



Transportation Link

The official publication of the U.S. Department of Transportation's Office of Small and Disadvantaged Business Utilization

www.osdbu.dot.gov

From the Desk of the Director



In this edition, our lead article looks at changes being made at the Small Business Administration (SBA) in an effort to improve the HUBZone small business certification program. As a result of both internal and external reviews and recent fraud convictions,

SBA has identified specific policies that are being updated in order to ensure that the program is managed in a more effective manner and that the proper oversight and internal controls are in place.

We also report on plans for improvements to the transportation system at both the national and state level. Secretary of Transportation Peters recently announced an initiative which will create a new framework to overhaul the way U.S. transportation decisions and investments are made. In our Follow the Money segment, we highlight the Illinois Department of Transportation's multi-year highway improvement plan. Both of these initiatives, when implemented will include a significant amount of opportunities for the transportation-related small business community.

We highlight the FHWA's Western Federal Lands Division recent recognition by the Department of Veterans' Affairs with their Federal Achievement Award for their support of Service-Disabled Veteran-Owned Small Businesses, and report on the mid-year status of DOT's small business goals.

Finally, we report on the addition of the last Small Business Transportation Resource Center and welcome new staff to the OSDBU.

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

SBA Initiates Changes in HubZone Program to Improve Management and Reduce Fraud

As a result of a recent report by the Government Accountability Office (GAO) and its own internal reviews, the Small Business Administration (SBA) has carried out several policy changes to the HUBZone (Historically Underutilized Business Zones) program to improve the program's management and minimize fraud. OSDBU applauds these changes, which will help protect the integrity of the program and ensure that only intended beneficiaries participate.

HUBZone Program Overview

The HUBZone program serves to stimulate economic development and create jobs in urban and rural communities by providing

federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone certification from the SBA. To qualify for the program, a business (except tribally-owned concerns) must meet the following criteria:

- It must be a small business by SBA standards;
- It must be owned and controlled at least 51% by U.S. citizens, or a Community Development Corporation, or an agricultural cooperative or an Indian tribe;

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The complete GAO Report can be found at:
<http://www.gao.gov/new.items/d08643.pdf>

SBA's internal study is located on the SBA's web site at: <http://www.sba.gov/ADVO/research/rs325tot.pdf>

DOT Recognized for Outstanding Support of the Service-Disabled Veteran-Owned Small Business Program

On June 12, 2008, the Federal Highway Administration's (FHWA) Western Federal Lands Division received the prestigious Federal Achievement Award from the Department of Veterans Affairs (VA) at their 7th Annual Champions of Veterans Enterprise Program Award Ceremony, for outstanding support of the Service-Disabled Veteran-Owned Small Business (SDVOSB) program. With a three percent mandated goal, the Western Federal Lands Division awarded six percent of its contracting dollars to SDVOSBs.

The Champions of Veterans Enterprise Awards Program was created to honor those individuals and organizations that put veterans and service-disabled veterans first. In addition, HeiTech

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- Its principal office must be located within a “Historically Underutilized Business Zone,” which includes lands considered “Indian Country” and military facilities closed by the Base Realignment and Closure Act; and
- At least 35% of its employees must reside in a HUBZone.

The SBA regulates and implements the program, determines which businesses are eligible to receive HUBZone contracts, maintains a listing of qualified HUBZone small businesses that federal agencies can use to locate vendors, and adjudicates protests of eligibility to receive HUBZone contracts.

The Federal Acquisition Regulation (FAR) Subpart 19_13 provides guidelines for implementation of this program.

For more information on guidelines and contracting preferences for the HUBZone program visit the FAR web site at:
www.arnet.gov/far/current/html/Subpart%2019_13.html#wp1093689

Changes at SBA to Improve Management and Reduce Fraud

In response to the findings, SBA has implemented several changes including:

- SBA recently put new leadership in charge of the HUBZone office. The new team is dedicated to implementing reforms recommended by the GAO, Office of Advocacy, and SBA senior management.

