.

The DBE must itself own and operate at least one fully licensed, insured, and operational truck used on the contract on every day that credit is to be given for trucking.

The contractor will receive credit for the total value of transportation services provided by the DBE using trucks it owns, insures and operates, and using drivers it employs.

The DBE may lease trucks from another DBE firm, including an owner-operator who is certified as a DBE. The DBE who leases trucks from another DBE receives credit for the total value of the transportation services.

The DBE may also lease trucks from a non-DBE firm, including an owner-operator. The DBE who leases trucks with drivers from a non-DBE is entitled to credit for the total value of the transportation services provided by non-DBE leased trucks with drivers not to exceed the value of transportation services on the contract provided by DBE-owned trucks or leased trucks with DBE employee drivers. Additional participation by non-DBE owned trucks with drivers receives credit only for the fee or commission paid to the DBE as a result of the lease agreement.

Example: DBE Firm X uses two of its own trucks on contract. It leases two trucks from DBE Firm Y and six trucks from non-DBE firm Z. DBE credit would be awarded for the total value of transportation services provided by Firm X and Firm Y, and may also be awarded for the total value of transportation services provided by four of the six trucks provided by Firm Z. In all, full credit would be allowed for the participation of eight trucks. DBE credit could be awarded only for the fees or commissions pertaining to the remaining trucks Firm X receives as a result of the lease with Firm Z.

The DBE may lease trucks without drivers from a non-DBE truck leasing company. If the DBE leases trucks from a non-DBE leasing company and uses its own employees as drivers, it is entitled to credit for the total value of these hauling services.

Example: DBE Firm X uses two of its own trucks on a contract. It leases three additional trucks from non-DBE Firm Z. Firm X uses its own employees to drive the trucks leased from Firm Z. DBE credit would be awarded for the total value of the transportation services provided by all five trucks.

For purposes of this section, 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. DBE participation will be allowed only for those lease costs related to the time each truck is devoted to the project.

DBE credit for supplying paving grade asphalt and other asphalt products will only be permitted for standard industry hauling costs, and only if the DBE is owner or lessee of the equipment and trucks. Leases for trucks must be long term (extending for a fixed time period and not related to time for contract performance) and must include all attendant responsibilities such as insurance, titling, hazardous waste requirements, and payment of drivers.

14.8 Materials and Supplies:

The Department will credit expenditures with DBEs for material and supplies as follows. If the materials or supplies are obtained from a DBE manufacturer, 100 percent of the cost of the materials or supplies is credited. A manufacturer is defined as a firm that operates or maintains a factory or establishment that

produces, on the premises, the materials, supplies, articles, or equipment required under the contract, and of the general character described by the specifications.

If the materials or supplies are purchased from a DBE regular dealer, 60 percent of the cost of the materials or supplies is credited. A DBE regular dealer is defined as a firm that owns, operates, or maintains a store or warehouse or other establishment in which the materials, supplies, articles, or equipment of the general character described by the specifications and required under the contract are bought, kept in stock, and regularly sold or leased to the public in the usual course of business. To be a regular dealer, the firm must be an established, regular business that engages, as its principal business and under its own name, in the purchase and sale or lease of the products in question. A firm may be a DBE regular dealer in such bulk items as petroleum products, steel, cement, stone or asphalt without owning, operating, or maintaining a place of business, as provided above, if the person both owns and operates distribution equipment for the products. Any supplementing of regular dealers' own distribution equipment shall be by a long-term lease agreement, and not on an ad-hoc or contract-by-contract basis. Packagers, brokers, manufacturers' representatives, or other persons who arrange or expedite transactions are not regular dealers within the meaning of this paragraph and the paragraph above.

With respect to materials or supplies purchased from a DBE which is neither a manufacturer nor a regular dealer, the Department will credit the entire amount of the fees or commissions charged by the DBE for assistance in the procurement of the materials and supplies, or fees or transportation charges for the delivery of materials or supplies required on a job site, toward DBE goals, provided the fees are determined to be reasonable and not excessive as compared with fees customarily allowed for similar services. The cost of the materials and supplies themselves may not be counted toward the DBE participation.

