

#### From the Desk of the Director



OSDBU is here to help you get ahead, so for this issue, we focus our articles on practical information you can use to grow your business.

In our lead article, we provide a primer on small business certifications, which usually provide

their recipients with preferences in bidding for certain contracts. In the article, we discuss certifications by the U.S. Small Business Administration (SBA) and by state and local governments. We also present small business programs where it is the responsibility of the firm to certify itself.

One of the most useful tools that OSDBU provides is the Short Term Lending Program (STLP). Transportation contracts usually require a substantial amount of upfront financing to get started. STLP provides small, disadvantaged, woman-owned, and veteran-owned firms with necessary short-term working capital. Our article answers the most frequently-asked questions concerning STLP.

Continuing our focus on the practical, you will find helpful information on keeping your Central Contractor Registration up-to-date (and the importance of doing so) as well as information about a new intercity passenger rail system grant program.

Finally, we provide an introduction to the proposed DOT budget for Fiscal Year 2009 and honor the Secretary of Transportation's home state by highlighting a small business' first steps for doing business with the Arizona Department of Transportation (ADOT).

We hope you will find useful information in this issue of the Transportation Link. As always, we are interested in your comments and your ideas.

Denise Rodriguez-Lopez
Director, Office of Small and Disadvantaged
Business Utilization (OSDBU)

#### Small Business Certifications – Which is Which?

Many small businesses that contract with federal, state, and local governments are confused by the array of different small business certifications. In this article, we present a basic overview of the major certifications available to small businesses.

To ensure that small businesses get their fair share of federal procurement opportunities, Congress established yearly goals for the percentage of contract dollars that should be directed toward small businesses in general, and several types of small businesses.

The U.S. Small Business Administration (SBA) negotiates with Federal departments (including DOT) on their contracting goals and achievement with small businesses. These negotiations help ensure that the Federal procurements will achieve not less than 23 percent to small businesses, not less than 5 percent each to woman-owned small businesses (WOSBs) and small disadvantaged businesses (SDBs), and not less than 3 percent to service disabled veteran-owned small businesses (SDVOSBs) and certified HUBZone small businesses.

To do business with the Federal government and to be recognized in the various small business classifications, you must register in the Central Contractor Registration (CCR) database, and complete the Small Business Supplemental Page within CCR. As a government-wide single point of vendor registration, CCR is a key aspect of streamlining and integrating electronic commerce into the continued on page 3

## Proposed DOT Budget Focuses on Increasing Safety and Reducing Congestion

On February 4, 2008, President George W. Bush sent his proposed Fiscal Year (FY) 2009 budget to Congress. The budget, which totals \$3.1 trillion, allocates \$68 billion to DOT.

According to DOT Secretary Mary E. Peters, the proposed budget "helps us move forward on a new course that delivers high levels of safety, takes advantage of modern technology and financing mechanisms, and eases congestion with efficient and reliable transportation systems."

The budget reflects five transportation priorities:

- Managing the nation's airspace more effectively to reduce travel delays;
- Advancing strategies to curb transportation congestion;
- Ensuring solvency of highway and surface transportation programs;
- Rationalizing the nation's intercity passenger rail system; and
- Improving transportation safety. continued on page 7

П	N	TL	П	C	IC	CI	П

Calendar4
Have You Updated Your CCR Profile Lately?4
Check Out our New Look4
Intercity Passenger Rail System Grant Program5
The Short-Term Lending Program6
A Primer for Doing Business in Arizona7

#### **SMALL BUSINESS CERTIFICATIONS...**continued from page 1

#### Statutory Small Business Goals

- 23% of prime contracts for small businesses
- 5% of prime and subcontracts for SDBs
- 5% of prime and subcontracts for WOSBs
- 3% of prime contracts for HUBZone small businesses
- 3% of prime and subcontracts for SDVOSBs

Federal procurement process. It's easy to register in CCR. Just go to www.ccr.gov and select the "Start a New Registration" button.

