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## **SMALL PRIME CONTRACTOR CERTIFICATION GUIDELINES**

### **IIA. THRESHOLD CERTIFICATION REQUIREMENTS FOR SMALL PRIME CONTRACTOR CERTIFICATION**

#### **A. Application Requirements**

In order to be deemed certified as being eligible for work on public building construction projects, the applicant must first complete the Application for Certificate of Eligibility (hereinafter referred to as the "Application"), pay the appropriate application fee in the form of a certified check, bank check, or money order, in an amount determined by the fee schedule outlined in 801 CMR 4.02 (810), and provide all the following documents:

1. If the applicant is a corporation, a copy of Articles of Organization (or Massachusetts Foreign Corporation Certificate if out of state company) and a signed copy of Massachusetts Corporation Annual Report (or signed Massachusetts Foreign Corporation Annual Report) for the most recent completed fiscal year.
2. If the applicant is a limited liability company (LLC), a copy of the Certificate of Organization and a copy of the LLC Annual Report (or Foreign LLC Annual Report) for the most recently completed fiscal year.
3. If the applicant is neither a corporation nor an LLC, the applicant must provide a copy of the firm's business certificate, partnership agreement, or any other related documentation.
4. If the applicant is a Massachusetts entity which seeks to use a business name other than its legal name, a copy of the DBA or Business Certificate as filed with the clerk of the city or town where the business is located.
5. If the applicant is certified by the Massachusetts Supplier Diversity Office (SDO), the applicant must provide evidence of such certification.
6. Resumes of all principal, management and supervisory personnel including copies of all licenses held.

7. Workers Compensation Insurance Binder or policy.
8. Most recent year-ending financial statement completed by an independent CPA and, if available, the most recent CPA-prepared mid-year financial statement. The statements must include a CPA cover letter, balance sheet, and statement of income. The financial statements must be CPA-compiled, CPA-reviewed or CPA-audited. Applicants that have parent companies, affiliates, or subsidiaries must provide a standalone financial statement that pertains solely to the applicant. In such cases if no reviewed or audited financial statement is available, the applicant may provide an in-house generated report, provided it includes a balance sheet, statement of income, and reviewed or audited statement of the parent company.
9. A recent, original letter from the applicant's bonding agent or Surety Company addressed to the Commonwealth of Massachusetts DCAMM listing minimum single and aggregate project limits of at least \$150,000 and the name of the surety. The surety must be on the most recent list of approved sureties issued by the United States Department of the Treasury.

## **B. Threshold Certification Requirements**

The applicant must meet the following requirements in order to be considered for certification:

### 1. One Year in Business

The applicant must have been in business for at least one year in each category of work for which certification is sought, and provide satisfactory evidence as such.

### 2. Licensure Requirement

- (a) The applicant must be licensed in the categorie(s) of Work for which certification is sought, where licensure is required by state law.
- (b) If a corporation is seeking certification in Plumbing and/or Electrical, the company must possess a valid Massachusetts Corporation Master license in the respective categorie(s). If a license is required by law to perform any other category of work, the applicant must possess such license.

### 3. Experience and Qualifications of Principal and Supervisory Personnel Resumes

The applicant's principals, management and supervisory personnel must demonstrate their experience on past work is comparable in type and complexity of construction of the categories of work shown on the Application.

### 4. Experience and Qualifications of Applicant-Projects Performed

- (a) Projects listed in the Application are reviewed to determine whether the applicant has the experience and competence in the business of building construction and has completed the minimum number of projects required for certification and that those projects are comparable in type to the categories of work for which certification is sought.
- (b) New applicants must have completed a minimum of three (3) projects, each with a minimum value of \$50,000, within the past five (5) years in each category of work for which certification is sought. For new applicants seeking certification in the

trades of Historical Building Restoration, Historical Painting, Historical Masonry, Historical Roofing, and Pumping Stations, the minimum number of completed projects shall be two (2), each having a contract value of at least \$50,000, completed within the past five years, provided that the applicant has completed a minimum of three (3) projects, each with a minimum value of \$50,000 within the past five years in another DCAMM category of work. Certification in any of the historical categories and Pumping Stations by providing a minimum of two (2) projects is also contingent upon the applicant currently having among its personnel at least one supervisor who has more than five years construction experience in the requested trade.