A full list of the changes to the program can be found at:
www.sba.gov/idc/groups/public/documents/sba_program_office/serv_cont_hubzone_message.pdf

In related news, the U.S. Department of Justice (DOJ) recently secured a conviction for fraud committed by an applicant to the HUBZone program. A man was found guilty by a federal jury in United States District Court, Louisville, Kentucky, of making false statements on two applications submitted to the SBA to be certified as a HUBZone business.

More information can be found at:
www.sba.gov/idc/groups/public/documents/sba_program_office/serv_cont_hubzone_msg_fraudcse.pdf

The conviction follows a previously announced DOJ settlement under the False Claims Act in which another fraudulently certified HUBZone firm agreed to pay the United States \$9 million and reform its business practices as part of a settlement to resolve allegations of false certification in connection with government contracts.

More information can be found at:
www.usdoj.gov/opa/pr/2006/August/06_civ_496.html

These actions reflect a commitment on the part of the federal government that it will aggressively pursue any firm or individual believed to have committed fraud in its business dealings with any federal agency.

The SBA is currently recruiting additional staff with the needed skill sets to address these challenges and implement the changes to be undertaken.

- SBA has issued guidance to HUBZone firms that the agency may ask any HUBZone firm to document its eligibility at any time as part of a program examination. The agency will immediately move to decertify a company upon a finding of ineligibility.
- The agency is instituting program examinations and performing site visits of HUBZone companies that have received HUBZone contracts to verify facts relating to their eligibility.
- SBA will immediately move to decertify and begin suspension and debarment proceedings against any HUBZone firm that is found to have intentionally misrepresented its eligibility status to the SBA in order to obtain a government contract. The agency has appointed a new suspension and debarment official who will work with others agencies to propose government-wide debarment, if appropriate.
- SBA will be working with its Office of the Inspector General to investigate certain HUBZone firms and prosecute abuses.

The OSDBU continually works with all of the Department’s small business specialists and contracting staff to ensure that firms certified as HUBZones under contract with DOT are not fraudulently representing their small business status. Firms certified as HUBZones should familiarize themselves with the program’s rules and regulations, as well as these changes currently being implemented.

calendar

OCTOBER 26-29

2008 National Minority Supplier Development Council Conference and Business Opportunity Fair

sponsored by the National Minority Supplier Development Council; Las Vegas, NV
(212) 944-2430
www.nmsdc.org/events/conference08.html

NOVEMBER 6-7

2008 Historically Underutilized Business (HUB) Conference Sponsored by the Conference of Minority Transportation Officials

sponsored by the Conference of Minority Transportation Officials (COMTO) Hampton Roads Chapter; Virginia Beach, VA
www.comtohr.org

NOVEMBER 12-14

2008 Fall National Small Business Innovation Research Conference; Hartford, CT

www.ccat.us/sbir_conference_08/

NOVEMBER 13

Service Disabled Veteran-Owned Small Business Conference

sponsored by the U.S. General Services Administration (GSA) Regional Office of Small Business Utilization; Atlanta, GA
www.gsa.gov/Portal/gsa/ep/eventView.do?viewType=DETAIL&eventId=5365&occurId=2259

DECEMBER 2

12th Annual Transportation Symposium & Business Exchange

sponsored by Regional Transportation Authority, Illinois Department of Transportation, Chicago Transit Authority, Metra and PACE; Chicago, IL
www.transitchicago.com/business/events.html

Secretary Peters Unveils Bush Administration's New Approach for America's Transportation Future

In Atlanta, Georgia, U.S. Transportation Secretary Mary Peters recently announced the Bush Administration's new plan to refocus, reform and renew the national approach to highway and transit systems in America. The Secretary said the plan sets a course for reforming the nation's transportation programs by outlining a renewed federal focus on maintaining and improving the Interstate highway system, instead of diverting funds for wasteful pet projects and for programs that clearly are not federal priority areas like restoring lighthouses.

Addressing urban congestion and giving greater flexibility to state and local leaders to invest in their most needed transit and highway priorities is another key focus of the reform plan, said Secretary Peters. Local leaders will have greater freedom and significantly more resources to fund new subways, bus routes or highways as they choose, based on the needs of local commuters instead of the dictates of Washington.