#### **Small Business**

To be eligible to receive any of the federal small business preferences, a firm must establish that it is a "small business" as defined by federal statutes and regulations. A "small business" may be a sole proprietorship, partnership, corporation, or other legal form. To be eligible for small business preferences, the company must:

- Be organized for profit;
- Have a place of business in the United States;
- Make a significant contribution to the U.S. economy by paying taxes or using American products, materials or labor; and
- Not exceed the numerical size standard for its industry (the industry size standards can be found at:

#### Certification Requirements for Different Types of Small Business at the Federal Level

Type of Small Business	Entity Responsible for Certification	Certification Procedure (if applicable)		
Small business (in general)	Self-certification	• Register firm on CCR • Complete ORCA		
WOSB	Self-certification	N/A		
VOSB	Self-certification	N/A		
SDVOSB	Self-certification	<ul> <li>Produce a disability rating letter issued by the VA, establishing a service-connected rating of be- tween 1 and 100% or a disability determination from the Depart- ment of Defense if challenged.</li> </ul>		
SDB	SBA	<ul> <li>Submit application to SBA for eligibility determination and approval.</li> </ul>		
8(a)	SBA	<ul> <li>Submit application to SBA for eligibility determination and approval.</li> </ul>		
HUBZone	SBA	Submit electronic application to SBA for eligibility determination and approval.		

http://www.sba.gov/services/contractingopportunities/sizestandardstopics/index.html).

#### The firm must also:

- Acquire a Data Universal Numbering System (DUNS) identification number [http://www.dnb.com/us];
- Register on the Central Contractor Registration (CCR) system [www.ccr.gov]; and
- Complete the Online Representations and Certification Application (ORCA) [https://orca.bpn.gov/].

#### Small Disadvantaged Business (SDB) and 8(a)

The SBA administers two business assistance programs for small disadvantaged businesses. These programs are the 8(a) Business Development Program and the Small Disadvantaged Business (SDB) Certification Program. While the 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms, SDB certification strictly pertains to benefits in federal procurement. 8(a) firms automatically qualify for SDB certification.

An SDB is a small businesses that is 51% or more owned, controlled and operated by a person(s) who is socially and economically disadvantaged. African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans, and Native Americans are presumed to qualify. Other individuals can qualify if they show by a "preponderance of the evidence" they are disadvantaged.

One of the major advantages of the 8(a) program is that it allows the government to contract, on a non-competitive or competitive basis, with 8 (a) firms. The 8(a) program also offers managerial, technical, and financial support to participating firms. Participants typically remain in the 8(a) program for a period of nine years, during which they are encouraged to grow their procurement know-how through a monitored combination of 8(a) and non-8(a) contracts. Competitive bidding on targeted opportunities allows 8(a) contractors to gain valuable experience in various market arenas and gain the experience necessary to compete in the full and open market.

To apply for an SDB certification, you must fill out an application and send it to SBA's Office of Small Disadvantaged Business Certification and Eligibility (see link below for address). The SBA notifies applicants

within 15 days if the application is complete, and renders its decision within 60 days.

continued on page 3

For application forms and other information, see: http://www.sba.gov/aboutsba/sbaprograms/sdb/apply/sdb\_apply\_cert.html

#### **SMALL BUSINESS CERTIFICATIONS...**continued from page 2

#### **HUBZone**

Procurement preferences in this category go to small businesses that obtain HUBZone (Historically Underutilized Business Zone) certification in part by employing staff who live in a HUBZone. To find the location of a HUBZone in your area, simply log onto http://www.sba.gov/hubzone and http://map.sba.gov/hubzone/init.asp#address.

To qualify for the program, a business must meet the following criteria:

- It must be a small business by SBA size standards;
- It must have a principal office located within a designated HUBZone [a principal office can be differ-

ent from a company headquarters];

For more information on the HUB Zone program, visit: https://eweb1.sba.gov/hubzone/internet/index.cfm.

- It must be owned and controlled by one or more U.S. citizens; and
- At least 35% of its employees must reside in a HUBZone.

