

**District of Columbia
Small and Local Business Opportunity Commission**

Joint Venture Certification Requirements

What is a joint venture?

A joint venture 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.

The commission shall determine the eligibility of a joint venture for certification on a contract-by-contract basis.

An applicant for certification as a joint venture shall—

- A. Submit an executed copy of the applicant's joint-venture agreement, which complies with the following requirements:**
- 1) Specifies the purpose(s) of the joint venture**
 - 2) Identifies the parties of the joint venture and defines their respective obligations and responsibilities**
 - 3) Provides that more than 50 percent of the net operating profits after taxes earned by the joint venture will be distributed to one or more Local, Small and Disadvantaged Business Enterprise(s) (LSDBE)**
 - 4) 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**
 - 5) Contains an itemized description of all major equipment, facilities and other resources to be furnished by each participant in the joint-venture management committee**
 - 6) Specifies the responsibilities of the parties in at least the areas of subcontract negotiation and contract performance**
 - 7) Identifies the specific that procurement the applicant wishes to be certified to fulfill**

- 8) Provides that the local business enterprise (LBE), small business enterprise (SBE) or disadvantaged business enterprise (DBE) participant will exercise more than 50 percent of the control over contract performance, such as 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**
- B. Demonstrate that an applicant for or a holder of an LBE, SBE or DBE certification is one of the joint ventures (An application for joint venture certification may be submitted to and reviewed by the Commission simultaneously with an application for certification of the individual LBE, SBE or DBE.)**
 - C. Inform the Commission of whether the LBE, SBE or DBE has relinquished its ownership interest in any joint venture within the one-year period prior to application date**
 - D. Demonstrate that the LBE, SBE or DBE participant in the joint venture has the competence and expertise necessary to perform the contract that the applicant is applying for, 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**
 - E. Submit to the Commission a financial statement for the non-LBE, SBE or DBE participant that is current up to the 90-day period prior to the application date**
 - F. Permit the Commission to enter and conduct an onsite inspection or re-inspection of the applicant's business premises.**

The Commission may reduce the LBE, SBE or DBE ownership and control percentage requirements of section 817.2 (a) (8) for an entire solicitation, if it finds that, absent such a reduction, LBEs, SBEs or DBEs would be unsuccessful in establishing the joint venture; provided that the percentage requirements of section 817.2 (a) (g) shall not be reduced to below 35 percent.

The Commission may deny certification of any joint-venture agreement that lacks any of the provisions stipulated in section 817.2.

The joint venture shall make its record available to the Commission at any time deemed necessary by the Commission.

The joint venture shall submit to the Commission 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 the Commission 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 Commission may suspend or revoke the certification of a joint venture in accordance with the provisions of sections 823.6 and 825.

If the Commission determines that a joint venture agreement or supporting documentation is deficient, the Commission shall:

- a) 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**
- b) Issue a notice of denial.**

A notice of deficiencies issued to a joint-venture applicant pursuant to a section 817.9 may require the applicant to amend the joint-venture agreement consistent with this section.

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 therefore.

The Commission shall certify a joint venture when an SBE affiliates itself with another entity to form a joint venture for an SBE set-aside solicitation if:

- a) The non-SBE partner demonstrates to the Commission that its size does exceed the size limitations set forth in the act, or**
- b) The Commission 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.**

A capability statement or annual report of the uncertified joint venture participant must be submitted to the Local Business Opportunity Commission.

If you are interested in forming a joint venture, contact the Certification Division at 202-727-3900.