As part of this focus on congestion, the plan would create a Metropolitan Innovation Fund that rewards cities willing to combine a mix of effective transit investments, dynamic pricing of highways and new traffic technologies, the Secretary said.

The reform plan also calls for greatly reducing over 102 federal transportation programs which have proliferated over the last two decades replacing them with eight comprehensive, intermodal programs that will help focus instead of dilute investments, and cut the dizzying red-tape forced upon local planners, she said. It also calls for streamlining the federal review process for new transportation projects.

Each of these elements of the plan will have a significant impact on the various modes of transportation nationwide.

A copy of the reform plan is available at:
www.fightgridlocknow.gov

DOT RECOGNIZED...continued from page 1

Services Inc., a woman-owned SDVOSB received the Enterprising Veteran Award for their outstanding support of the Department of Transportation's and other federal agencies' missions. This award recognizes a firm whose quality performance provides exemplary and outstanding support to the federal government. Diligent Consulting Inc., another DOT nominated SDVOSB received an honorable mention in the program.

The VA's Enterprising Veteran Award is the Center for Veterans Enterprise most prestigious honor. This award recognizes veterans whose quality performance provides advocates with specific success stories—a critical tool in promoting the program nationwide.

OSDBU congratulates all the awardees for their support of the SDVOSB program.

More information on the award and the nomination process can be found at:
www.va.gov/vetbiz/outreach/awards.htm

procurement assistance page

Jerry Franco, Chief
Procurement Assistance Division

DOT Contractors Continue to Receive Fraudulent Letters

DOT contractors and potential contractors have again reported receiving another round of fraudulent letters purporting to be issued by DOT. These fraudulent letters request that current or potential contractors submit banking account information in order to be eligible for participation in contract offerings and are signed as the “Senior Procurement Officer.”

Please be aware that DOT does not require any confidential or financial information to be submitted to verify registration. If you receive a letter requesting banking account information, please DO NOT

complete the release form which is attached to the letter and DO NOT release any information to the facsimile number cited in the letter. In fact, prior to submitting any confidential company information, verify personally that you are sending information to an authorized DOT official.

For more information, including an example of the fraudulent letter(s), please visit the Department’s Fraud Alert Page at:
http://www.dot.gov/ost/m60/fraudulent_letters.htm

DOT on Track to Continue to Meet Small Business Goals

Coming off a banner year in which we received the highest score of “Green,” under the SBA’s first-ever Small Business Procurement Scorecard, DOT continues to achieve significant success in the implementation of its small business program. According to SBA’s FY 2008 Mid-Year Progress Report, DOT is on track to meet all of its small business plan requirements. In fact, the report noted that as a best practice, DOT submits all strategic plans and reports that become due to SBA during the reporting period.

We anticipate that DOT will continue to achieve a “Green” on the Small Business Procurement Scorecard. To achieve a green rating a federal agency has to meet its overall small business contracting goal, as well as the goals for at least three of four subcategories.

This score represents the focus the Department puts on providing opportunities to the small business community and is the result of the efforts of the many procurement and small business staff at each Operating Administration.

To review the Mid-Year Progress Report on DOT and other federal agencies, please visit:
http://sba.gov/idc/groups/public/documents/sba_homepage/scorecard_2008.html

SBA Updates Monetary-Based Small Business Size Standards

The U.S. Small Business Administration (SBA) recently issued a final rule that adjusts monetary-based small business size standards for inflation. The rule finalizes the Agency’s December 6, 2005 interim final rule that also amended monetary-based small business size standards for inflation. However, this rule adds an additional 8.7 percent to account for inflation that has occurred since then.

The December 6, 2005 interim final rule increased SBA’s most common size standard for the retail trade and services industries (referred to as the “nonmanufacturer anchor size standards”) from \$6.0 million in average annual receipts to \$6.5 million. This rule further increases the nonmanufacturer anchor size standard to \$7.0 million.

This rule also increases other monetary-based size standards proportionately. For example, the rule increases the size standard for specialty trade contractors from \$12 million in average annual receipts to \$14 million, which will help many DBE certified firms who perform this work in transportation-related projects.

