



GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT



JOINT VENTURE CERTIFICATION PACKET

FREQUENTLY ASKED QUESTIONS

What is a joint venture?

A joint venture (“JV”) is an association of two or more businesses temporarily formed to carry out a single business activity or project for profit in which they combine their property, capital, efforts, skill and knowledge. The association is limited in scope and duration.

What are some of the benefits of forming a joint venture?

If one or more of the businesses associated in a joint venture is a certified business enterprise (“CBE”), the joint venture *may* qualify to be certified under the Department of Small and Local Business Development’s CBE program.

How is certification of a joint venture determined?

The Department of Small and Local Business Development (“DSLBD”) determines the eligibility of a joint venture for certification on a contract-by-contract basis.

How long does it take to certify a joint venture?

The timeline to certify a joint venture is usually between 1 and 3 weeks.

How do I apply to have a joint venture certified?

To apply for certification of a joint venture, the following documents must be submitted to the Department of Small and Local Business Development for review:

- 1. Signed agreement between companies that contains all necessary requirements (see pp. 2-3 for list of requirements)**
- 2. Labor & profit breakdown spreadsheet (see Exh. 1)**
- 3. Work performance breakdown spreadsheet (see Exh. 2)**
- 4. Non-CBE financial statement (see p. 4)**

Can certified joint ventures use the certification for another project?

A certificate issued to a joint venture shall be nonrenewable and nontransferable and shall expire upon the completion or termination of the contract or any extensions thereof.

How do I find out more information about joint ventures?

If you are interested in forming a joint venture, contact the Department of Small and Local Business Development Certification Division at 202-727-3900 for more information.

JOINT VENTURE AGREEMENT REQUIREMENTS

An applicant for certification as a joint venture shall—

1. Submit an **executed** copy of the applicant's joint-venture agreement, which complies with the following requirements:
 - ❑ Specifies in reasonable detail the **purpose(s)** of the joint venture;
 - ❑ Identifies the **specific procurement, solicitation, or project** the applicant wishes to be certified to fulfill; and
 - ❑ **Identifies the parties** of the joint venture and defines their respective **obligations and responsibilities**;
 - ❑ Provides for the **establishment and administration of a separate bank account** in the name of the joint venture into which all funds received will be deposited and through which all expenses will be paid, and which requires all **withdrawals and deposits to be signed by all members** of the joint-venture management committee;
 - ❑ Contains an **itemized description of all major equipment, facilities and other resources** to be furnished by each participant in the joint-venture management committee;
 - ❑ Specifies the **responsibilities** of the parties in at least the areas of negotiations with the owners, subcontract negotiation, contract and subcontract performance;
 - ❑ Provides that the certified business enterprise participant will exercise **more than 50 percent of the control over contract performance**, including the manner in which: contract specifications will be completed, day-to-day operations will be carried out, personnel decisions will be made, employees will be managed, and necessary equipment supplies will be purchased.
 - ❑ Contain a provision indicating that the joint venture agreement is the controlling agreement between the parties regarding interest, ownership, control, responsibilities, duties, and functions of the parties and that the joint venture agreement shall prevail if there is any conflict between any other agreement;
 - ❑ Contain a provision indicating that the CBE's interest in the joint venture shall not be reduced or diluted;
 - ❑ Contain a provision indicating that the CBE's financial risk is commensurate with its percentage interest in the joint venture;
 - ❑ Indicate that the CBE shall perform services of the joint venture, receive profits of the joint venture, provide labor hours required of the joint venture, or perform other work for the joint venture as approved by the Department that is at a minimum equal to its percentage of ownership in the joint venture.

2. Demonstrate that an applicant for or a holder of an **CBE certification** is one of the joint venturers (An application for joint venture certification may be submitted to and reviewed by DSLBD simultaneously with an application for certification of the individual CBE);
3. Inform DSLBD whether the CBE has relinquished its ownership interest in any joint venture within the one-year period prior to application date;
4. **Demonstrate** that the **CBE** participant in the joint venture has the **competence and expertise** necessary to perform the contract for which the applicant is seeking certification, but lacks the necessary capacity to independently perform the contract due to factors which may include inadequate financial or technical resources or an inability to secure sufficient bonding;
5. Submit to DSLBD the **most current audited financial statement** for the **non-CBE** participant;
6. **Permit** DSLBD to enter and conduct an **onsite inspection** or re-inspection of the applicant's business premises.

