

**DEPARTMENT OF HEALTH SERVICES**  
**DIVISION OF DRINKING WATER AND ENVIRONMENTAL MANAGEMENT**  
601 NORTH 7TH STREET, MS 92  
P.O. BOX 942732  
SACRAMENTO, CA 94234-7320  
(916) 323-6111  
FAX (916) 323-1382



## **Guidance to Loan Recipients Concerning Minority- and Women-owned Business Enterprise Quarterly Reporting Requirements**

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Pursuant to standard SDWSRF loan agreement conditions, each funding recipient water system is subject to minority-owned business enterprise (MBE) and women-owned business enterprise (WBE) quarterly reporting to conform with federal requirements, unless the loan has been exempted from federal cross-cutting requirements.

Each loan recipient provides the Department of Health Services (DHS) with information identifying the prime contractor and subcontractors at the time the water system awards the construction contract for the SDWSRF project. Thereafter, within 15 days after the end of each calendar quarter, the loan recipient water system shall report to DHS concerning MBE/WBE utilization on the project during that quarter. The loan recipient water system report shall provide all available information concerning MBE/WBE participation in construction, equipment, supplies, and services procured by the water system for the project during the reporting period.

If the water system needs to change the MBE/WBE subcontractors identified for participation on the SDWSRF construction project, the water system must contact DHS, provide specific information concerning the necessity of the change, and conform with DHS guidance concerning additional MBE/WBE participation good faith efforts.

If the loan recipient water system does not submit the required quarterly reports to DHS, or does not report in a timely manner, the State may, pursuant to the loan agreement, withhold loan disbursements for failure to comply with applicable loan conditions and federal requirements. The loan recipient water system shall file a negative report for any quarter in which no MBE/WBE utilization occurred. If the loan recipient water system or their prime contractor does not utilize the MBE/WBE contractors, subcontractors, (or other MBE/WBE vendors) identified to DHS, the State may, pursuant to the loan agreement, withhold loan disbursements for failure to make a good faith effort to allow participation by MBE/WBE firms in the SDWSRF project as required by federal law.

The loan recipient water system shall maintain a file concerning its compliance with MBE/WBE good faith effort requirements, including details of any bidding process, contractor, vendor or service provider selection process, and the award of each project related construction contract, equipment or supply contract, or service contract, and make such information available to DHS representatives.

During project construction, information concerning MBE/WBE subcontractor work shall be made available to DHS representatives at the construction site during normal business hours. If, during its review of the files of the loan recipient water system, its contractors, or subcontractors, DHS determines that inadequate good faith effort has been made, DHS may exercise any and all remedies available under the loan agreement contract, including termination of the loan.

Note: These requirements apply to State-designated equivalency projects for purposes of federal cross cutters.  
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