The Department will credit expenditures with DBEs for material and supplies (e.g. whether a firm is acting as a regular dealer or a transaction expeditor) towards the DBE participation on a contract-by-contract basis. The fact that a DBE firm qualifies under a classification (manufacturer, regular dealer or supplier) for one contract does not mean it will qualify for the same classification on another contract.

15.1 Joint Checks:

15.2 Requirements:

A DBE subcontractor and a material supplier (or equipment supplier) may request permission for the use of joint checks for payments from the prime contractor to the DBE subcontractor and the supplier. Joint checks may be issued only if all the conditions in this subsection are met.

1. The DBE subcontractor must be independent from the prime contractor and the supplier, and must perform a commercially useful function. The DBE subcontractor must be responsible for

negotiating the price of the material, determining quality and quantity, ordering the materials, installing (where applicable), and paying for the material. The DBE subcontractor may not be utilized as an extra participant in a transaction, contract, or project in order to obtain the appearance of DBE participation.

2. The use of joint checks will be allowed only if the prime contractor, DBE subcontractor, and material supplier establish that the use of joint checks in similar transactions is a commonly recognized business practice in the industry, particularly with respect to similar transactions in which DBE's do not participate.
3. A material or supply contract may not bear an excessive ratio relative to the DBE subcontractor's normal capacity.
4. There may not be any exclusive arrangement between one prime and one DBE in the use of joint checks that may bring into question whether the DBE is independent of the prime contractor.
5. Any arrangement for joint checks must be in writing, and for a specific term (for example, one year, or a specified number of months) that does not exceed a reasonable time to establish a suitable credit line with the supplier.
6. The prime contractor may act solely as the payer of the joint check, and may not have responsibility for establishing the terms of the agreement between the DBE subcontractor and the supplier.
7. The DBE must be responsible for receiving the check from the prime contractor and delivering the check to the supplier.
8. The prime contractor cannot require the DBE subcontractor to use a specific supplier, and the prime contractor may not participate in the negotiation of unit prices between the DBE subcontractor and the supplier.

15.3 Procedure and Compliance:

1. The Business Engagement and Compliance Office must approve the agreement for the use of joint checks in writing before any joint checks are issued. The prime contractor shall submit a DBE joint check request form, available from the BECO website, along with the joint check agreement, to BECO through email within seven calendar days from the time the subcontract is executed.

2. After obtaining authorization for the use of joint checks, the prime contractor, the DBE, and the supplier must retain documentation to allow for efficient monitoring of the agreement.
3. Copies of canceled checks must be submitted with the payment information for the period in which the joint check was issued, electronically through email to BECO, and made available for review at the time of the onsite CUF review. The prime contractor, DBE, and supplier each have an independent duty to report to the Department in the case of any change from the approved joint check arrangement.
4. Any failure to comply will be considered by the Department to be a material breach of this contract and will subject the prime contractor, DBE, and supplier to contract remedies and, in the case of serious violations, a potential for termination of the contract, reduction or loss of prequalification, debarment, or other remedies which may prevent future participation by the offending party.

16.0 Certification of Final DBE Payments:

DBE participation on the contract is measured by actual payments made to the DBEs. The contractor shall submit the "Certification of Final DBE Payments" form for each DBE firm working on the contract. This form shall be signed by the contractor and the relevant DBE, and submitted to the Engineer no later than 30 days after the DBE completes its work.

The contractor will not be released from the obligations of the contract until the "Certification of Final DBE Payments" forms are received and deemed acceptable by the Engineer and BECO.

17.0 False, Fraudulent, or Dishonest Conduct:

In addition to any other remedies or actions, the Department will bring to the attention of the US Department of Transportation any appearance of false, fraudulent, or dishonest conduct in connection with the DBE program, so that USDOT can take steps such as referral to the Department of Justice for criminal prosecution, referral to the USDOT Inspector General for possible initiation of suspension and debarment proceedings against the offending parties or application of "Program Fraud and Civil Penalties" rules provided in 49 CFR Part 31.

9. TERMINATION OF CONTRACT

Termination of the contract shall be in accordance with the Standard Specifications for Road and Bridge Construction, 2008 Edition, Section 108.09 through 108.11.