BID AND PROPOSAL PREFERENECS

- Bid and proposal preferences shall be assigned by the Department upon certification of a joint venture as follows:
 - If all ventures are CBEs, the joint venture shall be assigned;
 - The points allotted to the majority CBE; or if there is no majority CBE, then the managing CBE;
 - Plus up to four (4) points for any CBE whose percentage of ownership in the joint venture is greater than thirty-five percent (35%) and less than or equal to fifty percent (50%);
 - Plus two (2) points for any CBE who percentage of ownership in the joint venture is greater than twenty percent (20%) and less than or equal to thirty-five percent (35%).
 - For joint ventures in which there are non-CBE participant(s), if the percentage of ownership of the CBE(s) in the venture is:
 - More than fifty percent (50%) of the joint venture and the CBE(s) has(have) more than fifty percent (50%) control and collectively receive more than fifty percent (50%) of the profits of the joint venture, the joint venture shall receive the points allotted to the majority CBE;
 - Greater than or equal to thirty-five (35%) and less than or equal to fifty percent (50%), the joint venture shall receive up to four (4) points;
 - Less than twenty percent (20%), the joint venture shall receive zero (0) points.
- The total number of points allotted to the joint venture shall not exceed twelve (12).

JOINT VENTURE FINANCIAL DOCUMENTS REQUIREMENTS

Financial documents required at time of application:

- Examples of accepted financial statements
 - a. Bank statements
 - b. Balance sheet
 - c. Income statement
 - d. Statement of cash flows
 - e. Annual report

Financial documents required while project is ongoing:

- Establishment and administration of separate bank account in the name of the joint venture
- Quarterly financial statements showing cumulative contracts and expenditures (including salaries) no later than 45 days after the end of each operating quarter

Financial documents required at project end:

- Project-end profit & loss statement with a statement of final profit distribution no later than 90 days after completion of contract

JOINT VENTURE REPORTING REQUIREMENTS

- The joint venture shall make its record available to DSLBD at any time deemed necessary by DSLBD.
- The joint venture shall submit to DSLBD quarterly financial statements showing cumulative contract receipts and expenditures (including salaries of the joint venture principals) no later than 45 days after the end of each operating quarter.
- The joint venture shall submit to DSLBD a project-end profit and loss statement no later than 90 days after completion of the contract, with a statement of final profit distribution.
- The uncertified joint venture participant must submit a capability statement or annual report to DSLBD.

ACTIONS OF DSLBD

- DSLBD may deny certification of any joint venture agreement that lacks any of the provisions outlined on pages 2-3 of this information packet.
- The Small and Local Business Opportunity Commission may suspend or revoke the certification of a joint venture if the joint venture is found to be non-compliant and fails to take corrective action within the specified timeframe.
- If DSLBD determines that a joint venture agreement or supporting documentation is deficient, DSLBD shall:
 1. Issue a notice that specifies the deficiencies and informs the applicant that if the deficiencies are not corrected within a stated period, a notice of denial will be issued; or
 2. Issue a notice of denial.

A notice of deficiencies issued to a joint venture applicant may require the applicant to amend the joint-venture agreement.

- DSLBD shall certify a joint venture when a Small Business Enterprise (SBE) affiliates itself with another entity to form a joint venture for an SBE set-aside solicitation if:
 1. The non-SBE partner demonstrates to DSLBD that its size does exceed the size limitations set forth in the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended, D.C. Official Code § 2-218.32 (“the Act”), or
 2. DSLBD determines that the certification of the joint venture with an entity exceeding the size limitations of the Act would not be detrimental to the SBE set-aside program.

WORK PERFORMANCE

Company 1 Name/Company 2 Name

SCOPE OF WORK

Company Name	Value (_ %)
Company 1 (LSDBE)	Minimum Value is 51%
Company 2 (LSDBE or Non LSDBE)	Maximum Value 49%
Other (Subcontractors, if applicable)	Value Can Range Up From 1%

Work Scope	Company 1	Company 2	Other
	<i>Job Duty/Responsibility 1</i>	<i>Job Duty/Responsibility 1</i>	<i>Job Duty/Responsibility 1</i>
	<i>Job Duty/Responsibility 2</i>	<i>Job Duty/Responsibility 2</i>	<i>Job Duty/Responsibility 2</i>
	<i>Job Duty/Responsibility 3</i>	<i>Job Duty/Responsibility 3</i>	<i>Job Duty/Responsibility 3</i>
Personnel	Company 1	Company 2	Other
	<i>Management</i>	<i>Management</i>	<i>Non management</i>
	<i>Non management</i>	<i>Non management</i>	<i>Trade 1</i>
	<i>Trade 1</i>	<i>Trade 1</i>	<i>Trade 2</i>
	<i>Trade 2</i>	<i>Trade 2</i>	<i>Trade 3</i>
	<i>Trade 3</i>	<i>Trade 3</i>	<i>Trade 4</i>
Materials	Company 1	Company 2	Other
	<i>Item 1</i>	<i>Item 1</i>	<i>Item 1</i>
	<i>Item 2</i>	<i>Item 2</i>	<i>Item 2</i>
	<i>Item 3</i>	<i>Item 3</i>	<i>Item 3</i>
Equipment	Company 1	Company 2	Other
	<i>Item 1</i>	<i>Item 1</i>	<i>Item 1</i>
	<i>Item 2</i>	<i>Item 2</i>	<i>Item 2</i>
	<i>Item 3</i>	<i>Item 3</i>	<i>Item 3</i>
Other	Company 1	Company 2	Other

SAMPLE