#### Veteran-Owned and Service-Disabled Veteran-Owned Small Business

Recently, Congress enacted some significant changes for veterans to do business with the government and expanded SBA's role in assisting veterans through business counseling and technical assistance programs. The SBA currently is designing online classrooms tailored to the entrepreneurial needs of veterans as part of the agency's small business classroom distance learning initiative at http://classroom.sba.gov/. The agency will also assist veterans in finding procurement opportunities with federal, state, and local agencies.

A Service-Disabled Veteran is a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable, and whose disability was incurred or aggravated in line of duty in the active military, naval, or air service. To be considered a Service-Disabled Veteran, the veteran must be able to produce an adjudication letter from the Veterans Administration

What is a DBE? A DBE is defined as a for-profit small business in which socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. DOT presumes African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. To be regarded as economically disadvantaged, an individual must have a personal net worth that does not exceed \$750,000 (excluding the value of personal residence and interest in the business). To be regarded as a small business, a firm must meet SBA size criteria and have average annual gross receipts not to exceed \$20.41 million. Size limits for the airport concessions DBE program are higher.

(VA), a Department of Defense Form 214, Certificate of Release or Discharge from Active Duty, or a State-

ment of Service from the National Archives and Records Administration, stating that the veteran has a service-connected disability.

More information on the Veteran-owned and Service-disabled Veteran-owned Small Business categories is available at: http://www.sba.gov/aboutsba/sbaprograms/ovbd/index.html.

#### Woman-Owned Small Business (WOSB)

The WOSB Procurement Program has a required goal set by law, but there are no set-aside procurement programs or incentives for awarding a contract to a woman-owned small business. The Federal Acquisition Regulations (FAR) define a "women-owned small business concern" as:

"Women-owned small business concern means a small business concern—(a) which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (b) whose management and daily business operations are controlled by one or more women."

The federal government does not require any formal certification for women-owned small businesses proposing as prime contractors on federal procurements. If your business meets the definition, and you are submitting a proposal for Federal procurement, you can "self-certify." There is no certification require-

ment for prime contracts because there are no preference programs to award prime contracts to womenowned small business.

More information on the WOSB program is available at: http://www.sba.gov/ aboutsba/sbaprograms/ onlinewbc/index.html

#### Certification for State and Local Transportation Procurements

#### **DBE Program**

The Disadvantaged Business Enterprise (DBE) program is unique to the transportation sector and covers contracts awarded by state highway agencies, airports, transit authorities, and other state and local recipients of DOT funds. If the recipient of DOT funds awards contracts over \$250,000, then the state and local transportation agencies are subject to the DBE program.

#### **DBE** Goals and Preferences

Goals for utilization of DBEs are developed by recipients of DOT funds based on the availability of DBEs and other factors.

continued on page 5

# calendar

#### MAY 23

**Latina Procurement Summit** sponsored by the U.S. Hispanic Chamber of Commerce; Las Vegas, NV www.ushcc.com

#### MAY 28-30

**Teaming to Win 2008 Conference** sponsored by Congreessman Alan B. Mollohan; Stonewall Resort, Roanoke WV 304–285–1396 • TeamingMail@teamingtowin.org www.teamingtowin.org

#### MAY 29

**CelebrAsian '08 Business Opportunity Conference** sponsored by U.S. Pan Asian
American Chamber of Commerce; Washington, DC
www.uspaacc.com

#### MAY 30

Procurement Conference sponsored by Congressman Ike Skelton; Warrensburg, MO www.moptac.net

#### JUNE 23-26

Women-Owned Business National Conference and Business Fair; Atlanta, GA Paige Adams • 202-872-5515 x2080 padams@wbenc.org www.wbenc.org/EventsAndPrograms/WIB.aspx

#### JUNE 24-26

9th Annual U.S. Department of Energy Small Business Conference, Expo, & Matchmaking Forum; Grand Hyatt Hotel, San Antonio, TX 888-246-2460 • info@doesbc.com www.smallbusiness-outreach.doe.gov/

#### JUNE 26

**Business Matchmaker**; San Antonio, TX www.businessmatchmaking.com

#### JULY 2

**2008 Minority Construction Expo** sponsored by Connecticut Minority Supplier Development Council, Inc.; Uncasville, CT www.ctmce.com

### **Have You Updated Your CCR Profile Lately?**

An SBA Profile in the Central Contractor Registration (CCR) system can be an effective way to market your small business to government agencies. If you indicate in your CCR information that you are a "small business," your business will be listed in the Dynamic Small Business Search. The small business classification is based on the North American Industry Classification System (NAICS) code size standard criteria established by SBA.