10. CONTRACTOR BASED ON-THE-JOB TRAINING:

1.0 Description:

1.1 Purpose:

The contractor shall provide on-the-job training (OJT) aimed at moving minorities, women, economically disadvantaged, and veteran trainees into journey-level positions in various types of construction trades or job classifications through a contractor-based OJT program. The contractor-based approach assigns contractors annual training goals for a specific number of trainees and hours. The contractor is provided the flexibility to meet the annual trainee and training hour goals on any transportation projects in the United States throughout the year, rather than on a project-by-project basis. Contractors may include ADOT and non-ADOT projects as long as more than 40 percent of the training hours are completed on ADOT projects.

Training of minorities and women toward journey-level status is a primary objective of this Training Special Provision. Accordingly, the contractor shall make every effort to enroll minority, women, economically disadvantaged, and veteran trainees to the extent that such persons are available within a reasonable area of recruitment. The contractor will be responsible for demonstrating the steps that it has taken in pursuance thereof, prior to a determination as to whether the contractor is in compliance with this Training Special Provision. This training commitment is not intended, and shall not be used, to discriminate against any applicant for training, whether a member of a minority group or not.

1.2 Program Summary:

The Department has established a Contractor Based On-The-Job Training Pilot Program for a one year period from July 1, 2015 to June 30, 2016. All successful bidders will automatically be placed in the Pilot Program beginning on July 1, 2015. Standard OJT requirements associated with individual projects will no longer be applied at the project level for new projects. OJT requirements will be applicable on an annual basis for each contractor performing work on ADOT projects. During the OJT Pilot Program each contractor meeting the threshold described in Subsection 1.04 of this Training Special Provision will be required to provide training for one trainee for a minimum of 1000 hours. The 1000 hours may be completed by one or more trainees; if a trainee reaches program completion before completion of the 1000 hours then an additional enrolled_trainee may be used to complete the remaining training hours. For example, if a trainee reaches program completion after 700 hours, the contractor is required to provide an additional 300 hours of training to an enrolled trainee in order to meet its annual OJT goal.

Contractors may also assign OJT Trainees to be trained by subcontractors on any project with ADOT approval. However, the contractor will only receive credit towards its annual goal for hours earned by its own OJT Trainees. The contractor's OJT Trainees must be employed by the contractor and be enrolled in an approved training program as described in Subsection 2.01 of this Training Special Provision.

Hours earned by a subcontractor’s OJT Trainees on a project will be credited to that subcontractor’s annual training goal and the contractor shall reimburse the subcontractor in accordance with Subsection 2.2 of this Training Special Provision.

No employee shall be employed as a trainee in any classification in which they have successfully completed a training course leading to journey-level status or in which they have been employed at journey-level status. The contractor shall satisfy this requirement by including appropriate questions in the employment application or by other suitable means. Regardless of the method used, the contractor's records shall document the findings in each case.

The trainees shall be distributed among the work classifications on the basis of the contractor's needs and the availability of journey-level status individuals in the various classifications. The ratio of apprentices and OJT Trainees to journey persons shall not be greater than permitted by the terms of the approved training program being utilized. When a specific ratio is not provided, the ratio of apprentices and OJT Trainees to journey persons expected to be on the contractor’s work force during normal operations shall fall between 1:10 and 1:4, pursuant to 23 CFR 230.111(c)(10).

1.3 Definitions:

“OJT Trainee” herein refers to (a) a minority, female, veteran or economically disadvantaged individual enrolled in either a State of Arizona registered apprenticeship program or ADOT’s OJT program and (b) any other individual ADOT approves for enrollment in such an apprenticeship or OJT program and for credit toward the OJT Goals.

“Program Completion” herein refers to the point in time when a trainee in the ADOT OJT Program has completed the required number of levels and hours of training within a calendar year for a designated craft classification or a registered Apprenticeship program, or has achieved journey-level status.

“Journey-Level Status” applies to a person who has completed a registered apprenticeship program or is an experienced worker, not a trainee, and is fully qualified and able to perform all of the duties of a specific trade without supervision.