(c) In the category of Sewage and Water Treatment Plants, the requirements are as follows:

The contractor may satisfy the requirements outlined in Section IIA (B)(4)(b) above for the category of Sewage and Water Treatment Plants or must meet the following requirements:

- (i) The applicant must be eligible for certification in the category of General Building Construction.
- (ii) The applicant must currently have among its supervisory personnel at least one person who has more than five years construction experience in the construction of sewage or water treatment plants.
- (iii) The applicant must have completed at least two projects within the past five (5) years, each having a value of at least \$50,000, in which the applicant had the general contract or subcontract for the construction, installation, or repair of major mechanical equipment which, in the opinion of DCAMM, is comparable to that found in a sewage or water treatment plant.
- (iv) If an Applicant certified in "General Building Construction" obtains certification in "Sewage and Water Treatment Plants" under the provisions of this Section IIA (B)(4), the Single Project Limit for "Sewage and Water Treatment Plants" shall not exceed the applicant's Single Project Limit for "General Building Construction."

(d) Projects that entail a significant amount of horizontal work, such as Pumping Stations, Sewage and Water Treatment Plants, etc. constructed as an integral part of a major sewer system, must include a dollar breakdown between the vertical and horizontal portions of the work.

## 5. Bonding

The applicant must provide specific details regarding the circumstances surrounding the invocation of bonds on any of their projects or projects of a successor company performed within the past five (5) years.

## 6. Financial Responsibility

The applicant must be deemed financially responsible (i.e. able to perform its projects and meet its obligations). If the current financial statement causes reasonable doubt as to whether the applicant is financially sound (e.g. deficits in working capital and/or net worth, and/or a net loss that exceeds ten percent of the applicant's gross revenues

shown on the statement), additional financial information such as a letter of explanation from the applicant's CPA or a more recent CPA-prepared quarterly financial statement may be requested.

#### 7. Minimum Number of Project Evaluations

For new applicants, each applicant's record must show a minimum of three (3) successfully completed projects in any one category of work listed in Section I (A) of these guidelines. For renewal applicants, each applicant must show the minimum number of completed projects outlined in Section IIIA (A)(3)(b) and (c) of these guidelines.

### IIIA. PROCESSING OF SMALL PRIME CONTRACTOR APPLICATION

The applicant will be promptly notified in writing of any missing information or if clarification of submitted information is necessary. Failure of the applicant to satisfactorily respond to such notifications by supplying the necessary additional information will result in a denial of certification.

#### A. Evaluation of Completed Projects

##### 1. Selection of Projects for Evaluation for Both New and Renewal Applicants

###### (a) General Criteria

- (i) Projects must have been in construction, reconstruction, installation, demolition, maintenance, or repair of a building. Projects must also have been completed within the past five (5) years. Except for purposes of establishing the minimum number of completed projects required for certification as set forth in Section IIA (B) (**Threshold Certification Requirements**), a project will also be considered complete if the applicant has been terminated on the project.
- (ii) Projects must include significant work in the category or categories for which certification are sought.
- (iii) The work in each category for which certification is sought must have been performed by the applicant's own employees, except for labor and materials customarily supplied by subcontractors to those performing work in such category under current trade practices.
- (iv) Projects must not reflect dollar values less than the minimum values set forth below. The largest reliable, evaluated single projects must be in a certifiable category, unless it is determined that the information for such projects is unreliable or unavailable.
- (v) Projects identified in Section IIA (B)(5) (**Bonding**) shall be evaluated.
- (vi) Projects shall include both public and private jobs if the applicant has performed public and private work in a category for which certification is requested.

- (vii) If DCAMM is aware of projects where the applicant is alleged to have caused significant problems or to have performed in an unsatisfactory manner, these projects shall be evaluated.
- (viii) Apart from the above criteria, the selection of projects for consideration should be random.
- (ix) Projects that indicate business and/or family ties with the applicant shall not be evaluated.
- (x) Projects must have been performed in the continental United States.

## 2. New Applicants

- (a) For any one certification category (except for the categories outlined in Section IIA (B)(4)(b) and (c) (**Experience and Qualifications of Applicant- Projects Performed**), a minimum of three (3) projects with contract values of at least \$50,000 shall be evaluated.
- (b) A single project may be used for multiple categories of work as long as the value of the work in each category meets the required minimum dollar amounts.

## 3. Renewal Applicants

- (a) For each certification category in which a renewal applicant has completed additional projects since the date of the most recently issued annual Certificate of Eligibility, a minimum of one such additional project shall be evaluated, if possible.
- (b) To obtain certification in any of work, a renewal applicant must have successfully completed (i.e. achieved an average project rating of 80 or greater) at least three (3) projects (except for the categories outlined in section IIA (B)(4)(b) and (c)), within the past five (5) years, with a minimum value of \$50,000 each.
- (c) To remain certified in any category of work (except the categories of work outlined in section IIA (B)(4)(b) and (c)), a renewal applicant must have successfully completed (i.e. achieved an average project rating of 80 or greater) at least three (3) projects in such category, within the past five (5) years, each with a minimum value of \$50,000. Evaluations compiled from previous certifications may be reviewed, if necessary, to ensure that the applicant has completed the required three (3) projects. DCAMM may also obtain evaluations of other projects not previously evaluated to ensure that the applicant has completed the required three (3) projects. To remain certified in the categories of work outlined in section IIA (B)(4)(b) and (c), the requisite minimum number of projects completed in those categories shall be two (2) within the past five (5) years, each with a minimum contract value of \$50,000.

