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## #25-01: Dollar Threshold Update for DBE Contract Goal and GFE Evaluation

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### **Purpose**

The purpose of this Office Bulletin is to update the Local Assistance Procedures Manual (LAPM) Chapter 9: Civil Rights & Disadvantaged Business Enterprise guidance on Disadvantaged Business Enterprise (DBE) contract goal setting and modify the DBE contract goal and Good Faith Effort (GFE) Evaluation review and approval process.

In 2014 the Division of Local Assistance (DLA) issued Office Bulletin #14-06 launching a Pilot Study for the review of DBE contract goals and GFE Evaluations. This Pilot Study required that Caltrans review and approve Local Public Agency's (LPA) DBE contract goals on construction contracts estimated over \$2 million and consultant contracts estimated over \$500,000. The Pilot Study also required Caltrans review of GFE evaluations of those contracts prior to award. In 2019 DLA issued Office Bulletin #19-03 making the process that was implemented during the Pilot Study permanent and updating the LAPM accordingly.

This Office Bulletin implements an increase, double the current threshold, to DBE contract goals and GFE Evaluations that will be reviewed by Caltrans (HQ DLA). This policy attempts to keep in step with the increase in project delivery costs for federally funded projects. The update in LAPM language clarifies the DBE Program guidance found in the Federal Code of Regulation (49 CFR 26).

### **Policy Update**

This policy update is effective upon date of issuance.

The current methodology for setting DBE contract goals using LAPM Exhibit 9-D: Contract Goal Setting Methodology remains unchanged. This update in LAPM language modifies the procedure for acceptance of DBE contract goals and GFE Evaluations as follows:

- LPAs are required to submit all DBE contract goals and GFE Evaluations to their DLAE or District DBE Coordinator for review and acceptance.
- Following DLAE or District DBE Coordinator review and acceptance, DBE contract goals for construction contract estimates greater than \$4 million and consultant contract estimates greater than \$1 million will be transmitted by the DLAE to HQ DLA for acceptance.
- Following DLAE or District DBE Coordinator review and acceptance, GFE Evaluations for construction contract estimates greater than \$4 million and consultant contract estimates greater than \$1 million will be transmitted by the DLAE to HQ DLA for acceptance.



**Publication Changes**

The following table lists the changes to the January 2025 LAPM. LAPM changes noted below supersede the existing 2025 LAPM publication and will be hard coded in the January 2026 version.

LAPM Chapter 9	Changes that Supersede Current Publication
<p><b>Section 9.7.1</b></p>	<p><b>Participation Opportunities</b></p> <p>The LPA should structure its contracts and cost estimates by task to <b>provide identify potential</b> opportunities for DBE participation. <del>Participation by DBEs is possible during the Preliminary Engineering, Environmental, Final Design, Right of Way, and Construction phases of the project, and includes work as lead consultants, prime contractors, sub-consultants, subcontractors, suppliers, vendors, and truckers.</del> DBEs can participate in all phases of a project, including roles as prime consultants, prime contractors, sub-consultants, subcontractors, suppliers, manufacturers, and truckers.</p>
<p><b>Section 9.7.2</b></p>	<p><b>DBE Contract Goals</b></p> <p><del>All federal-aid contract that has subcontracting opportunities must have a DBE goal set. This includes, but is not limited to construction, consultant services such as project-specific Architectural &amp; Engineering (A&amp;E), and master on-call A&amp;E contracts.</del></p> <p>DBE contract goals are applicable only on federal-aid consultant contracts (A&amp;E and non-A&amp;E) and construction contracts that have potential subcontracting opportunities. A DBE contract goal is a percentage of the total contract amount that is expected to be performed by certified DBE firms. The DBE contract goal will vary depending on the type of work involved, the location of the work, and the availability of DBEs for the work of the particular contract.</p> <p>...</p>



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	<p><b>Submitting <del>Exhibit 9-D</del> DBE Contract Goals</b></p> <p><del>All federal aid contracts must have an Exhibit 9-D: DBE Contract Goal Methodology submitted to the DLAE.</del> The following are responsibilities <del>and a flowchart</del> for LPAs, DLAEs, and HQ DLA regarding the DBE contract goal acceptance process.</p> <p><u>Local Public Agency Responsibilities</u></p> <ul style="list-style-type: none"><li><del>LPAs must submit Exhibit 9-D: DBE Contract Goal Methodology in Microsoft Excel format to the DLAE for every federal aid contract, including master on-call A&amp;E contracts, prior to advertisement and/or with the request for authorization (RFA) package as applicable.</del></li><li>Submit a completed <a href="#">Exhibit 9-D: DBE Contract Goal Methodology</a> in Microsoft Excel format (not PDF file) to the DLAE for review and acceptance prior to proceeding with the procurement process and/or with the request for authorization (RFA) package as applicable.</li><li>LPAs may not advertise the contract before <b>receiving</b> review and acceptance of the DBE contract goal by the DLAE. <del>DLAE feedback on the DBE contract goal.</del></li><li>For construction contract estimates greater than <del>\$2 million</del> <b>\$4 million</b> and consultant contract estimates greater than <del>\$500,000</del> <b>\$1 million</b>, the DBE contract goal <del>must also will need to</del> be reviewed and <del>approved</del> <b>accepted</b> by HQ DLA <b>Caltrans</b>.</li><li>LPAs will have an opportunity to discuss and resolve any differences in the <del>respective</del> <b>DBE contract</b> goal calculations; however, the final decision rests with <b>Caltrans HQ DLA</b>.</li></ul> <p><u>DLAE Responsibilities</u></p> <ul style="list-style-type: none"><li>Review, provide comments and/or suggested revisions, and accept each DBE contract goal prepared by the LPA.</li></ul>