“Economically Disadvantaged Persons” applies to a person who:

- Receives, or is a member of a family and/or household, which receives cash payments under a Federal, State, or local income-based public assistance program.
- Is a member of a family and/or household that receives (or has been determined within the 6-month period prior to registration for the program involved to be eligible to receive) Food Stamps/EBT card under the Food Stamp Act of 1977.
- Is a foster child on behalf of whom State or local government payments are made.

- Does not have a high school diploma or GED.
- Is from a family whose total annual household income is below the federal poverty limits. See Appendix A of the *OJT Guidelines and Procedures* document found at <http://azdot.gov/business/business-engagement-and-compliance/on-the-job-training-program/ojt-contract-compliance>.

1.4 Annual Training Goal:

During the OJT Pilot Program, each contractor that was awarded ADOT federally funded construction contracts, as a prime contractor, for \$2,000,000 or more between October 1, 2013 and September 30, 2014 will be assigned an annual OJT goal to train a minimum of one trainee for a minimum of 1000 hours. The trainee shall receive training in the same construction trade or job classification from July 1, 2015 to June 30, 2016 with the aim of eventually achieving journey-level status. If the contractor is not awarded an ADOT federally funded contract during the pilot program period, they will not be required to meet the assigned annual OJT goal.

If a contracting firm is not assigned an annual OJT goal, it is not required to provide on-the-job training on ADOT projects regardless of whether OJT hours are included in the project bid schedule. If the contractor chooses to provide training to a registered OJT trainee on an ADOT federal-aid project although they do not meet the above criteria, the contractor will be reimbursed as described in Subsection 2.02 of this Training Special Provision.

The contractor shall make every possible effort to provide additional trainees with training and shall see that all trainees are afforded every opportunity to participate in as much training as is practically possible to provide. Contractors will not be required to meet OJT goals on individual contracts, but must meet the assigned annual training goal for the assigned number of OJT Trainees and hours by the end of the year.

Since not every OJT Trainee that enrolls in the program will complete the program, the contractor is encouraged to enroll sufficient numbers of OJT Trainees (well beyond the number of its annual training goal) to help ensure that it will meet its annual OJT goal if some OJT Trainees drop out of the program during the year. The contractor must carefully screen, hire, and support trainees that are likely to meet or exceed the 1000 hours of OJT during the calendar year, eventually earn journey-level status, and be retained as part of its workforce.

2.0 Requirements:

2.1 Approved Training Programs:

For this Contractor-Based OJT Program, the ADOT Business Engagement & Compliance Office (BECO) will only recognize two types of contractor based training programs. The programs are:

- The Department’s OJT Program as approved by FHWA and described at <http://azdot.gov/business/business-engagement-and-compliance/on-the-job-training-program/ojt-contract-compliance> or
- Registered Apprenticeship and OJT programs registered with the Bureau of Apprenticeship, U.S. Department of Labor and/or the State of Arizona.

Contractors must use one or both of these programs. The contractor shall indicate which OJT program it is using for each trainee on his/her Trainee Enrollment form. It is the intention of these provisions that training be provided in the construction crafts rather than for office support positions. Some off-site training is permissible as long as the training is an integral part of an approved training program and does not comprise a significant part of the overall training.

All training programs shall be administered in a manner consistent with the equal employment obligations of federal-aid highway construction contracts. The Department reserves the right to request documentation that the contractor’s training program fulfills these obligations. Contractors shall ensure that each trainee does not exceed the maximum number of training hours required for the completion of the selected training program unless prior approval is received from the Engineer.

2.2 Reimbursement:

The contractor will be reimbursed \$3.00 per hour of training provided to a trainee on an ADOT federal-aid project up to the maximum number of hours approved for reimbursement on the project and shown in the project bid schedule. Reimbursement will not be made for a trainee’s hours that exceed the maximum number of training hours required for the completion of his/her training program. In addition, the contractor will not be reimbursed for hours in excess of the maximum training hours shown on the project bid schedule unless written approval is received in advance from the Engineer.

The maximum number of hours approved for reimbursement on each ADOT federal-aid contract will be calculated by the Department, based on the engineer’s estimate for the project and the contract time.

