

MANKATO TRANSIT'S SMALL BUSINESS PLAN

Disadvantaged Business Enterprise (DBE)
Program

SEPTEMBER 2025

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1. Purpose and Introduction

1.1. Purpose

Mankato Transit's Disadvantaged Business Enterprise (DBE) Program is designed to ensure full compliance with federal regulations¹ governing the equitable inclusion of small businesses owned by socially and economically disadvantaged individuals. As a recipient of Federal Transit Administration (FTA) funding—including planning, capital, and operating assistance—alongside Federal Aid Highway Program funds, the agency recognizes its legal and ethical responsibility to maintain a Program that is not only compliant, but also impactful.

Recognizing the dynamic nature of transit funding and operational expansion, this Program proactively addresses the requirements of both Tier I and Tier II classifications under 49 CFR Part 26. This tier-conscious approach ensures that, should Mankato Transit experience a shift in federal funding levels or operational scale, the transition between program tiers will be seamless and compliant.

In particular:

- Tier I (agencies exceeding \$670,000 in DOT-assisted contracting) demand more robust outreach, compliance, goal setting, and monitoring strategies, which this plan has already incorporated.
- Tier II (small transit agencies under the \$670,000 threshold) requires reporting and allows streamlined administration.

The inclusion of scalable elements—such as a designated Liaison Officer, an adaptable outreach framework, and transparent goal-setting methodology—allows Mankato Transit to evolve its implementation without disruption. In doing so, the agency affirms its role as a responsible steward of public funds and a proactive partner in building economic equity through infrastructure investment.

1.2. Introduction

To assist small business formation and growth, Congress enacted the Department of Transportation's (DOT) Disadvantaged Business Enterprise (DBE) Program. Transportation agencies receiving DOT funding, contract with private transportation construction, design, and supply firms of their choice to build and maintain infrastructure projects. Agencies are to award, and administer DOT funded contracts to small businesses in a fair manner.

A Disadvantaged Business Enterprise is a small for-profit business where socially and economically disadvantaged individuals own at least 51% interest and control management and daily business operations. To participate in the DBE program, a small business must receive DBE certification from the relevant state—generally through the state Unified Certification Program (UCP).

¹ 49 CFR § 26 Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs.

The Federal Transit Administration moved to a two-tiered system for recipients that receive planning, capital, or operating assistance. Details on the tiered approach are outlined in the U.S. Department of Transportation's updated [DBE Final Rule](#) at 49 CFR § 26.21(a), effective May 9, 2024.

FTA recipients are responsible for assessing their anticipated contracting opportunities and identifying their appropriate Tier designation:

- Tier I recipients are those recipients that will award prime contracts exceeding a cumulative value of \$670,000 in FTA funds in a federal fiscal year, excluding transit vehicle purchases. Tier I recipients must have a DBE program that meets all the requirements outlined in 49 CFR Part 26 including goal setting, reporting, certification compliance, and monitoring.
 - Submit a conforming DBE program to the concerned Operating Administration (OA). Once the OA has approved the program, it counts for all DOT-assisted programs (except goals that are reviewed by the relevant OA).
 - Regular updates are not required if compliance is maintained with this part. Submit significant changes to the relevant OA for approval.
- Tier II recipients are those recipients that will award prime contracts with a cumulative total value of \$670,000 or less in FTA funds in a federal fiscal year, excluding transit vehicle purchases. Tier II recipients comply with abbreviated requirements², included below.
 - Reporting and Recordkeeping [§ 26.11](#)
 - Contract Assurances [§ 26.13](#)
 - Policy Statement [§ 26.23](#)
 - Fostering Small Business Participation [§ 26.39](#)
 - Transit Vehicle Procurements [§ 26.49](#)

1.3. Prohibited Practices

In fulfilling its responsibility to administer a Disadvantaged Business Enterprise (DBE) Program in accordance with 49 CFR Part 26, Mankato Transit remains firmly committed to upholding principles of equity, nondiscrimination, and fair access.

It unequivocally prohibits any action—intentional or unintentional—that would exclude individuals from participation in, deny them the benefits of, or otherwise discriminate in connection with the award and performance of contracts **on the basis of race, color, sex, or national origin**.

This commitment extends beyond overt discrimination. It includes guarding against systemic practices and administrative methodologies that may have the unintended consequence of substantially impairing the objectives of the DBE Program for specific communities. Whether through internal processes or third-party contractual relationships, Mankato Transit shall ensure

² 49 CFR § 26.21(a)

that no method of administration undermines equity or impedes the fair inclusion of disadvantaged business enterprises.

All departments, contractors, consultants, and partners involved in federally assisted contracting are expected to share this responsibility, with the understanding that compliance is not merely a regulatory requirement—but a reflection of Mankato Transit's values.

In administering the program, do not directly, or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the program with respect to individuals of a particular race, color, sex, or national origin.

2. Reporting and Recordkeeping³

2.1. Uniform Report of Awards, Commitments, and Payments (Uniform Report)

Tier I agencies are required to submit a semi-annual report.

- Due by June 1 covering the period October 1 – March 31
- Due by December 1 covering the period April 1 – September 30

Tier II agencies are required to submit an annual report by December 1 of each year.

See Exhibit F for the form example and instructions. The Uniform Report ([Excel Form](#)) is available on the FTA Civil Rights site⁴. The report is uploaded to the FTA Transit Award Management System (TrAMS) site.

The first report will be due December 1, 2025, and will cover the contracts awarded in Federal fiscal year 2025.

On the Uniform Report, FTA recipients indicate whether any FTA-assisted contracts were awarded in the Federal fiscal year. Recipients that have not been awarded FTA-assisted contracts and do not have open FTA-funded contracts are not required to complete the remainder of the Uniform Report. If a recipient has open FTA-funded contracts awarded in a previous Federal fiscal year, the recipient is required to complete the Uniform Report, even if the recipient did not award an FTA-assisted contract during the reporting period.