To provide contracting officers an accurate synopsis of your business should they view your record, it is strongly recommended that you complete and maintain your SBA Profile to accurately reflect:

- Current capabilities and NAICS Codes;
- Equipment and materials;
- Bonding levels;
- Past performance history (both federal government and other references);
- · Changes in your company points of contact; and
- Changes in average annual receipts or number of employees that may affect size standard eligibility.

More information about updating your CCR profile can be found at www.ccr.gov

#### **Check Out our New Look**

After months of extensive work behind the scenes, OSDBU is proud to unveil its new website, which will make it faster and easier for our customers to find the information they need to grow their businesses. Log on today to view our new homepage.

On the left toolbar we've established links to the resources that are most useful for our customers. These resources include information on:

- Procurement Assistance;
- Financial Assistance;
- Regional Partnerships;
- National Information Clearinghouse;
- DBE Program;
- News & Events; and
- Small Business Tools.

On the right toolbar, you will find the latest alerts, news, and links to crucial OSDBU publications.

The right toolbar also includes a link to a web survey. We ask that you take a few moments to complete this survey to ensure that the OSDBU website includes the information you need.

The new OSDBU website can be found at: www.osdbu.dot.gov

## **Capital Assistance to States – Intercity Passenger Rail Service Program:**

## New Grant Program Provides First-Ever Federal-State Funding Partnership to Improve and Expand Intercity Passenger Rail Service

On February 19th, DOT Secretary Mary Peters announced that, for the first time ever, states will be directly eligible for federal funding to support intercity passenger rail service under the new Capital Assistance to States - Intercity Passenger Rail Service program.

The Intercity Passenger Rail Service program makes an investment of \$30 million in federal funding available directly to states through grants to fund up to 50 percent of the cost of capital investments and planning activities necessary to achieve tangible improvements to, or institute new, intercity passenger rail service. Examples of such improvements include (but are not strictly limited to):

- Purchase of passenger rolling stock;
- Improvement of existing track to allow for highermaximum speeds;
- Addition or lengthening of passing tracks to increase capacity;
- Improvement of interlockings to increase capacity and reliability; and
- Improvement of signaling systems to increase capacity and maximum speeds, and improve safety.

Federal funding for the program will flow directly through state Departments of Transportation, and

## Intercity Passenger Rail Service Program Quick Facts

- Any State Department of Transportation is eligible to submit applications, including individual or multiple states working together.
- Eligible projects must be for the primary benefit of intercity passenger rail service. Only new projects are eligible.
- Proposed projects must require a 50-50 funding match like most other transportation investments.
- Projects that demonstrate an on-time performance standard of 80 percent or greater, reduce travel time, increase service frequency, or enhance service quality for intercity rail passengers will receive favorable consideration for funding.
- Proposed projects must be specifically included in the applicant state's Statewide Transportation Improvement Plan at the time of application.
- Applications must be submitted by Wednesday, September 30, 2009 or the date (to be announced) on which all available funds will have been committed.

state proposal applications will be required to include descriptions of expected arrangements for project contracting and required budget estimates will predict expenditures in appraisals, architectural and engineering fees, site work, construction labor, and other related fields.

Small businesses in transportation fields will likely play a role in expanding and improving passenger rail systems through the Intercity Passenger Rail System program. For further information, contact your state's transportation agency, or visit the links listed below.

More information on the Intercity Passenger Rail Service Program can be found at: www.fra.dot. gov/statecapitalgrants.