In addition, the interim final rule increased the size standard for Computer Systems Design Services (NAICS 541512) from \$21 million to \$23 million. This final rule increases that industry’s size standard to \$25 million. These changes became effective August 18, 2008.

You can access the Federal Register notice at:
www.osdbu.dot.gov/documents/doc/legislation/FRDocE8-16148.htm
A link to the updated table of size standards is available at:
www.osdbu.dot.gov/Procurement/ProcurementAssistance.cfm

Illinois Releases Multi-Year Highway Improvement Program

The Illinois Department of Transportation recently unveiled a \$10.875 billion multi-year Highway Improvement Program for Fiscal Years 2009-2014. According to State Transportation Officials, approval of this plan will trigger a \$31 billion capital investment plan that will support more than 700,000 jobs, fix the state's deteriorating roads and bridges, build and repair schools across the state, and provide resources for statewide economic development.

In IDOT's proposed multi-year plan, \$7.79 billion will be for the state's highway system while \$3.08 billion will be for local roads. On the state system, \$5.6 billion – or almost three-fourths – will be for road-way maintenance, safety and bridge repair. Funding for urban area congestion relief totals \$1.54 billion, including \$477 million for a new Mississippi River Bridge crossing and connecting roadways in the Met-

ro East area. A total of \$633 million is targeted to expand the system with new roads to increase access and promote economic development.

The entire FY 2009-2014 MYP, including information regarding specific proposed projects across the state, is available online at the Illinois Department of Transportation website, www.dot.il.gov. The proposal plan was submitted to the Illinois General Assembly in May and approval is pending passage of the overall State budget.

To track the status of this major initiative, visit: <http://dot.state.il.us/>

For specific information regarding contracting opportunities with the Illinois Department of Transportation, visit: <http://dot.state.il.us/dobuisns.html#letting>

OSDBU Adds Last Small Business Transportation Resource Center

OSDBU's Small Business Transportation Resource Center (SBTRC) Program, whose goal is to increase the number of small businesses that are prepared to compete for, and enter into, transportation-related prime and sub-contracts, at the local, state and federal levels added its ninth and final regional center in late May. The Northeast Region's SBTRC, located at the LaGuardia Community College in Long Island City, New York is providing services to small businesses in the states of New York, New Jersey, Massachusetts, Connecticut, Rhode Island, Maine, New Hampshire, and Vermont. With this addition, the SBTRCs now cover all 50 states plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands

The SBTRCs work closely with the state and local transportation agencies and technical assistance agencies in their region. Utilizing these relationships and their own expertise, the SBTRCs are involved in activities such as information dissemination, one-on-one counseling, and providing technical assistance to small businesses currently doing business with public and private entities in the transportation industry. They also assist firms that are

interested in doing business with U.S. DOT directly or with state, or local agencies receiving DOT funding.

To learn more about the program, events in your region, or find out the SBTRC Office covering your state, visit OSDBU's Regional Partnerships page at: www.osdbu.dot.gov/regional/index.cfm

OSDBU Welcomes New Staff

OSDBU is pleased to welcome two new staff members to the team: Devera Redmond and Herman Nuñez, both of whom joined the office this last spring. Ms. Redmond, who is DOT's Women-Owned Business and Service-Disabled Veteran Business Advocate works with the Department's prime contractors, program, and procurement officials to ensure maximum opportunities for small businesses to participate in DOT contracts and subcontracts. Ms. Redmond has extensive experience supporting the small business community from both the government and corporate side, having served as the Small Business Advocate at the U.S. Department of Agriculture's Agricultural Marketing Services, Fruit Vegetable Program, and most recently serving as the Small Business Liaison Office for URS Group.

Mr. Nuñez, OSDBU's Budget Analyst has worked for the federal government since 1992 in the areas of budgets, accounting, and auditing. He comes to DOT from the Defense Contract Audit Agency in Orlando, Florida where he worked as an auditor. He holds a Masters of Business Administration and has a CPA certificate.

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Procurement Forecast
 Online at: www.osdbu.dot.gov