**Guidance to Loan Recipients Concerning**

**Minority and Women owned Business Enterprise**

**Semi-Annual Reporting Requirements**

February 2012

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) semi-annual reporting to conform to federal requirements, unless the loan has been exempted from federal cross-cutting requirements.

Each loan recipient provides the Department of Public Health (DPH) 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 semi-annual reporting period (April 15th and October 15th), the loan recipient water system shall report to DPH concerning MBE/WBE utilization on the project during that reporting period. 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 DPH, provide specific information concerning the necessity of the change, and conform to DPH guidance concerning additional MBE/WBE participation good faith efforts.

If the loan recipient water system does not submit the required semi-annual reports to DPH, 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 reporting period 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 DPH, 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 DPH representatives.

During project construction, information concerning MBE/WBE subcontractor work shall be made available to DPH 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, DPH determines that inadequate good faith effort has been made, DPH may exercise any and all remedies available under the loan agreement contract, including termination of the loan.