



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 25, 2012

Mr. Malcolm Dougherty
Acting Director
California Department of Transportation
1120 N Street
Sacramento, CA 94273

Dear Mr. Dougherty:

The California Department of Transportation (Caltrans) has a Disadvantaged Business Enterprise (DBE) program waiver that was originally granted on August 7, 2008, and it was extended on September 16, 2010. The waiver allows Caltrans to set contract goals for some, but not all, DBE groups. The DBE groups include DBE firms owned by African-Americans, Asian Pacific-Americans, Native Americans, and women. The Caltrans waiver states that modification of its terms may be triggered by information suggesting that one of the groups not now subject to the use of race-conscious contract goals is underutilized.

The Uniform Reports submitted by Caltrans to the Federal Highway Administration on DBE awards and commitments covering Fiscal Years 2007 through 2011 show levels of underutilization of Hispanic-American and Subcontinent Asian-American-owned DBEs sufficient, we believe, to warrant terminating the Caltrans DBE program waiver. Effective immediately, race-conscious measures used by Caltrans to meet its overall DBE goal must include all DBEs.

Please adjust your race-neutral and race-conscious split to make proper use of race-neutral and race-conscious means, consistent with 49 CFR 26.51, that will allow Caltrans to meet its overall DBE goal.

If you have any questions, please contact Mr. Robert S. Rivkin, the Department's General Counsel, at 202-366-4702.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Ray LaHood', written over a large, stylized, abstract graphic element that resembles a signature or a large letter 'A'.

Ray LaHood