

California Department of Transportation and U.S. Small Business Administration Partnership Announcement

Press Release Issued: May 21, 2009

SMALL BUSINESSES GAIN INCREASED OPPORTUNITY TO COMPETE FOR CALTRANS CONTRACTS

California Partners with U.S. Small Business Administration on First-In-The-Nation Initiative

In an effort to increase contracting opportunities for California's small businesses, the California Department of Transportation (Caltrans) has partnered with the U.S. Small Business Administration (SBA) to help California small businesses bid on construction projects. The first such partnership in the nation and one of the top ten recommendations from participants at Governor's Conference on Small Business & Entrepreneurship, the joint Bonding Assistance Initiative helps qualified small businesses access bond guarantees – which are required on Caltrans construction contracts and are currently difficult for small businesses to attain.

"Small businesses are the backbone of our economy and California's new partnership with the U.S. Small Business Administration relieves what was previously a huge challenge for these organizations in bidding on Caltrans projects," said Governor Schwarzenegger. "Helping California's small businesses helps our economy, helps our state – and in this case helps level the playing field for these small business contractors."

Under the joint Bonding Assistance Initiative, qualified small businesses can more easily obtain the necessary bond guarantees required on Caltrans construction contracts. Prior to this partnership, California-based small businesses faced a limited number of companies issuing SBA surety bond guarantees. California's new partnership with the SBA will increase the number of surety bond companies statewide so small businesses will have easier access to bond guarantees and applications, which are required on Caltrans construction contracts.

With better access to bond guarantees, this initiative will help increase small business bid participation as Caltrans advertises its projects, including those funded by the American Recovery and Reinvestment Act (Recovery Act). California has received nearly \$2.6 billion in Recovery Act funding for highway and local streets, and Caltrans is advertising projects for contractors, including small businesses.

The SBA helps eligible small businesses obtain the surety and performance bonds needed to work on state highway projects through its Surety Bond Guarantee Program, a public-private partnership between the federal government and the bond-issuing surety industry. Caltrans, through its Office of Business and Economic Opportunity, will work in conjunction with the SBA to provide free education and technical assistance statewide through Caltrans and SBA district offices.

CALTRANS/SBA

BONDING ASSISTANCE INITIATIVE

The California Department of Transportation (Caltrans), in consultation with the Governor's Office of Small Business Advocate, have entered into a Memorandum of Understanding (MOU) with the U.S. Small Business Administration (SBA), to offer a technical assistance surety bond guarantee program to promote increased small business participation in Caltrans, State highway and transit projects.

This initiative is vital to placing more small businesses on the path to full and adequate utilization within California, bringing success to more small businesses, thereby strengthening the State's business community and economy. Further, this initiative provides a viable means to advance the *unimpeded participation of all willing, ready, and able construction contractors and subcontractors, professional architectural and engineering firms, suppliers and truckers, without regard to race, ethnicity, gender, or physical disability to participate in the State's Contracting Program.*¹

SBA's Surety Bond Guarantee Program helps eligible small businesses obtain bid, performance and payment bonds by guaranteeing surety companies between 70% and 90% of the bond amount.

SBA's Surety Bond Guarantee Program contains two components: Prior Approval Program and Preferred Program. For more information, please visit their Web site at www.SBA.gov.

Surety companies certified by the U.S. Treasury to issue bonds are eligible to apply for participation in the SBA Surety Bond Guarantee Program. For applications, contact or visit your nearest SBA office listed below:

Fresno District Office

2719 North Air Fresno Drive
Suite 200
Fresno, CA 93727
Phone: (559) 487-5791

Los Angeles District Office

330 North Brand, Suite 1200
Glendale, CA 91203
Phone: (818) 552-3215

Sacramento District Office

6501 Sylvan Road, Suite 100
Citrus Heights, CA 95610
Phone: (916) 735-1700

San Diego District Office

550 West C Street, Suite 550
San Diego, CA 92101
Phone: (619) 557-7250

San Francisco District Office

455 Market Street, 6th Floor
San Francisco, CA 94105-2420
Phone: (415) 744-6820

Santa Ana District Office

200 W. Santa Ana Blvd.
Suite 700
Santa Ana, CA 92701
Phone: (714) 550-7420

For more information or assistance with completing an SBA Surety Bond Guarantee application, please contact a Small Business Development Center (SBDC) in your area (see SBDC Locations attachment) or contact Linda Madden at (916) 324-8384 or via email at Linda.Madden@dot.ca.gov.

Caltrans Office of Business and Economic Opportunity



¹ California Executive Order No. S-11-06 (July 21, 2006)

SBA LOAN and BOND GUARANTEE PROGRAMS

SBA LOAN PROGRAM:

America's Recovery Capital (ARC) Loan Program can provide up to \$35,000 in short-term relief for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability. Each small business is limited to one ARC loan.