If FTA finds an error in the Uniform Report, FTA will contact the recipient to correct the report. Failure to correct the report in the manner instructed by FTA will be considered noncompliance.

2.2. Bidders List

Tier I and II agencies are required to submit Bidders Lists. Recipients that do not award FTA assisted contracts in a Federal fiscal year are not required to submit a Bidders List (including recipients that issued a public solicitation but did not award a contract and recipients with open contracts awarded in previous years).

³³ 49 CFR 26.11

⁴<https://www.transit.dot.gov/regulations-and-guidance/civil-rights-ada/dbe-forms>

2.2.1. Purpose of a Bidders List

The purpose of bidder list information is to compile data about the universe of DBE and non-DBE contractors and subcontractors who seek to work on federally assisted contracts to help set overall goals and provide the FTA with data for evaluating if the objectives of § 26.1 are being achieved.

Obtain the following information about all DBE and non-DBEs who bid as prime contractors and subcontractors on each federally assisted contract.

- Firm name
- Firm address including ZIP code
- Firm's status as a DBE or non-DBE
- Race and gender information for the firm's majority owner
- NAICS⁵ code applicable to each scope of work the firm sought to perform in its bid
- Age of the firm
- The annual gross receipts of the firm.
 - Less than \$1 Million
 - \$1-3 Million
 - \$3-6 Million
 - \$6-10 Million
 - Greater than \$10 Million

Collect the data from all bidders for federally assisted contracts by requiring the information be included with their bids or initial responses to negotiated procurements.

Using Exhibit D, store the data in the DBE Folder for each solicitation.

2.2.2. Bidders List Reporting Requirements

Report the Bidder Data in the FTA's designated system no later than December 1 following the fiscal year in which the relevant contract was awarded.

FTA has not yet specified a method to submit Bidders List information.

In the case of a "design-build" contract where subcontracts will be solicited throughout the contract period the design-build contractor submits a DBE Open-Ended DBE Performance Plan⁶ with the proposal. Report the Bidder Data no later than December 1 following the fiscal year in which the design-build contractor awards the relevant subcontract(s).

2.3. Record Keeping

Maintain records documenting a firm's compliance with the record keeping requirements. At a minimum, keep a complete application package for each certified firm and all Declarations of Eligibility, change notices, and on-site visit reports. Retain these records in accordance with the record retention requirements in the financial assistance agreement. Other certification or compliance-related records must be retained for a minimum of three (3) years unless otherwise

⁵ <https://www.census.gov/naics/>

⁶ § 26.53(e)

provided by applicable record retention requirements in the financial assistance agreement, whichever is longer.

2.3.1. Retention Schedule for Minnesota Cities⁷

- Permanent Retention: Capital Improvement accepted Bids & Specifications (Bid documents, specifications, contracts, agreements and supporting papers).
- 10 years after paid or audited: Services and Supplies accepted Bids & Specifications (Bid documents, specifications, contracts, agreements, and supporting papers)

3. Contract Assurances⁸

3.1. Financial Assistance Agreements

Each financial assistance agreement signed with DOT operating administration (or a primary recipient) must include the following assurance:

- a. Mankato Transit shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements [49 CFR part 26](#).
- b. Mankato Transit shall take all necessary and reasonable steps under [49 CFR part 26](#) to ensure nondiscrimination in the award and administration of DOT-assisted contracts.
- c. Mankato Transit's DBE program, as required by [49 CFR part 26](#) and as approved by DOT, is incorporated by reference in this agreement.
- d. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under [49 CFR part 26](#) and may, in appropriate cases, refer the matter for enforcement under [18 U.S.C. 1001](#) and/or the Program Fraud Civil Remedies Act of 1986 ([31 U.S.C. 3801](#) et seq.).

3.2. Contractor Assurances

Each contract with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

- a. The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract.
- b. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts.

⁷ https://www.mcfoa.org/resources/Documents/2021_Retention_Schedule.pdf

⁸ 49 CFR 26.13

- c. 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 recipient deems appropriate, which may include, but is not limited to:
- Withholding monthly progress payments;
 - Assessing sanctions
 - Liquidated damages; and/or
 - Disqualifying the contractor from future bidding as non-responsible
- d. Prime contractors are encouraged to use services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in the community.
49 C.F.R. § 26.27
- e. Prime contractors are required to pay subcontractors for satisfactory performance of their contracts no later than 30 days from receipt of each payment made to the prime contractor.
- Mankato Transit will decline to hold retainage from Prime Contractors. Prime contractors are obligated to make prompt and full payment of retainage from the prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed.
49 C.F.R. § 26.29(b)(2)
- f. For contracts with defined DBE contract goals, the contractor shall utilize the specific DBEs listed unless the contractor obtains the Agency's written consent; and that, unless the Agency's consent is provided, the contractor shall not be entitled to any payment for work or material unless it is performed or supplied by the listed DBE. 49 C.F.R. § 26.53(f)(1)

4. Policy Statement⁹

4.1. Policy Statement Requirements

Mankato Transit has issued a formal policy statement affirming its commitment to the DBE Program, see Exhibit A and A1. This statement is signed and dated by the agency's Chief Executive Officer and widely disseminated internally and externally. It outlines the agency's objectives:

- Ensure nondiscrimination in the award and administration of DOT-assisted contracts.
- Create a level playing field for DBEs to compete fairly.
- Help remove barriers to DBE participation.
- Promote the development of firms that can compete successfully outside the DBE program.

Circulate the statement throughout the organization and to the DBE and non-DBE business communities that perform work on Mankato Transit's DOT-assisted contracts.

⁹ 49 CFR 26.23

4.2. Liaison Officer Requirement¹⁰

Associate Director Transportation Planning Services is responsible for implementing all aspects of the program and ensuring adequate staffing to administer the program with the Transit Administrative Team. As Liaison Officer, the Associate Director has direct, independent access to the City Manager concerning DBE program matters.

