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## M E M O R A N D U M

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**DATE:** February 26, 2002

**TO:** Council Members

**FROM:** Gary Mumford

**RE:      **AGREEMENT ESTABLISHING UTAH UNIFORM CERTIFICATION PROGRAM FOR DISADVANTAGED BUSINESS ENTERPRISES****

**CC:** Rocky Fluhart, Jay Magure, Tim Campbell, Russ Pack, Roger Cutler, Jodi Howick

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Federal law requires agencies that receive federal transportation funds to contract a certain percentage of construction work, along with certain purchases and concessions, to disadvantaged businesses. The percentage can vary each year, but for the past two years it has been 7 percent. The purpose of the legislation is to help disadvantaged businesses succeed. In the past, the larger recipients of these federal funds have had their own certification programs where businesses owned and controlled by socially and economically disadvantaged individuals could apply for disadvantaged business status. Under recent federal legislation, all recipients of federal transportation funds within the state are now required to participate in a single, statewide program to certify disadvantaged business enterprises.

The five entities in the state that either currently operate a certification program or receive federal transportation funds directly from the Federal Department of Transportation are proposing a Utah Unified Certification Program as follows:

- Utah Transit Authority will be responsible for certifications in the area of public transit construction and public transit-related services.
- Salt Lake City Department of Airports will be responsible for certifications in the area of airport-specific expertise and airport concessions.
- Utah Department of Transportation will be responsible for certifications in the area of general construction for highways and airports and all other areas.

Under the agreement, all government agencies that use these disadvantaged business subcontractors will help pay to operate the program. The agencies that also perform certifications will receive credit for their work. It is estimated that the City will pay for services under this agreement through the Department of Airports in the amount of \$5,500 in the first year of operation.

A disadvantaged business enterprise must meet the following federal requirements:

- At least 51% owned and controlled by socially and economically disadvantaged individuals (i.e., minorities, women)
- Annual gross income for construction does not exceed \$17.42 million for the business or \$750,000 in personal net worth for the owner

- Annual gross income for concessions does not exceed \$30 million over three years
- Meets Small Business Administration's definition for small business size in the primary industry group
- Disadvantaged owners are U.S. citizens or have legal permanent residence

Airport management requests the Council authorize the Mayor to enter into an interlocal agreement to create a Utah Unified Certification Program. Airport representatives will be available to respond to questions.