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	<ul style="list-style-type: none"><li>• For construction contract estimates greater than <del>\$2 million</del> \$4 million and consultant contract estimates greater than <del>\$500,000</del> \$1 million, e-mail the Exhibit 9-D: DBE Contract Goal Methodology in Microsoft Excel format (not PDF file) to Caltrans HQ DLA: <a href="mailto:DBEgoal.GFE@dot.ca.gov">DBEgoal.GFE@dot.ca.gov</a>.</li><li>• Once the Exhibit 9-D: DBE Contract Goal Methodology has been reviewed by the <del>Office of Civil Rights (OCR) Caltrans</del> HQ DLA, send a confirmation e-mail to the LPA with the recommended DBE contract goal.</li><li>• <del>For construction contract estimates less than or equal to \$2 million and consultant contract estimates less than or equal to \$500,000, conduct a cursory review and of Exhibit 9-D and send an email to the LPA to confirm the DBE contract goal.</del></li></ul> <p><u>HQ DLA Responsibilities</u></p> <p>The following applies to DBE contract goal setting for construction contract estimates greater than <del>\$2 million</del> \$4 million or consultant contract estimates greater than <del>\$500,000</del> \$1 million:</p> <ul style="list-style-type: none"><li>• Review, provide comments and/or suggested revisions on each DBE contract submitted by the DLAE.</li><li>• Send confirmation email to the DLAE that Exhibit 9-D is being processed.</li><li>• After processing, reply to the DLAE with the recommended DBE contract goal.</li><li>• If the agency LPA and/or DLAE disagrees with the DBE contract goal, review the reasoning, and make a decision if the goal needs to be adjusted. <del>The OCR is involved in the decision process to make an adjustment in the DBE contract goal.</del></li></ul> <p>It will not take more than 15 business days to review the Exhibit 9-D after receipt from HQ DLA <del>the District</del>. If there is no response from HQ DLA after 15 business days, the DLAE has the discretion to accept the LPAs DBE Contract Goal. <del>to move forward</del></p>



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Section 9.8.7	<p data-bbox="342 409 1096 443"><b>Submitting the GFE and Supporting Document Review</b></p> <p data-bbox="365 480 1477 583"><del>For construction contracts less than or equal to \$2 million \$4 million and consultant contracts less than or equal to \$500,000 \$1 million, the agency must perform the GFE review if DBE goal is not met.</del></p> <p data-bbox="365 623 1490 795"><del>For construction contracts greater than \$2 million \$4 million and consultant contracts greater than \$500,000 \$1 million, that had their DBE contract goal approved by Caltrans, if the low bidder or the most qualified consultant did not meet or exceed the DBE contract goal, the LPA must submit the GFE documentation to their DLAE for review.</del></p> <p data-bbox="365 835 1490 905">The following are responsibilities regarding <del>and a flowchart on</del> Good Faith Effort Evaluation Review <del>(see Figure 9-2)</del> for LPAs, DLAEs, and HQ DLA.</p> <p data-bbox="365 942 878 976"><b>Local Public Agency Responsibilities</b></p> <ul data-bbox="389 1014 1495 1755" style="list-style-type: none"><li data-bbox="389 1014 1495 1224">• Submit a completed <a href="#">Exhibit 9-E: Sample Evaluation of Good Faith Effort</a> to the DLAE for review and acceptance prior to awarding a construction contract or starting negotiations with a consultant. Include the following supporting documentation in the submittal: <del>The LPA must obtain, complete, and review of the following documentation prior to determining if the low bidder or the most qualified consultant made a GFE:</del><ul data-bbox="519 1247 1495 1755" style="list-style-type: none"><li data-bbox="519 1247 1495 1350">○ <del>A bid tabulation summary sheet</del> <a href="#">Exhibit 15-D: Bid Tabulation Summary Sheet (or equivalent)</a> <del>or Exhibit 10-O1: Consultant Proposal DBE Commitment or equivalent.</del></li><li data-bbox="519 1367 1495 1436">○ All bidder's <a href="#">Exhibit 15-G: Construction Contract DBE Commitment</a> or <a href="#">Exhibit 10-O1: Consultant Proposal DBE Commitment</a>.</li><li data-bbox="519 1453 1495 1703">○ All bidder's <a href="#">Exhibit 15-H: Proposer/Bidder Good Faith Efforts along with all documentation that supports the GFE Evaluation (i.e., call logs, available work items, accepted/rejected subcontractors)</a> <del>or other documentation that all bidders submit in lieu of Exhibit 15-H above</del>. If bidders did not submit GFE documentation within five (5) days after bid opening, it should be noted in <a href="#">Exhibit 9-E: Sample Evaluation of Good Faith Effort</a>.</li><li data-bbox="519 1719 1495 1755">○ <del>Exhibit 9-E: Sample Evaluation of Good Faith Effort</del></li></ul></li></ul>