The Liaison Officer, through direct reports, has staff supporting procurement, administrative, and financial matters to ensure compliance and integration across departments.

The Liaison Officer is additionally supported by staff available within the following departments:

- Administrative Services for Facilities, Finance, and Information Technology
- Public Works for Engineering, Environmental Sustainability, and Fleet Management.
- Community Development for Legal.

5. Foster Small Business Participation¹¹

5.1. Good Faith Implementation

Program elements will be actively implemented to foster small business participation including steps to eliminate obstacles to participation.

- a. Adhere to the Prohibited Practices of the Mankato Transit Procurement Policy.¹²
- b. Prevent unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as a prime contractor or subcontractor.
- c. Ensure a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- d. Thoroughly investigate the availability of DBE financial institutions at the same interval as reporting and make reasonable efforts to use these institutions (banks, credit unions, etc.) for fare collection accounts.¹³
- e. Use the Minnesota DBE Directory¹⁴ and search by NAICS Code to identify if there are Disadvantaged Business Enterprises on the certified list in the state of Minnesota. If so, send them the solicitation announcement. Recognize, the directory is not a guarantee of the businesses capacity and ability to perform work.

Do not use quotas or set-aside contracts for DBE's except in limited and extreme circumstances.¹⁵

¹⁰ 49 CFR 26.25

¹¹ 49 CFR 26.39

¹² Mankato Transit Procurement Policy – October 2024

¹³ 49 CFR 26.27

¹⁴ <https://mnucp.org/dbe-directory/>

¹⁵ 49 CFR 26.43

6. Transit Vehicle Procurements¹⁶

6.1. Procurement Requirements

Transit Vehicle Manufacturers (TVM), as a condition of being authorized to bid or propose FTA assisted transit vehicle procurements, certify that they have complied with the requirements of 49 CFR 26.49.

- Include in the solicitation requirements the certification of compliance.
- FTA maintains the list of eligible manufacturers that is updated annually.

6.2. Reporting Requirements

Within 30 days of making the award of a transit vehicle purchase, report to the FTA:

- Name of the Transit Vehicle Manufacturer that was the successful bidder
- Federal share of the contractual commitment
- Contract award date

Recipients must use the online [Transit Vehicle Award Reporting Form](#)¹⁷ to report the required information on transit vehicle procurement awards.

7. Goal Setting¹⁸

Tier II agencies who intend to operate a race-neutral DBE program, are not required to develop overall goals for that Federal fiscal year.

Goals are established using a two-step process.

1. **Baseline Availability:** A thorough analysis of the availability of ready, willing, and able DBEs in the relevant market area. Any percentage figure derived from one of these examples should be considered a basis for examining all evidence available in the jurisdiction. Tools to support availability include:
 - DBE Directories and Census Bureau Data¹⁹
 - Bidders List
 - Data from a Disparity Study
2. **Adjustment Factors:** Consider market conditions, contracting history, and stakeholder input.

¹⁶ 49 CFR 26.49

¹⁷ <https://www.surveymonkey.com/r/vehicleawardreportsurvey>

¹⁸ 49 CFR 26.51

¹⁹ <https://www.census.gov/programs-surveys/cbp.html>

Once the percentage is determined, express the overall goal as a percentage of all FTA funds that will be expended in FTA assisted contracts in the three forthcoming fiscal years. Do not include the purchase of transit vehicles.

A goal may be expressed as a percentage of funds for a particular grant or project. Like other overall goals, a project goal may be adjusted to reflect changed circumstances, with the concurrence of the appropriate operating administration.

Goals will not be established on every contract but adapted to the circumstances of the work required and only on those DOT assisted contracts that have subcontracting possibilities. Count the value of the work performed by the DBE toward the DBE goals; include supplies and materials obtained or leased. Exclude items purchased or leased from the prime contractor or affiliate.

The maximum feasible portion of the overall goal must be met by using race-neutral means of facilitating participation. Race-neutral participation includes any time 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.

There is no penalty or result of being in noncompliance because DBE participation falls short of the overall goal, unless the program is not administered in good faith.²⁰

7.1. Race-Neutral Measures

Below are several measures to meet the Race-Neutral Goals.

1. Unbundle large contracts to increase small business participation.
2. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate participation by DBEs and other small businesses and by making contracts more accessible to small businesses.
3. Carrying out information and communications programs on contracting procedures and specific contract opportunities.
 - a. Include DBEs, and other small businesses on mailing lists for bidders
 - b. Provide bidders of prime contracts with lists of potential subcontractors
 - c. Provide information in languages other than English, where appropriate.
4. Distribute the internal DBE directory, through print and electronic means, to the widest feasible universe.

7.2. Overall Goal Failure

If participation falls short of the overall goal and the program is administered in good faith, there is no penalty or treatment by DOT as being noncompliant.

²⁰ 29 CFR Part 26.47(a)

If the goals shown on the Uniform Report at the end of the fiscal year are less than the overall goal, then do the following:

1. Analyze in detail the reasons for the difference in that fiscal year.
 - a. Compare the dollar amount of the DBE awards to prime and sub-contractors to the overall total awards made to prime contractors.
 - b. Include a discussion of the reasons for not meeting the goal in the year and identify corrective action.
2. Establish specific steps and milestones to correct the problems identified in the analysis for the new fiscal year.
3. Retain analysis and corrective actions for three years.

8. Tier I Monitoring

8.1. Responsibilities for Monitoring

Implement appropriate mechanisms to ensure compliance with the requirements by all program participants (e.g., applying legal and contract remedies available under Federal, State, and local law). This mechanism must include a written verification of reviewed contract records and worksite monitoring to ensure the counting of each DBE's participation is consistent with its function on the contract. The monitoring may be conducted in conjunction with monitoring contract performance for other purposes such as a commercially useful function review.

Conduct monthly site visits when appropriate and monthly audits in conjunction with invoice processing. Use the Commercially Useful Function Review (Exhibit E) to document monitoring activities and retain backup documentation. Ensure the following are accomplished as part of the monitoring effort.

