



DBE ENTERPRISES

MAY 2003 ISSUE 5

The Indian Incentive Program

What is the 5% Indian Incentive Program?

It is a Department of Defense (DoD) program under which DoD prime contractors with eligible contracts may, subject to availability of funds, receive a 5% bonus payment when they use Indian subcontractors. The DoD Appropriations Act for FY98 earmarks \$8 million for this program, the purpose of which is to encourage greater use of Indian subcontractors.

How does a prime contractor qualify for the 5% Indian Incentive Program?

The prime contractor must either:

1. Have a contract that includes a subcontracting plan (contracts with subcontractor plans for commercial products are not eligible for incentive payments) developed in accordance with 15 U.S.C. 637(d). This contract must also include FAR clause 52.226-1 "Utilization of Indian Organizations and Indian-Owned Economic Enterprises;" or
2. Have a contract that includes a subcontracting plan (DFARS 219.708) developed in accordance with "Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans (DEARS 219.702 (CL))." Prime contractors participating in the test program will be eligible for incentive payments after DoD finalizes new implementing regulations.

How is the bonus calculated?

Contractors should be aware that the FAR 52.226-1 clause changed in 1996 and the amount of the prime contractor's payment depends on which version of the clause is in the prime contract.

Under the pre- 1996 version, the bonus is the lesser of: (1) 5% of the cost or price of the Indian subcontract; or (2) the difference in the cost or price between the Indian subcontract that was awarded and the otherwise low, non-Indian offer.

Under the post-1996 version, the bonus is 5% of the subcontract cost or price.

How does a subcontractor qualify?

In accordance with FAR clause 52.226-1, the subcontractor must be either:

1. An Indian organization, defined as:
 - The governing body of any federally recognized Indian tribe, band, group, pueblo, or community, including ANSCA corporations; or
 - An entity established or recognized by such a governing body for the purposes of 25 U.S.C. Chapter 17, or
2. An Indian-owned economic enterprise, which is any Indian-owned commercial, industrial, or business activity established or organized for the purposes of profit, provided that Indian ownership is not less than 51% of the enterprise.

For more information about fee Indian Incentive Program, please contact Karri Plowman at the 612-870-4533.

DBE Advise

Four Do's and Five Don'ts for construction and construction-related contractors

1. Do have a checklist prepared for the project planning meeting. Don't expect all aspects of your project to be acceptable or buildable.
2. Do listen with an open mind when changes are suggested or directives are required. Don't assume that suggestions are mandatory; do not assume that directives are not.
3. Do communicate freely; where changes must be made, alternatives can normally be found. Don't expect changes and alternatives to always be easy to incorporate - quality in design is usually difficult, but always worth the effort.
4. Do expect the plans to be more complicated and more costly than you initially estimated. Don't skimp on legibility or accuracy when producing your plans.

Additional Don't: Don't expect an Architect to do an Engineer's work (or vice versa) and still keep to a previously estimated budget or schedule.

NOTICE

The Metropolitan Council will no longer utilize the CERT list for the identification of Minority and Women Owned Businesses.

Minnesota Department of Transportation Disadvantaged Business Enterprise Support Services Program

Small Business Management Programs:

The Minnesota Department of Transportation provides opportunity for Disadvantaged Business Enterprises (DBE) to increase business knowledge and experiences to help them compete in the highway construction industry. One way that Mn/DOT accomplishes this is by encouraging DBE owners to participate in small business management programs.

Mn/DOT works with the Minnesota State Colleges and Universities to offer DBE firms information, tools and technology to help them operate more effectively and competitively in the transportation industry. Two initiatives have been developed to help meet this goal:

DBE Business Development – “Business Jumpstart Program”

The Business Jumpstart Program is a small business development program designed to assist certified Disadvantaged Business Enterprise owners develop or improve their business operations regardless of the number of years a DBE has been in business.

Participants of the program will receive as much as \$600 in computer equipment, one year of Internet service (including hookup and installation) and 75 percent reimbursement for business software.

The Business Jumpstart Program also offers DBE business owners the flexibility to select from a menu of workshops and seminars on topics such as bonding accounting, etc., while working with business instructors to assess business practices, approaches and planning free of charge.

Business Seminars and Workshops

Mn/DOT offers relevant and timely training to certified DBE firms and other small businesses through workshops, seminars and conferences. Topics such as bonding, bidding, marketing, accounting, insurance, etc., will be delivered by business professionals, business instructors and Mn/DOT staff who have expertise in small business development as well as business expertise in the highway construction industry.

CONTACTS

For further information on DBE opportunities:

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For DBE Certification information:

Juan Lopez, *MAC* 612-726-8196
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For information on association membership/partnership:

Diane Holte, *Assoc. of Women Contractors*
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Contractors/Consultants	Total Contract Amount	Total Paid to Date	DBE Paid to Date	(1) DBE % Actual to Date	(2) DBE % Total Contract Value	Target DBE % Goal
Minnesota Transit Constructors (MnTC)	303,358,716	207,754,909	28,668,642	13.80%	9.45%	15%
Other Contractors	5,819,825	5,226,338	738,665	14.13%	12.69%	
O'Brien Kreitzberg (OBK) (3)	14,411,331	12,433,588	2,525,009	20.31%	17.52%	15%
Marsh	545,000	395,000	100,795	25.52%	18.49%	5%
Other Consultants	31,230,643	27,013,923	1,332,706	4.93%	4.27%	
SUB-TOTAL:	355,365,515	252,823,758	33,365,817	13.20%	9.39%	
Other Commitments *	79,742,392	70,623,279	N/A	N/A	N/A	N/A
TOTAL:	435,107,907	323,447,037	N/A	N/A	N/A	N/A

* ROW, Cooperative Agreements, Other Direct Costs, etc. (1) Calculates DBE percentage based upon DBE dollars expended vs. contract dollars paid to-date (actuals). (2) Calculates DBE percentage based upon DBE dollars expended vs. total contract value. (3) Values as of 03/31/03 - Preliminary