The trainee will be paid the appropriate trainee Davis-Bacon wage rates for training classifications/crafts on federally-funded projects. The contractor shall compensate OJT Trainees according to pay levels and percentages outlined in the ADOT Training Program Manual found at <http://azdot.gov/business/business-engagement-and-compliance/on-the-job-training-program/ojt-contract-compliance>.

Contractors shall reimburse subcontractors for the subcontractor’s trainees on ADOT federally funded projects at least 75-percent of the amount paid to the contractor by the Department per training hour.

2.3 Submittals:

The contractor shall complete and submit the following to BECO:

- *OJT Program Trainee Enrollment Form* for approval for each proposed minority, female, veteran, economically disadvantaged, and other OJT Trainee throughout the year as each individual is hired. The form shall be submitted to BECO within the first week of hire if working on an ADOT project. If the contractor is working on an ADOT project, the form shall also be submitted to the Engineer.

In addition, if the contractor is working on an ADOT construction project, the contractor shall submit the *OJT Program Trainee Enrollment Forms* of all current trainees to the Engineer at the Preconstruction Conference.

- Contractors shall enter trainee hours worked on ADOT construction projects on a weekly basis into the web-based Labor Compliance System, LCPtracker. Trainee hours not entered into LCPtracker by the 15th of each month for the preceding month will be considered delinquent. Trainee hours on non-ADOT contracts shall be entered into LCPtracker on a monthly basis.
- *OJT Monthly Progress Report Form* shall be submitted for each month by the 15th of the following month.
- *OJT Monthly Trainee Progress Report Form* shall be submitted for each trainee for each month by the 15th of the following month.
- *OJT Trainee Termination/Completion Form* when an OJT Trainee completes 1000 or more hours in the same construction trade or job classification within a calendar year, achieves journey-level status, terminates employment with the contractor, or withdraws from the OJT program.
- *OJT Annual Summary Report Form* by July 15, 2016 for the Pilot Program as described in Subsection 4.02 of this Training Special Provision.

The contractor's June monthly reports and uploads into LCPtracker submitted after July 31st will not be accepted or considered towards goal attainment for the previous calendar year.

All forms and Guidelines and Procedures for the Contractor-Based OJT program are available online at <http://azdot.gov/business/business-engagement-and-compliance/on-the-job-training-program/ojt-contract-compliance>.

The contractor shall retain the training records for all OJT Trainees for a period of five years following the completion of the trainee's work on contracts documenting his performance under this Training Special Provision. Such records shall be available at reasonable times and places for inspection or review by ADOT and the Federal Highway Administration.

The contractor is required to meet the assigned annual OJT goal if they are awarded federally funded ADOT construction contract(s) during the year. In anticipation of obtaining an ADOT contract, contractors are encouraged to begin registering trainees with the Department using the OJT Program Trainee Enrollment Form at the beginning of the year. In order to count training hours toward the goal, the trainee must be registered with the Department and their hours must be entered monthly into the LCPtracker system as described in this specification.

2.4 OJT Liaison:

The contractor shall designate an OJT Liaison that shall be responsible for monitoring and administering its OJT Program and monitoring the trainees' progress. The OJT Liaison shall serve as the point of contact for the Department regarding information, documentation, and conflict resolution relating to the contractor's OJT program. The contractor shall furnish each trainee a copy of the Training Program, monthly reports that reflect their training hours accumulated to date and other documentation related to the training program. The contractor shall further make every reasonable effort to provide training that develops the skills outlined in the training program. The contractor shall furnish each trainee, upon successful completion of their training program, a certificate showing the type and length of training satisfactorily completed.

2.5 Training Hours:

Credit towards the contractor's annual training goal shall be earned as follows:

- Credit will be allowed towards the contractor's annual goal for the year in which the trainee entered training.
- Credit will be allowed for each trainee employed on a project, pending official enrollment, for all documented hours completed.
- Credit will be allowed for a terminated trainee if the contractor demonstrated a good faith effort to meet the goal and the trainee completed more than 90% of the training hours required for the year.

Credit will not be allowed when the contractor fails to provide the required training or does not make a satisfactory good faith effort to meet the requirements of the program.

