

Memorandum

To: DIRECTOR
CHIEF DEPUTY DIRECTOR
DEPUTY DIRECTORS
DISTRICT DIRECTORS
DIVISION CHIEFS

Date: September 14, 2023

From: DAVID DELUZ
Deputy Director
Office of Civil Rights

**Subject: SMALL BUSINESS ENTERPRISES PARTICIPATION GOAL REQUIREMENT
IMPLEMENTATION FOR STATE-ONLY FUNDED PROJECTS**

This memorandum establishes the implementation of the California Department of Transportation (Caltrans) Small Business Enterprises (SBE) Participation Goal Setting process for state-only funded projects. The SBE participation goal-setting process supports Caltrans' implementation of AB 2019 (statutes of 2022) as well as California Code of Regulation, 2 CCR section 1896.5, *Small Business Participation Goals*.

AB 2019 established a minimum goal of 25% procurement participation for small businesses, including microbusinesses, for state agencies that enter into contracts for the acquisition of goods, services, and information technology and for the construction of state facilities. This is a requirement that Caltrans was already mandated to meet in SB 103 (Statutes of 2017).

2 CCR section 1896.5 provides that, in order to achieve the overall required twenty-five (25%) SBE participation goal on the total awarded contracts, departments may set contract-specific SBE participation goal requirements.

To comply with AB 2019 and 2 CCR section 1896.5, the Department will implement an SBE Goal of 5% on all State-Only Funded construction contracts (excluding emergency, special funded, and informal projects). All contracts processed by the Division of Engineering Services Office Engineer (DES-OE), with a scheduled bid opening date after October 1, 2023, must include the new SBE Goal.

The Division of Construction and Office of Construction Contract Standards (OCCS) have developed Special Notice (SN), Non-Standard Special Provision (NSSP), and SBE Forms. Until further notice, these specifications and forms are to

be incorporated into current and future contract special provisions and supplemental project information handouts with 2023 Construction Standards.

- **NSSP SN-250:** To be used with NSSP 2-1.18D and NSSP 5-1.13F.
- **NSSP 2-1.18D:** Use on Small Business Enterprise projects with NSSP SN-250 and NSSP 5-1.13F with OCR-SB01 Small Business Enterprises – Commitment form and OCR-SB02 Small Business Enterprise – Confirmation form. Use on projects that are only State-funded and are not informal projects. Do not use on projects containing special funding or federal-aid funding.
- **NSSP 5-1.13F:** Use on Small Business Enterprise projects with NSSP SN-250 and NSSP 2-1.18D with OCR-SB03 Final Report - Utilization of Small Business Enterprises form.

DES-OE has identified seven currently advertised projects on the attached list to implement these SBE goal-setting requirements. DES-OE will prepare the addenda to include the approved SN, NSSP, and OCR-SB forms in the Project information handouts for these seven projects.

Beginning September 25, 2023, please ensure that the following are completed prior to project submittal to DES-OE for Advertisement:

- Attach NSSP SN-250, NSSP 2-2.18D and NSSP 5-1.13E into the PS&E submittal. See attached for HQ Construction and OCR Approved NSSPs and NSSP Blanket Construction concurrences-dated September 12, 2023, and OCCS Approved NSSP SN-250 dated September 13, 2023.
- Districts will need to add SBE forms OCR-SB01-Small Business Enterprises Commitment, OCR-SB02-Small Business Enterprise Confirmation, and OCR-SB03 Final Report-Utilization of Small Business Enterprises into the project's Supplemental Project Information Handout and the forms needs to be listed into SSP 2-1.06B.
- DES-OE will assist Districts with manual edits required to input into the Project Database and the assembly of the Notice to Bidders & Special Provisions (NTB&SP) prior to Advertisement.

Please distribute this memo and attachments to all Caltrans PS&E project delivery personnel.

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If you have any questions, please contact Sanjay Singh, Assistant Deputy Director, Office of Civil Rights at (916) 317-1999. You may also contact Dung (Doug) Nguyen, Office Chief of the Office of Construction Contract Advertisement and Quality Program, DES-OE, at (916) 227-6270.

Attachments

1. Non-Standard Special Provision Special Notice Small Business Enterprises (NSSP SN-250_N_09-12-23_2023) and OCCS approval
 2. Non-Standard Special Provision (NSSP 2-1.18D_N09-12-23_2023 Small Business Enterprises Goal) and OCR approval
 3. Non-Standard Special Provision (NSSP 5-1.13F_N09-12-23_2023 Small Business Enterprises) and Division of Construction approval for NSSP SN and NSSP concurrences
 4. Form OCR-SB01 SMALL BUSINESS ENTERPRISES - COMMITMENT
 5. Form OCR-SB02 SMALL BUSINESS ENTERPRISE - CONFIRMATION
 6. Form OCR-SB03 FINAL REPORT – UTILIZATION OF SMALL BUSINESS ENTERPRISES
 7. Listing of Projects Requiring an Addendum for SBE Goal Implementation
- c: Sanjay Singh, Assistant Deputy Director, Office of Civil Rights
Ray Tritt, Deputy Division Chief, Division of Construction
Belinda Hon, Acting Deputy Division Chief, Division of Design
Hamid Sadraie, Acting Deputy Division Chief, Division of Engineering Services