The notice of funds availability in the Federal Register Notice can be found at: www.fra.dot.gov/Downloads/ Research/E8-3018.pdf

#### SMALL BUSINESS CERTIFICATIONS...continued from page 3

These goals may be included in contracts and/or subcontracts that are financed by DOT funds. Firms that have been certified as DBEs can be counted to meet these goals. DOT's policy is that the recipients give priority to race-neutral methods to meet these goals.

#### **DBE** Certification

To participate in the program, a small business owned and controlled by socially and economically disadvantaged individuals must receive DBE certification from their appropriate state or local transportation agency. This is not a federal certification and is not applicable to federal contracts. DOT requires that all direct and indirect recipients of DOT funding establish a Unified Certification Program (UCP) to provide a one-stop certification process for businesses in each state seeking certification to participate in the DBE program. Under UCP, a firm applies one time with the state certification agency, and if approved, that certification is shared by all other recipients of federal highway, transit, and airport improvement financing in that state.

Additional information about the DBE program can be found at: http://www.osdbu.dot.gov/DBEProgram/index.cfm and at http://www.dotcr.ost.dot.gov/asp/dbe.asp.

# Answering Your Questions about the DOT's Short-Term Lending Program (STLP)

The STLP provides short-term working capital to eligible firms for work on transportation contracts. Here we answer some basic questions about the STLP program.

#### In a nutshell, what is STLP?

The STLP is an initiative to help small businesses gain access to working capital through a working line of credit necessary to participate in transportation related contracts. STLP guarantees eligible firms a direct loan from a bank at the current prime rate plus two percentage points.

## STLP funds <u>cannot</u> be used for:

- · Contract mobilization;
- Equipment purchases, or other long terms uses;
- Refinancing of existing debt;
- Payment of non-current taxes; or
- Distribution or other payments to stockholders.

#### Who is eligible to receive financing?

Three types of businesses are eligible to receive financing:

- Firms that have received DBE certification from a state or local transportation agency;
- Firms that have been certified by the SBA as an 8(a), Small Disadvantaged Business, or HUBZone; and
- Firms that have received a disability rating by the U.S. Veteran's Administration and have certified themselves as an SDVOSB.

Please note that start-up businesses are not eligible to receive a STLP line of credit. These businesses should instead contact SBA regarding other possible forms of financial assistance.

#### What activities can the funds be used for?

The STLP provides revolving lines of credit to finance accounts receivable arising from "transportation-related contracts." "Transportation-related contracts" meet the following criteria:

- Work involves the maintenance, rehabilitation, restructuring, improvement, or revitalization of any of the nation's modes of transportation; and
- Work is for any public or commercial transportation provider of any federal, sate or local transportation agency.

The funds can be used only for covering short-term costs of performing the contracts being financed.

#### How is financing provided?

Lines of credit are managed by OSDBU through cooperative agreements between DOT and banks who have agreed to be Participating Lenders (PL's) in the STLP. The primary collateral for the lines of credit consist of accounts receivable arising from the contracts or subcontracts being financed. These lines of credit can be extended to both prime and subcontractors with a maximum line of credit up to \$750,000.

The final loan approval is made by both the PL's and DOT. The PL's perform the loan documentation and financing transactions.

Funds may be borrowed against each invoice of the contracts being financed, up to 85% of the invoice total. Subsequently, each invoice is paid directly to the PL by the Project Owner or Prime Contractor via a two-party check addressed to the Lender and the Borrower. The PL then deducts the payment account, including interest payments, and remits the remaining balance to the borrower through their checking or savings account.

#### How can a business apply for STLP financing?

Loan applications may be downloaded from the STLP page of the OSDBU website. Applicants are strongly encouraged to work with OSDBU's Small Business Transportation Resource Centers. Completed applications may be forwarded to OSDBU or directly to the PL. An up-to-date list of the name and address of each PL can be found on the OSDBU website.

#### What are the terms of the lines of credit?

Normally, the line of credit covers a one-year period. The applicant has the option of requesting one or more renewals; however, the line of credit cannot exceed five years. The PL has the option of providing the line of credit for less than one year. The line of credit amount can be increased during the term if the applicant obtains additional transportation contracts.