2.6 Program Completion:

A trainee will be considered to have completed the program once the trainee completes the required number of levels and hours of training for the same craft or classification within a year, completes a registered apprenticeship program, or achieves journey-level status as determined by the contractor. Once a trainee completes a specific training level for a classification, the contractor will not be permitted to resubmit that trainee for enrollment or reimbursed at that same level, unless approved in advance by the Engineer.

Upon completion of the program, the contractor shall notify BECO so that a Certificate of Completion can be issued to the trainee showing the type and length of training satisfactorily completed.

3.0 Good Faith Efforts:

Whenever a contractor requests ADOT approval of someone other than a minority, economically disadvantaged individual, woman, or veteran for credit towards its annual training goal, the contractor shall submit documented evidence of its Good Faith Efforts to fill that trainee position with a minority, female, veteran, or economically disadvantaged individual. Documentation of Good Faith Efforts shall be made by completing and submitting the Good Faith Effort form and supporting documentation to BECO.

Good Faith Efforts are those efforts designed to achieve equal opportunity through positive, proactive, and continuous result-oriented measures (23 CFR 230.409(g)(4)). Good Faith Efforts should be made as trainee hiring opportunities arise. More information on Good Faith Efforts is available in the *OJT Guidelines and Procedures* document available on BECO's website.

4.0 ADOT Program Monitoring:

4.1 Site Visits:

BECO may conduct periodic site visits to a contractor's worksite to review OJT Program compliance, as part of a FHWA required Contractor Compliance Program Review process. The site reviews may include, among other activities, interview of trainees, the contractor, and its employees. The contractor shall cooperate in the review and make its employees available. The contractor's OJT Liaison shall be available to meet with BECO staff as well as be available to respond to periodic emails and phone calls from BECO to check on the progress of OJT Trainees. BECO will make every effort to ensure minimal disruption to a contractor's work.

4.2 Determination of Compliance:

An OJT Annual Summary Report Form for the previous 12 months (July 1, 2015 to June 30, 2016) shall be submitted to BECO by July 15, 2016 for the Pilot Program. The report shall provide an accurate account of all trainee hours; identifying each trainee by name, ethnicity, and gender and identifying each project and/or contract, listing the contracting agency, whether they are ADOT projects/contracts, whether they are federally funded projects/contracts, and the trainee hours attributed thereto. The report shall include written explanation and documentation of Good Faith Efforts, if the contractor fails to meet its goal.

BECO will review the contractor’s OJT Monthly and Annual Reports and Good Faith Effort documentation. BECO will determine whether the contractor has met the assigned annual training goal or made a good faith effort to do so. BECO will communicate its decisions in writing to the contractor.

If a contractor has neither attained its goal nor submitted adequate Good Faith Efforts documentation, ADOT will issue a Show Cause Notice outlining its findings of non-compliance. Within 30 days of receiving the Show Cause Notice, the contractor may submit a written response to the Show Cause Notice providing argument and evidence in opposition to the Department’s findings of non-compliance.

If a contractor fails to submit a written response to the Show Cause Notice within the specified period or the written response to the Show Cause Notice does not cause ADOT to change its findings of non-compliance, ADOT will issue its Final Notice to the Contractor regarding the non-compliance.

11. NOTICE OF REQUIREMENT FOR AFFIRMATIVE ACTION TO ENSURE EQUAL EMPLOYMENT OPPORTUNITY

1. The Offeror's or Bidder's attention is called to the “Equal Opportunity Clause” and the “Standard Federal Equal Employment Specifications” set forth herein.
2. The goals and timetables for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work in the covered area, are as follows:

Time- tables	Goals for minority participation for each trade	Goals for female participation in each trade

These goals are applicable to all the Contractor's construction work (whether or not it is Federal or federally assisted) performed in the covered area. If the contractor performs construction work in a

geographical area located outside of the covered area, it shall apply the goals established for such geographical area where the work is actually performed. With regard to this second area, the contractor also is subject to the goals for both its federally involved and nonfederally involved construction.