- a. Prompt Payment Verification: Primes must pay subcontractors within 30 days of receiving payment.
- b. Commercial Useful Function Checks: DBE's must independently perform the scope of work as outlined in the contract or subcontract.
- c. Contractor Reporting: Monthly reporting of subcontractor payment and participation reports.
- d. Site Visits and Audits: Conducted to verify DBE participation and commercial useful function compliance.

Noncompliance may result in sanctions, including withholding payments, contract termination, or disqualification from future contracts.

8.2. Running Tally Mechanisms

A running tally must be used that provides for a frequent comparison of cumulative awards or commitments towards attaining annual goals. This mechanism will help inform future contracts to be advertised, which support meeting established contract goal setting.

For each DBE commitment, a running tally must be used to compare payments to each listed DBE relative to the progress of work, including payments to the prime contractor to determine if the contractor is progressing towards meeting its DBE commitment. If a shortfall is projected, the prime contractor uses good faith efforts to address meeting the contract goal.²¹

9. Tier I Certification and Unified Certification Program Coordination

The State of Minnesota performs the certification program and maintains an updated directory of certified DBEs that are used to verify eligible firms. If a firm is not listed in the MNUCP DBE Directory²², they are not certified. The directory is updated on a biweekly basis.

²¹49 CFR § 26.53(g)

²² <https://mnucp.org/dbe-directory/>

Exhibit A – Policy Statement

The Mankato Transit System will not discriminate on the basis of race, color, national origin, or sex in the award and performance of any Department of Transportation (DOT) assisted contract or in the administration of its Disadvantaged Business Enterprise (DBE) program.

It is the policy of the City of Mankato to support the achievement of the objectives of 49 CFR Part 26.1, including:

- a. Ensure nondiscrimination in the award and administration of DOT-assisted contracts in the highway and transit financial assistance programs;
- b. Create a level playing field on which DBEs can compete fairly for DOT-assisted contracts
- c. Ensure that the DBE program established narrowly tailored goals (not quotas or set asides) based upon local market conditions in accordance with applicable law;
- d. Ensure that only firms that fully meet the eligibility standards are permitted to participate as DBEs;
- e. Help remove barriers to the participation of DBEs in DOT-assisted contracts;
- f. Promote the use of DBEs in all types of federally assisted contracts and procurement activities conducted by recipients.
- g. Assist the development of firms that can compete successfully in the marketplace outside the DBE program.
- h. Provide appropriate flexibility to recipients of Federal financial assistance in establishing and providing opportunities for DBEs.

The Liaison Officer responsible for implementing all aspects of the program and ensuring adequate staffing to administer the program with the Transit Administrative Team is:

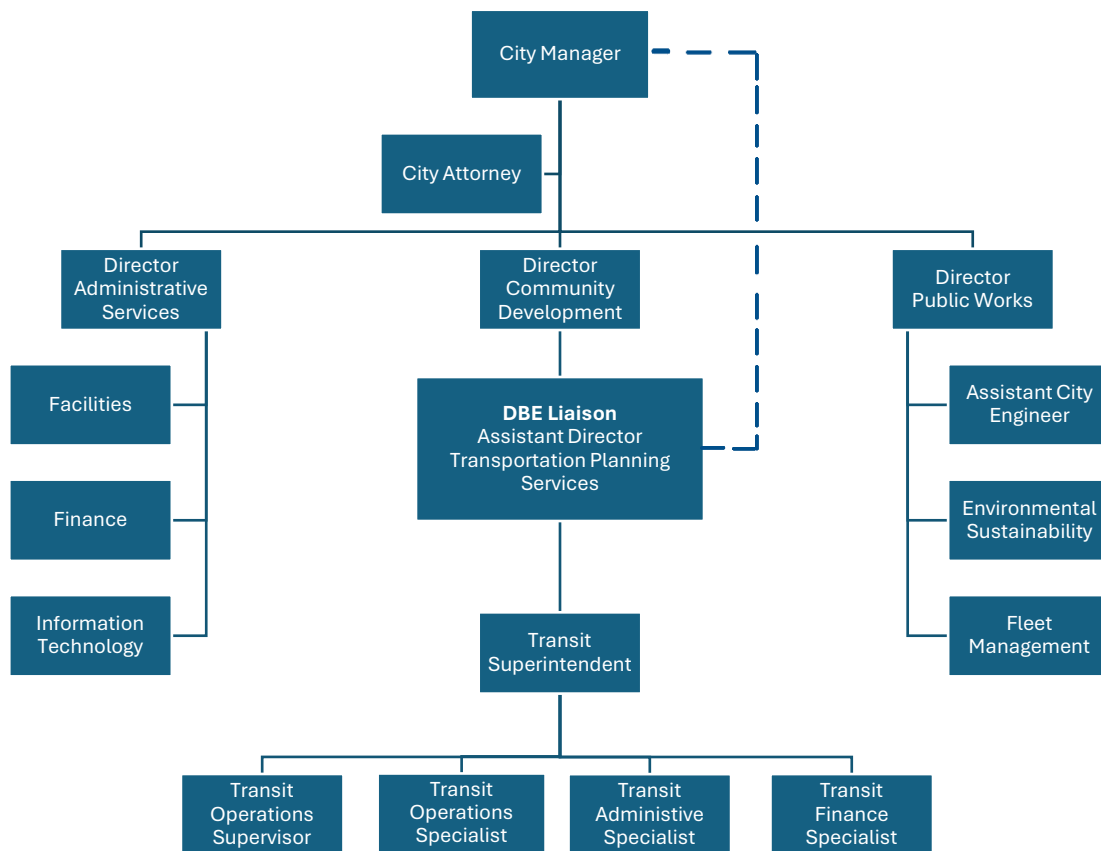
Shawn Schloesser, Associate Director Transportation Planning Services
10 Civic Center Plaza, Mankato, MN 56001
(507) 387-8655
sschloesser@mankatomn.gov

The Liaison Officer has direct, independent access to the City Manager concerning DBE program matters and is supported by procurement, legal, and finance staff to ensure compliance and integration across departments.