## **B. Determination of Work Capacity Limits**

### 1. Single Project Limit (SPL) for New and Renewal Applicants

- (a) The Single Project Limit is based upon the mean average of the applicant's two largest evaluated and reliable single building construction contract completed for all work categories.

- (i) The projects must be for work in a certifiable category for which the applicant is eligible and all projects must have been performed within the past five years for consideration.
  - (ii) To be considered, the projects must receive a minimum project rating of 80 when evaluated. If one or both project ratings are below 80, the next highest single project(s) shall be evaluated.
- (b) If the contractor is seeking certification in the work category “General Building Construction” and the highest value single project completed is in another DCAMM work category, a separate single limit shall be assigned for the “General Building Construction” category. Said limit shall be based upon the contractor’s two largest “General Building Construction” projects, which have been successfully completed during the past five years and meets the definition of “General Building Construction” under Section I (A) **(categories of work)**.
  - (c) If the applicant's Overall Numerical Rating calculated pursuant to Section III (C) **(Calculation of Overall Numerical Rating)** is between 80 and 84, the applicant shall be certified for a Single Project Limit equal to 130 percent of the mean average of the applicant’s two largest single evaluated and reliable projects, as provided in Section IIIA (B)(1) (Single Project Limit for New and Renewal Applicants). If the applicant's Overall Numerical Rating is 85 or above, the applicant shall be certified for a Single Project Limit equal to 180 percent of the mean average of the applicant’s two largest single evaluated and reliable projects, as provided in Section IIIA (B)(1) **(Single Project Limit for New and Renewal Applicants)**.
  - (d) The Single Project Limit as calculated above can never exceed the SPL bonding capacity.
  - (e) In the event that the applicant’s largest single evaluated and reliable completed project exceeds their highest twelve-month volume of completed work within the past five (5) years, the applicant’s Single Project Limit shall be reduced to their Aggregate Work Limit, as calculated pursuant to Section IIIA (B) **(Determination of Work Capacity Limits)**.
  - (f) The Single Project Limit shall be the lesser of \$500,000 and SPL bonding capacity.

**NOTE: For the purposes of calculating the Overall Numerical Rating, any references to the evaluation of completed projects shall be read to refer to Section IIIA (A) pertaining to Small Prime Contractors. In all other respects, the guidelines regarding the calculation of the Overall Numerical Rating are the same for Prime Contractors and Small Prime Contractors.**

## 2. Aggregate Work Limit (AWL) for New and Renewal Applicants

- (a) The Aggregate Work Limit shall be based upon the dollar value of the applicant's highest consecutive twelve-month volume of work completed within the past five (5) years shown on a CPA-compiled, CPA-reviewed or CPA-audited financial statement or written confirmation from a CPA verifying the highest twelve-month volume, but in no event in excess of the AWL bonding limit.
- (b) If the applicant's Overall Numerical Rating calculated pursuant to Section III (C) **(Calculation of Overall Numerical Rating)** is between 80 and 84, the

applicant shall be certified for 130 percent of the dollar value of its highest twelve-month volume of completed work. If the applicant's overall Numerical Rating is 85 or above, the applicant shall be certified for 180 percent of the dollar value of its highest twelve-month volume of work.

- (c) The Aggregate Work Limit as calculated above can never exceed the AWL bonding capacity.
- (d) The Aggregate Work limit shall be the lesser of \$1,000,000 and the AWL bonding capacity.

### 3. Increasing Single Project and Aggregate Work Limits

- | Any contractor certified as a Small Prime Contractor shall not be allowed to amend its Prime Certificate of Eligibility to increase its SPL and AWL beyond \$500,00 (SPL) and \$1,000,000 (AWL), respectively, set forth in section IIIA (B) (1) (f) and IIIA (B) (2) (d) of these guidelines.
- | Any Small Prime Contractor wishing to increase its SPL and/or AWL up to the \$500,000 (SPL) and \$1,000,000 (AWL) set forth herein must reapply and meet all requirements as set forth in Sections II and III of these guidelines.

**NOTE: Except as modified above for Small Prime Contractor Certificate of Eligibility Requirements, all other provisions of the guidelines are applicable.**