Loan Structure

- An ARC loan is a deferred-payment loan of up to \$35,000.
- ARC loans will be used to make up to six months of principal and interest payments on qualifying loans for *existing viable* for-profit small businesses in the United States.
- Disbursement period (up to six months) is followed by 12 months with no repayment of the ARC loan principal, followed by a repayment period of five years. SBA pays monthly interest to the bank.

How small business owners benefit

- ARC loans are interest-free to the borrower, have deferred payments for 12 months, and have no SBA fees associated with them.
- ARC loans will allow borrowers to redirect cash flow from making loan payments to investing in their businesses.
- Banks will begin investing in small businesses again, making credit more readily available for those businesses that need it.

For more information on the **SBA LOAN PROGRAM** please visit the SBA's website at www.sba.gov, or contact your local Small Business Development Center (locations listed on web page – web address is listed below).

SBA BOND GUARANTEE PROGRAM

Prior Approval Program:

SBA guarantees a surety company between 80 and 90% of the bond amount in the event a small business defaults on the contract. The guarantee rate is 90% if the contract amount is \$100,000 or less, or the small business is 8(a) HUBZone or Veteran-owned small business. The guarantee rate is 80% if the contract amount is greater than \$100,000 and the small business is not 8(a) HUBZone or Veteran-owned small business. Each bond guarantee application is submitted to SBA by a participating surety company is reviewed and approved by SBA prior to issuance.

Preferred Program:

Under the Preferred Program, participating surety companies are authorized to issue bonds with the SBA guarantee without prior SBA approval. The guarantee rate is 70% and each surety company is subject to an on-site audit at least once every three years.

For more information on the **SBA BOND GUARANTEE PROGRAM** please visit the SBA's website at www.sba.gov, or contact your local Small Business Development Center (locations listed on web page).

Note: For technical assistance to complete either application go to www.buildcalifornia.org

<http://www.dot.ca.gov/hq/bep/Civil%20Rights%20Web%20Pages/sbdcdsbllist.htm>

Caltrans Small Business Development Centers (SBDC)

CALTRANS DISTRICT	SBDC ADDRESS	SBDC DIRECTOR
1	Served by SBDC in D02, Redding	
2	CASCADE SBDC, SHASTA COLLEGE 1420 Butte Street, Redding 96001 530.225.2770 www.sbdsc.org	KELI ANTHIS kanthis@shastacollege.edu
3	NORTHEASTERN CA SBDC GREATER SACRAMENTO 1410 Ethan Way, Sacramento 95825 916.563.3210 www.sbdc.net	HELENA FISK fiskh@losrios.edu
4	ALAMEDA COUNTY SBDC 1330 Broadway, Suite705 Oakland, CA 94612 510.208.0412 www.acsbdc.org	JOSE DUENAS jduenas@acsbdc.org RICK OHLRICH rick@acsbdc.org
5	Served by SBDC in D6, Fresno	
6	CENTRAL CALIFORNIA SBDC 3302 N. Blackstone, suite 225 (Manchester Mall) Fresno, CA 93726 559.230.4056 www.ccsbdc.org	BRYAN MOE blmoe@ccsbdc.org JOI EUBANKS joie@ccsbdc.org
7	EL CAMINO COLLEGE SBDC 13430 Hawthorne Blvd. Hawthorne, CA 90250 310.973.3177 www.southbaysbdc.org	STAR VAN BUREN svanburen@elcamino.edu
7	COLLEGE of the CANYONS SBDC 28460 Avenue Stanford, Suite100 Santa Clarita, CA 91355 661.294.9059 www.canyonsecondev.org	STEVE TANNEHILL steven.tannehill@canyons.edu
8	INLAND EMPIRE SBDC 1201 Research Park Drive, Suite 100 Riverside, CA 92507 951.781.2345 www.iesmallbusiness.com	VINCENT MCCOY vmccoy@iesmallbusiness.com ALAN ELGENDY aelgendy@iesmallbusiness.com
9	Served by SBDC in D6, Fresno	
10	SAN JOAQUIN DELTA COLLEGE SBDC 56 S. Lincoln Street., Stockton 95203 209.954.5089 www.sbdc.deltacollege.edu	GILLIAN MURPHY gmurphy@deltacollege.edu
11	NORTH SAN DIEGO SBDC AT MIRA COSTA COLLEGE 1823 Mission Avenue Oceanside, CA 92054 760.795.8740 www.sandiegosmallbiz.com	SUDERSHAN SHAUNAK sshaunak@miracosta.edu
12	ORANGE COUNTY SBDC AT RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT 2323 North Broadway, Suite. 201 Santa Ana, CA 92706 714.564.5200 www.ocsbdc.com	LEILA MOZAFFARI mozaffari_leila@rscsd.org