Signed: _____
Susan MH Arntz
City Manager

Date: _____

Exhibit A1 – Liaison Officer Organizational Chart of Support



The Liaison Officer has direct, independent access to the City Manager concerning Disadvantaged Business Enterprise (DBE) program matters and is supported by procurement, legal, and finance staff to ensure compliance and integration across departments.

Exhibit B - Acronyms and Definitions

Acronyms

CFR	Code of Federal Regulations
DBE	Disadvantaged Business Enterprise
DOT	Department of Transportation
FTA	Federal Transit Administration
MNUCP	Minnesota Unified Certification Program
OA	Operating Administration
OMB	Office of Management and Budget
SBA	Small Business Administration
TrAMS	Transit Award Management System
TVM	Transit Vehicle Manufacturers
UCP	Unified Certification Program

Definitions

Affiliation has the same meaning as the term has in the Small Business Administration (SBA) regulations, [13 CFR part 121](#).

(1) Except as otherwise provided in [13 CFR part 121](#), concerns are affiliates of each other when, either directly or indirectly:

- (i) One concern controls or has the power to control the other; or
- (ii) A third party or parties controls or has the power to control both; or
- (iii) An identity of interest between or among parties exists such that affiliation may be found.

(2) In determining whether affiliation exists, it is necessary to consider all appropriate factors, including common ownership, common management, and contractual relationships. Affiliates must be considered together in determining whether a concern meets small business size criteria and the statutory cap on the participation of firms in the DBE program.

Alaska Native means a citizen of the United States who is a person of one-fourth degree or more Alaskan Indian (including Tsimshian Indians not enrolled in the Metlakatla Indian Community), Eskimo, or Aleut blood, or a combination of those bloodlines. The term includes, in the absence of proof of a minimum blood quantum, any citizen whom a Native village or Native group regards as an Alaska Native if their father or mother is regarded as an Alaska Native.

Alaska Native Corporation (ANC) means any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended ([43 U.S.C. 1601](#), *et seq.*).

Assets mean all the property of a person available for paying debts or for distribution, including one's respective share of jointly held assets. This includes, but is not limited to, cash on hand and in banks, savings accounts, IRA or other retirement accounts, accounts receivable, life insurance, stocks and bonds, real estate, and personal property.

Business, business concern or business enterprise means an entity organized for profit with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the United States economy through payment of taxes or use of American products, materials, or labor.

Compliance means that a recipient has correctly implemented the requirements of this part.

Contingent Liability means a liability that depends on the occurrence of a future and uncertain event. This includes, but is not limited to, guaranty for debts owed by the applicant concern, legal claims and judgments, and provisions for federal income tax.

Contract means a legally binding relationship obligating a seller to furnish supplies or services (including, but not limited to, construction and professional services) and the buyer to pay for them. For purposes of this part, a lease is considered to be a contract.

Contractor means one who participates, through a contract or subcontract (at any tier), in a DOT-assisted highway, transit, or airport program.

Days mean calendar days. In computing any period of time described in this part, 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 holiday, the period extends to the next day that is not a Saturday, Sunday, or Federal holiday. Similarly, in circumstances where the recipient's offices are closed for all or part of the last day, the period extends to the next day on which the agency is open.

Department or DOT means the U.S. Department of Transportation, including the Office of the Secretary, the Departmental Office of Civil Rights, the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Aviation Administration (FAA).

Disadvantaged Business Enterprise or DBE means a for-profit small business concern—

- (1) That is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged; and
- (2) Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

DOT-assisted contract means any contract between a recipient and a contractor (at any tier) funded in whole or in part with DOT financial assistance, including letters of credit or loan guarantees, except a contract solely for the purchase of land.

FTA Tier I recipient means an FTA recipient to whom this part applies that will award prime contracts (excluding transit vehicle purchases) the cumulative total value of which exceeds \$670,000 in FTA funds in a Federal fiscal year.

FTA Tier II recipient means an FTA recipient to whom this part applies who will award prime contracts (excluding transit vehicle purchases) the cumulative total value of which does not exceed \$670,000 in FTA funds in a Federal fiscal year.

Good faith efforts means efforts to achieve a DBE goal or other requirement of this part which, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program requirement.

Immediate family member means father, mother, husband, wife, son, daughter, brother, sister, grandfather, grandmother, father-in-law, mother-in-law, sister-in-law, brother-in-law, and domestic partner and civil unions recognized under State law.

Indian Tribe or Native American Tribe means any federally or State-recognized Tribe, band, nation, or other organized group of Indians (Native Americans), or an ANC.

Joint venture means an association of a DBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which the 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.

Liabilities mean financial or pecuniary obligations. This includes, but is not limited to, accounts payable, notes payable to bank or others, installment accounts, mortgages on real estate, and unpaid taxes.

Native Hawaiian means any individual whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

Native Hawaiian Organization means any community service organization serving Native Hawaiians in the State of Hawaii which is a not-for-profit organization chartered by the State of Hawaii, is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians.

Noncompliance means that a recipient has not correctly implemented the requirements of this part.

Notice of decision or NOD means determination that denies a firm's application or decertifies a DBE.

Notice of intent or NOI means recipients letter informing a DBE of a suspension or proposed decertification.

Operating Administration or OA means any of the following parts of DOT: the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA). The "Administrator" of an operating administration includes his or her designees.

Personal net worth or PNW means the net value of an individual's reportable assets and liabilities, per the calculation rules in [§ 26.68](#).

Primary industry classification means the most current North American Industry Classification System (NAICS) designation which best describes the primary business of a firm. The NAICS is described in the North American Industry Classification Manual—United States, which is available online on the U.S. Census Bureau website: www.census.gov/naics/.

Primary recipient means a recipient which receives DOT financial assistance and passes some or all of it on to another recipient.