The Contractor's compliance with the Executive Order and the regulations in 41 CFR part 60-4 shall be based on its implementation of the Equal Opportunity Clause, specific affirmative action obligations required by the specifications set forth in 41 CFR 60-4.3(a), and its efforts to meet the goals. The hours of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the contractor shall make a good faith effort to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from Contractor to Contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract, the Executive Order and the regulations in 41 CFR part 60-4. Compliance with the goals will be measured against the total work hours performed.

3. The Contractor shall provide written notification to the Director of the Office of Federal Contract Compliance Programs within 10 working days of award of any construction subcontract in excess of \$10,000 at any tier for construction work under the contract resulting from this solicitation. The notification shall list the name, address and telephone number of the subcontractor; employer identification number of the subcontractor; estimated dollar amount of the subcontract; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

4. As used in this Notice, and in the contract resulting from this solicitation, the "covered area" is

12. EQUAL OPPORTUNITY CLAUSE

Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246)

1. As used in these specifications:
 - a. "Covered area" means the geographical area described in the solicitation from which this contract resulted;
 - b. "Director" means Director, Office of Federal Contract Compliance Programs, United States Department of Labor, or any person to whom the Director delegates authority;
 - c. "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941.
 - d. "Minority" includes:

- (i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);
 - (ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);
 - (iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and
 - (iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).
2. Whenever the Contractor, or any Subcontractor at any tier, subcontracts a portion of the work involving any construction trade, it shall physically include in each subcontract in excess of \$10,000 the provisions of these specifications and the Notice which contains the applicable goals for minority and female participation and which is set forth in the solicitations from which this contract resulted.
3. If the Contractor is participating (pursuant to 41 CFR 60-4.5) in a Hometown Plan approved by the U.S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) shall be in accordance with that Plan for those trades which have unions participating in the Plan. Contractors must be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each Contractor or Subcontractor participating in an approved Plan is individually required to comply with its obligations under the EEO clause, and to make a good faith effort to achieve each goal under the Plan in each trade in which it has employees. The overall good faith performance by other Contractors or Subcontractors toward a goal in an approved Plan does not excuse any covered Contractor's or Subcontractor's failure to take good faith efforts to achieve the Plan goals and timetables.
4. The Contractor shall implement the specific affirmative action standards provided in paragraphs 7 a through p of these specifications. The goals set forth in the solicitation from which this contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the covered area. Covered Construction contractors performing construction work in geographical areas where they do not have a Federal or federally assisted construction contract shall apply the minority and female goals established for the geographical area where the work is being performed. Goals are published periodically in the **Federal Register** in notice form, and such notices may be obtained from any Office of Federal Contract Compliance Programs office or from Federal procurement contracting officers. The Contractor is expected to make substantially uniform progress in meeting its goals in each craft during the period specified.

5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under these specifications, Executive Order 11246, or the regulations promulgated pursuant thereto.
6. In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.
7. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:
 - a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each construction project. The Contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
 - b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.
 - c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.
 - d. Provide immediate written notification to the Director when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other

information that the union referral process has impeded the Contractor's efforts to meet its obligations.

- e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under 7b above.
- f. Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.
- g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with onsite supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.
- h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.
- i. Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

- j. Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's work force.
 - k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR part 60-3.
 - l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.
 - m. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.
 - n. Ensure that all facilities and company activities are non-segregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.
 - o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.
 - p. Conduct a review, at least annually, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.
8. Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (7a through p). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under 7a through p of these Specifications provided that the contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's noncompliance.

9. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Executive Order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).
10. The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.
11. The Contractor shall not enter into any Subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.
12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, as amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any Contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Executive Order 11246, as amended.
13. The Contractor, in fulfilling its obligations under these specifications, shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph 7 of these specifications, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of the Executive Order, the implementing regulations, or these specifications, the Director shall proceed in accordance with 41 CFR 60-4.8.
14. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g., mechanic, apprentice trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

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15. Nothing herein provided shall be construed as a limitation upon the application of other laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

13. STANDARDIZED CHANGED CONDITIONS

All revisions to the contract shall be made in accordance with the Standard Specifications for Road and Bridge Construction, 2008 Edition, Section 104.02, Revisions to the Contract.