For further details concerning the STLP Program, including a list of participating banks, please visit: http://www.osdbu.dot.gov/financial/stlp.cfm

# follow the money

## A Primer for Doing Business in Arizona

If you're a small business and you want to pursue transportation opportunities in Arizona, there are a few places you'll want to turn. First, check out the publication, "How to Do Business with the Arizona Department of Transportation (ADOT)." In clear and concise language, this document provides such crucial information as:

- ADOT Procurement Policies;
- Who Purchases for ADOT;
- How the Buying Process Works;
- Types of Solicitation; and
- Solicitation Process.

A second avenue is to examine ADOT's Project Performance Management Standard Project Manager report. This report includes information about projects that are anticipated in the near future.

However, the third (and most important) avenue for doing business in Arizona is to register your firm in SPIRIT, the Arizona State Procurement Office's (AzSPO) comprehensive e-procurement system. In

Business with ADOT" and ADOT's current PPMS/PM Report can be found at: http://www.azdot.gov/
To learn more about, and to registe

More information on "How to Do

To learn more about, and to register with, SPIRIT, visit: http://www.azspo.az.gov/spirit/index.htm

ensive e-procurement system. In 2004, SPIRIT replaced AzSPO's outdated paper and mail procurement system with a paperless process you can access over the Internet. It is your one-stop source for statewide contract information in Arizona (including information on ADOT statewide contracts).

To register in SPIRIT, you need to describe your business, including the products and services you provide. You will also be asked to identify whether your firm is small, minority, or woman-owned. You can update this information at any time.

SPIRIT then takes over – electronically sending you notices of pending proposals, quotes, and bids based on the information you have submitted to the system. In addition, registered small, minority, and woman-owned businesses have immediate online access to requests for quotes for purchases of less than \$50,000. Therefore, it is in your firm's best interest to keep your registration information complete and up-to-date – otherwise you may not learn about procurements you are interested in pursuing.

If you do decide to submit a quote, bid, or proposal through SPIRIT, it's all done electronically. No more need to create, package, and physically deliver paper proposals.

When a contract is awarded through SPIRIT, the firm's product and pricing information is available online to all state agencies as well as over 400 political subdivisions around the state. Amendments to SPIRIT contracts are done electronically and updated contract products and prices are quickly available online.

And maybe the best news of all – there is no cost to you for using SPIRIT. Check it out at www. spirit.az.gov

**PROPOSED DOT BUDGET...**continued from page 1

#### **Major DOT Budget Items Proposed for FY 2009**

- \$688 million to fund the Federal Aviation Administration's Next Generation Air Transportation System (NextGen);
- \$175 million for demonstrations of alternative strategies to reduce highway congestion through the use of road pricing. These strategies include:
  - Implementing variable charges on toll lanes to maximize traffic flow; and
  - Converting High Occupancy Vehicle lanes into High Occupancy Toll lanes, which charge single-passenger vehicles for access while allowing free access to multi-passenger vehicles
- \$191 million for the Federal Railroad Administration's safety program, which includes the hiring of bridge safety specialists and tank car engineers and the development of technology for detecting track flaws that could lead to derailments.
- \$93 million for the Pipeline and Hazardous Materials Safety Administration's Pipeline Safety Program, including significant increases for grants to States, pipeline inspection and enforcement staffing, and technical assistance.

Almost one-third of the proposed budget would go toward safety programs to help make travel safer by focusing on problem areas like runway incursions and near misses in the air, motorcycle crashes, and pedestrian injuries. In addition, the budget places a strong focus on fighting congestion. "If last-year's record traffic jams and flight delays taught us anything, it is that traditional approaches are not capable of producing the results we need to keep America's economy growing," said Secretary Peters.

Therefore, the proposed budget would continue funding DOT's efforts to identify and implement new, innovative ways to fight gridlock on the roads and in the air. It would also provide a record \$10.1 billion for transit programs.

The administration's proposal is just the first stage in the federal government's budget process.

More information on the proposed FY 2009 DOT budget can be found at: http://www.whitehouse.gov/omb/budget/fy2009/transportation.html