Principal place of business means the business location where the individuals who manage the firm's day-to-day operations spend most working hours. If the offices from which management is

directed and where the business records are kept are in different locations, the recipient will determine the principal place of business. The term does not include construction trailers or other temporary construction sites.

Program means any undertaking on a recipient's part to use DOT financial assistance, authorized by the laws to which this part applies.

Race-conscious measure or program is one that is focused specifically on assisting only DBEs, including women-owned DBEs.

Race-neutral 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.

Recipient means any entity, public or private, to which DOT financial assistance is extended, whether directly or through another recipient, through the programs of the FAA, FHWA, or FTA, or that has applied for such assistance.

Secretary means DOT's Secretary of Transportation or the Secretary's designee.

Set-aside means a contracting practice restricting eligibility for the competitive award of a contract solely to DBE firms.

Small Business Administration or SBA means the United States Small Business Administration.

SBA certified firm refers to firms that have a current, valid certification from or recognized by the SBA under the 8(a) BD or SDB programs.

Small business concern means, with respect to firms seeking to participate as DBEs in DOT-assisted contracts, a small business concern as defined pursuant to section 3 of the Small Business Act and Small Business Administration regulations implementing it ([13 CFR part 121](#)) that also does not exceed the cap on average annual gross receipts specified in [§ 26.65\(b\)](#).

Socially and economically disadvantaged individual means any individual who is a citizen (or lawfully admitted permanent resident) of the United States and who has been subjected to racial or ethnic prejudice or cultural bias within American society because of his or her identity as a member of a group and without regard to his or her individual qualities. The social disadvantage must stem from circumstances beyond the individual's control.

(1) Any individual who a recipient finds to be a socially and economically disadvantaged on a case-by-case basis. An individual must demonstrate that they held out as a member of a designated group if requested.

(2) Any individual in the following groups, members of which are rebuttably 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, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

(iii) “Native Americans,” which includes persons who are enrolled members of a federally or State recognized Indian tribe, Alaska Natives, 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), Republic of the Northern Mariana Islands, Samoa, 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, Maldives, Nepal or Sri Lanka;

(vi) Women;

(vii) Any additional groups whose members are designated as socially and economically disadvantaged by the SBA, at such time as the SBA designation becomes effective.

(3) Being born in a particular country does not, standing alone, mean that a person is necessarily a member of one of the groups listed in this definition.

Spouse means a married person, including a person in a domestic partnership or a civil union recognized under State law.

Transit vehicle manufacturer (TVM) means any manufacturer whose primary business purpose is to manufacture vehicles built for mass transportation. Such vehicles include, but are not limited to buses, rail cars, trolleys, ferries, and vehicles manufactured specifically for paratransit purposes. Businesses that perform retrofitting or post-production alterations to vehicles so that such vehicles may be used for public transportation purposes are also considered TVMs. Businesses that manufacture, mass-produce, or distribute vehicles primarily for personal use are not considered TVMs.

Tribally-owned concern means any concern at least 51 percent owned by an Indian tribe as defined in this section.

Unsworn declaration means an unsworn statement, dated and in writing, subscribed as true under penalty of perjury.

You refers to a recipient, unless a statement in the text of this part or the context requires otherwise (i.e., ‘You must do XYZ’ means that recipients must do XYZ).

Mankato Transit Disadvantaged Business Program

Exhibit C – DOT Federal Fiscal Year Project List

Federal Fiscal Year	Project Description	State Transportation Improvement Program	FTA 5307	Federal	State	Local	Project Cost	Federal Funding	State Funding	Local Funding
2025	Automated Passenger Counter	TRF-0028-25F	0	80	0	20	\$145,929	\$116,743	\$0	\$29,186
2025	Bus Stop Improvement Project (2024)	TRF-0028-24E	80	0	0	20	\$133,425	\$106,740	\$0	\$26,685
2025	Automated Vehicle Announcement System	TRF-0028-24G	80	0	0	20	\$350,000	\$280,000	\$0	\$70,000
2025	Bus Stop Snow Removal		0	80	5	15	\$25,000	\$20,000	\$1,250	\$3,750
2025	CTSTripMaster - Annual Maintenance Fee		0	80	5	15	\$20,000	\$16,000	\$1,000	\$3,000
							\$674,354	\$539,483	\$2,250	\$132,621
2026	Bus Stop Improvement Project (2025)	TRF-0028-25D	0	80	10	10	\$375,000	\$300,000	\$37,500	\$37,500
2026	Bus Stop Improvement Design (2027)	137-080-005	0	80	0	20	\$137,500	\$110,000	\$0	\$27,500
2026	ARMER Handheld Radio Replacement	TRF-0028-26L	80	0	0	20	\$92,250	\$73,800	\$0	\$18,450
2026	Bus Stop Snow Removal		0	80	5	15	\$25,000	\$20,000	\$1,250	\$3,750
2026	CTSTripMaster - Annual Maintenance Fee		0	80	5	15	\$20,000	\$16,000	\$1,000	\$3,000
2026	Passio AVA- Annual Maintenance Fee		0	80	5	15	\$20,000	\$16,000	\$1,000	\$3,000
2026	Passio APC - Annual Maintenance Fee		0	80	5	15	\$20,000	\$16,000	\$1,000	\$3,000
							\$689,750	\$551,800	\$41,750	\$96,200
2027	5-Year Transit Development Plan	TRF-0028-27D	80	0	0	20	\$296,000	\$236,800	\$0	\$59,200
2027	Solar Array Reconditioning	TRF-0028-27E	80	0	0	20	\$50,000	\$40,000	\$0	\$10,000
2027	Bus Stop Improvement Project - Construction	TRF-0028-27F	80	0	0	20	\$250,000	\$200,000	\$0	\$50,000
2027	Vehicle Wash System Replacement	TRF-0028-27G	80	0	0	20	\$900,000	\$720,000	\$0	\$180,000
2027	Bus Stop Improvement Project - Design (2028)	TRF-0028-27H	80	0	0	20	\$150,000	\$120,000	\$0	\$30,000
2027	Bus Stop Snow Removal		0	80	0	20	\$25,000	\$20,000	\$0	\$5,000
2027	CTSTripMaster - Annual Maintenance Fee		0	80	0	20	\$20,000	\$16,000	\$0	\$4,000
2027	Passio AVA- Annual Maintenance Fee		0	80	0	20	\$20,000	\$16,000	\$0	\$4,000
2027	Passio APC - Annual Maintenance Fee		0	80	0	20	\$20,000	\$16,000	\$0	\$4,000
							\$1,731,000	\$1,384,800	\$0	\$346,200