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	<ul style="list-style-type: none"><li data-bbox="391 447 1455 548"><del>• For construction contracts estimated less than or equal to \$2 million and consultant contracts estimated less than or equal to \$500,000, the local agency has the responsibility to perform GFE evaluation review.</del></li><li data-bbox="391 590 1500 800">• For construction contracts estimates greater than <del>\$2 million</del> \$4 million and consultant contracts estimates greater than <del>\$500,000</del> \$1 million, that had their DBE goal approved by Caltrans, if the low bidder or the most qualified consultant did not meet or exceed the DBE contract goal, the LPA must submit the listed above GFE documentation to their DLAE prior to awarding a contract or starting the negotiations.<ul style="list-style-type: none"><li data-bbox="509 842 1474 978">○ LPAs may not award a contract to the low bidder or negotiate with the most qualified consultant without first receiving a memorandum from their DLAE that Caltrans has determined that they made an adequate GFE.</li><li data-bbox="509 999 1487 1100">○ If Caltrans determines the GFE was inadequate, the LPA will take Caltrans feedback on GFE into consideration and re-evaluate the GFE. After the re-evaluation:<ul style="list-style-type: none"><li data-bbox="591 1121 1500 1188">▪ If the LPA still thinks the GFE is adequate, they can award the contract or start the negotiation process.</li><li data-bbox="591 1209 1468 1310">▪ If the LPA concludes that the GFE is inadequate, they must invite the low bidder or the most qualified consultant to an Administrative Reconsideration.</li></ul></li></ul></li></ul> <p data-bbox="370 1367 659 1398"><b>DLAE Responsibilities</b></p> <ul style="list-style-type: none"><li data-bbox="435 1440 1500 1608">• For construction contract estimates less than or equal to \$4 million and consultant contract estimates less than or equal to \$1 million, conduct a review of the Exhibit 9-E and supporting documentation and send an email to the LPA to confirm acceptance or rejection of the GFE Evaluation.</li><li data-bbox="435 1629 1500 1776">• For construction contracts estimates greater than <del>\$2 million</del> \$4 million and consultant contracts estimates greater than <del>\$500,000</del> \$1 million that had their DBE goal approved by Caltrans, e-mail all completed GFE documentation including the LPA's bid summary (Exhibit 15-D <del>or Exhibit</del></li></ul>



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	<p><del>10-01</del>), DBE commitments (Exhibit 15-G or Exhibit 10-01), the bidders' GFEs (Exhibit 15-H), and the LPA's GFE evaluation (Exhibit 9-E) to <a href="mailto:DBEgoal.GFE@dot.ca.gov">DBEgoal.GFE@dot.ca.gov</a>.</p> <ul style="list-style-type: none"> <li>Communicate the outcome of HQ DLA's <b>Caltrans'</b> GFE evaluation review to the LPAs.</li> </ul> <p><b>HQ DLA Responsibilities</b>            The following applies to the GFE evaluation for construction contracts <del>estimates</del> greater than <del>\$2 million</del> <b>\$4 million</b> and consultant contracts <del>estimates</del> greater than <del>\$500,000</del> <b>\$1 million</b> that had their DBE goal approved by Caltrans HQ DLA:</p> <ul style="list-style-type: none"> <li>Send confirmation email to the DLAE that the GFE Evaluation is being processed.</li> <li><del>After receiving a complete GFE package from the DLAE, reply to the DLAE when evaluation starts on the GFE review.</del></li> <li>Once the GFE <b>evaluation</b> review has been finished, reply to the DLAE with <b>Caltrans'</b> the results of the GFE <b>evaluation</b> review <del>conclusion in a memorandum</del>.</li> </ul> <p>The <b>HQ DLA</b> process will not take more than 15 business days after receipt of the complete GFE <b>Evaluation</b> package to <b>HQ DLA</b> <del>from the District</del>. If there is no response from <b>HQ DLA</b> after 15 business days, the DLAE has the discretion to accept the <b>LPA's</b> GFE <b>Evaluation</b>. <del>move forward</del></p>

**Issued April 2025 by the Office of Local Civil Compliance (LCC)**

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