Exhibit D - Bidders List

Project or Service: Example			
Firm Name	Address Line 1	Address Line 2	City, State
City of Mankato	10 Civic Center Plaza	Post Office Box 3368	Mankato, MN
Zip Code	DBE or Non-DBE Status	Owner's Race and Gender	Applicable NAICS Code²³
56002-3368	Non-DBE	White / Woman	485113
Firm's Age	Annual Gross Receipts		
☐ < 1 Year ☐ 1-3 Years ☐ 3-6 Years ☐ 6-9 Years ☐ 9-12 Years ☒ > 12 Years	☐ < \$1 Million ☐ \$1-3 Million ☐ \$3-6 Million ☐ \$6-10 Million ☒ > \$10 Million		

The 1997 OMB standards permit the reporting of more than one race. An individual's response to the race question is based upon self-identification.

American Indian or Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.

Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

Asian-Pacific Americans – A person 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), Republic of the Northern Mariana Islands, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, Nauru, Federated States of Micronesia, or Hong Kong;

Black or African American – A person having origins in any of the Black racial groups of Africa.

Hispanic Americans – A person of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

Native Americans – A person who is an enrolled members of a federally or State recognized Indian tribe, Alaska Natives, or Native Hawaiians;

Native Hawaiian or Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Subcontinent Asian Americans - A person whose origins are from India, Pakistan, Bangladesh, Bhutan, Maldives, Nepal or Sri Lanka;

White – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

²³ <https://www.census.gov/naics/>

Bidders List

Project or Service:			
Firm Name	Address Line 1	Address Line 2	City, State
Zip Code	DBE or Non-DBE Status	Owner's Race and Gender	Applicable NAICS Code
Firm's Age	Annual Gross Receipts		
☐ < 1 Year ☐ 1-3 Years ☐ 3-6 Years ☐ 6-9 Years ☐ 9-12 Years ☐ > 12 Years	☐ < \$1 Million ☐ \$1-3 Million ☐ \$3-6 Million ☐ \$6-10 Million ☐ > \$10 Million		

Project or Service:			
Firm Name	Address Line 1	Address Line 2	City, State
Zip Code	DBE or Non-DBE Status	Owner's Race and Gender	Applicable NAICS Code
Firm's Age	Annual Gross Receipts		
☐ < 1 Year ☐ 1-3 Years ☐ 3-6 Years ☐ 6-9 Years ☐ 9-12 Years ☐ > 12 Years	☐ < \$1 Million ☐ \$1-3 Million ☐ \$3-6 Million ☐ \$6-10 Million ☐ > \$10 Million		

Exhibit E - Monitoring Checklist

DBE Compliance Monitoring Mechanism Checklist

1. Establish Legal and Contractual Enforcement Tools

- ☐ Identify applicable Federal, State, and local laws for enforcement.
- ☐ Include contract clauses that allow for remedies in case of non-compliance.
- ☐ Train staff on how to apply these remedies consistently.

2. Develop a Written Monitoring Plan

- ☐ Create a formal document outlining monitoring procedures.
- ☐ Include roles, responsibilities, and frequency of reviews.
- ☐ Ensure the plan is incorporated into the DBE Program Plan.

3. Conduct Contracting Record Reviews

- ☐ Review of all contracts with DBE commitments.
- ☐ Verify that DBEs listed at award are performing the work.
- ☐ Confirm that DBE participation is counted per § 26.55 requirements.

4. Perform On-Site Monitoring

- ☐ Visit job sites to observe DBE performance.
- ☐ Ensure DBEs are performing a commercially useful function (CUF).
- ☐ Document observations in a logbook or digital system.

5. Issue Written Certifications

- ☐ After each review, create a signed and dated certification.
- ☐ Include details of the review, findings, and any corrective actions.
- ☐ Maintain records for audit and reporting purposes.

6. Implement Running Tally Mechanisms

- ☐ Track cumulative DBE awards vs. total DOT-assisted contracts.
- ☐ Monitor payments to DBEs vs. work progress.
- ☐ Use data to adjust contract goals and ensure annual targets are met.

7. Monitor Prompt Payment and Retainage

- ☐ Ensure prime contractors pay DBEs promptly.
- ☐ Include payment terms in contract reviews.

8. Verify Termination and Substitution Requests

- ☐ Require written approval for any DBE termination.
- ☐ Review reasons and ensure good faith efforts to replace DBEs.
- ☐ Document all decisions and communications.

9. Train Staff and Contractors

- ☐ Provide training on DBE regulations and monitoring protocols.
- ☐ Offer guidance on commercially useful function CUF reviews and documentation standards.
- ☐ Update training annually or as regulations change.

10. Report and Respond to Non-Compliance

- ☐ Establish a process for reporting violations.
- ☐ Investigate and apply appropriate remedies.
- ☐ Notify FTA Program Manager if required.



Exhibit E1 - Commercially Useful Function Review

Project Information

Project Name: _____

Project Number: _____

Prime Contractor: _____

DBE Firm Name: _____

DBE Scope of Work: _____

DBE Start Date: _____ DBE Subcontract Amount: _____ DBE Goal (%): _____

DBE Payments to Date: _____

Evaluation Checklist

- ☐ DBE is managing and supervising its own workforce.
- ☐ DBE employees appear only on DBE payrolls.
- ☐ DBE owns or leases equipment independently.
- ☐ DBE purchases materials directly and receives deliveries.
- ☐ DBE performs at least 30% of work with its own resources.
- ☐ DBE is not relying on the prime or other subs for core tasks.
- ☐ DBE trucks are marked and operated by DBE personnel.
- ☐ DBE is performing a distinct scope of work.

Supporting Documentation

- ☐ Certified Payrolls
- ☐ Equipment Lease Agreements
- ☐ Material Invoices
- ☐ Delivery Tickets
- ☐ Haul Logs (if applicable)

Commercially Useful Function (CUF) Determination

- ☐ DBE is performing a CUF per 49 CFR § 26.55
- ☐ DBE is not performing a CUF (attach explanation)

Reviewer Name & Title: _____

Signature: _____ Date: _____



Exhibit E2 – Compliance Certification

This certification documents the monitoring of DBE participation on the following project:

Project Name: _____

Project Number: _____

Prime Contractor: _____

DBE Firm: _____

Scope of DBE Work: _____

Date of Review: _____ Type of Review: ☐ On-site ☐ Desk Audit ☐ CUF Evaluation

Findings Summary:

DBE is performing a commercially useful function: ☐ Yes ☐ No

DBE is meeting contract goals: ☐ Yes ☐ No

DBE payments are prompt and accurate: ☐ Yes ☐ No

No unauthorized substitutions or terminations: ☐ Confirmed

Corrective Actions (if any): [Insert details or "None"]

I certify that the above findings are accurate and that the DBE firm's participation has been reviewed in accordance with 49 CFR Part 26.

Reviewer Name & Title: _____

Signature: _____ Date: _____

Exhibit F – Uniform Report Instructions²⁴

UNIFORM REPORT OF DBE COMMITMENTS/AWARDS AND PAYMENTS													
Please refer to the instruction sheet for directions on filling out this form													
1	Submitted to (check only one)	☒ FHWA	☐ FAA	☐ FTA - Recipient ID Number									
2	A/P Numbers (FAA Recipients); Grant Number (FTA Recipients);												
3	Federal Fiscal year in which reporting period falls	FY 15			4. Date This Report Submitted:								
5	Reporting Period	☒ Report due June 1 (for period Oct 1-Mar 31)			☐ Report due Dec 1 (for period April 1-Sep 30)			☐ FAA annual report due Dec 1					
6	Name and address of Recipient:	STATE DOT											
7	Annual DBE Goal(s):	Race Conscious Projection:			Race Neutral Projection:			OVERALL Goal:					
Awards/Commitments this Reporting Period													
A	AWARDS/COMMITMENTS MADE DURING THIS REPORTING PERIOD (Total contracts and subcontracts committed during this reporting period)	A	B	C	D	E	F	G	H	I			
		Total Dollars	Total Number	Total to DBEs (dollars)	Total to DBEs (number)	Total to DBEs/Race Conscious (dollars)	Total to DBEs/Race Conscious (number)	Total to DBEs/Race Neutral (dollars)	Total to DBEs/Race Neutral (number)	Percentage of total dollars to DBEs			
		8 Prime contracts awarded this period	\$ Prime	# Prime	\$DBE	# DBE			\$ 8C	#8D	8C ÷ 8A		
		9 Subcontracts awarded/committed this period	\$ Sub	# Sub	\$DBE	# DBE	\$ W/goals	# W/goals	\$W/o goals	# W/o goals	9C ÷ 9A		
		10 TOTAL			8C + 9C	8D + 9D	9E	9F	8G + 9G	8H + 9H	(8C + 9C) ÷ 8A		
		B BREAKDOWN BY ETHNICITY & SEX											
		A		B		C		D		E		F	
		Total to DBE (dollar amount)		Total to DBE (number of contracts)									
		Women		Men		Total		Women		Men		Total	
		11 Black American	\$ -	\$ -	11A + 11B	#	#	11D + 11E					
12 Hispanic American	\$ -	\$ -	12A + 12B	#	#	12D + 12E							
13 Native American	\$ -	\$ -	13A + 13B	#	#	13D + 13E							
14 Asian-Pacific American	\$ -	\$ -	14A + 14B	#	#	14D + 14E							
15 Subcontinent Asian Americans	\$ -	\$ -	15A + 15B	#	#	15D + 15E							
16 Non-Minority	\$ -	\$ -	16A + 16B	#	#	16D + 16E							
17 TOTAL	Add 11A to 16A	Add 11B to 16B	17A + 17B	Add 11D to 16D	Add 11E to 16E	17D + 17E							
Payments Made this Period													
C	PAYMENTS ON ONGOING CONTRACTS	A	B	C	D	E	F						
		Total Number of Contracts	Total Dollars Paid	Total Number of Contracts with DBEs	Total Payments to DBE firms	Total Number of DBE firms Paid	Percent to DBEs						
18	Prime and subcontracts currently in progress	# all contracts	\$ of all contracts	DBE	\$ DBE performing work	# of DBEs performing work	18D ÷ 18B						
D	TOTAL PAYMENTS ON CONTRACTS COMPLETED THIS REPORTING PERIOD	A	B	C	D	E							
		Number of Contracts Completed	Total Dollar Value of Contracts Completed	DBE Participation Needed to Meet Goal (Dollars)	Total DBE Participation (Dollars)	Percent to DBEs							
		19 Race Conscious	Contracts w/ goals	Contracts w/goals	commitments on contracts	Actual dollars paid	19D ÷ 19B						
		20 Race Neutral	Contracts w/o goals	Contracts w/o goals		Actual dollars paid	20D ÷ 20B						
		21 Totals	19A + 20A	19B + 20B		19D + 20D	21D ÷ 21B						
22	Submitted by:	23. Signature:			24. Phone Number:								

²⁴ <https://www.transit.dot.gov/regulations-and-guidance/civil-rights-ada/dbe-forms>