



DOT Biz Journal

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

With the end of a particularly cold, dark and snowy winter across much of the nation, we are starting to see the colorful signs of spring. In much the same way, America has passed through the gray of the recession and is seeing encouraging signs of new growth and job expansion. As the nation turns the corner on the economy, the U.S. Department of Transportation (DOT) will continue to provide grants to states and local transportation and airport authorities and programs to help the small business community.



This winter edition looks at the planned funding for transportation projects in the President's proposed FY 2012 budget. Although Congress will determine the final shape of the budget, the proposal is a good measure of the Department's priorities for the coming year.

We highlight important changes to the Disadvantaged Business Enterprise (DBE) program that will help socially and economically disadvantaged businesses participate in federal highway, transit and airport projects and demand greater accountability from state and local transportation agencies. In addition, we'll take a look at the changes to strengthen the Small Business Administration 8(a) Business Development Program to better ensure that the benefits flow to the intended recipients. Other articles include the addition of banks to the OSDBU Short Term Lending program (STLP) and our regular *Follow the Money* and *Calendar of Events* sections.

We at the Office of Small and Disadvantaged Business Utilization (OSDBU) look forward to our continued work with the small business community in the coming year and we urge you to visit our website on a regular basis in order to take advantage of exciting programs and events that will be taking place in the months ahead.

Brandon Neal, Director
Office of Small and Disadvantaged
Business Utilization (OSDBU)

DBE Final Rule Changes

In January 2011, U.S. Transportation Secretary Ray LaHood announced an historic final rule that will help economically and socially disadvantaged businesses take advantage of opportunities to participate in federally funded highway, transit and airport projects. The rule, issued by the U.S. Department of Transportation (DOT), will also hold states and local agencies more accountable for including disadvantaged businesses in their transportation plans.

"When we help small businesses, we're helping to get the economy going," said Secretary LaHood. "This rule will help small and disadvantaged businesses get a fair shot at participating in state and local transportation projects."

DOT's Disadvantaged Business Enterprise (DBE) Program helps small businesses owned and controlled by socially and economically disadvantaged individuals compete for government contracts. The department also requires state and local transportation agencies to establish goals for DBE participation.

This new rulemaking will require greater accountability from state and local transportation agencies for including disadvantaged businesses in their spending plans. Those that fail to meet established goals for DBE participation will be required to evaluate why the goals were not met and offer a plan to help meet the goal in the future. In addition, the final rule will adjust the *continued on page 5*

SBA Issues Revised 8(a) Regulations

The U.S. Small Business Administration (SBA) recently published a package of final rules that will revise regulations to strengthen the 8(a) Business Development Program to better ensure that the benefits flow to the intended recipients and help prevent waste, fraud, and abuse. These revisions are the first comprehensive overhaul of the 8(a) program in more than 10 years.

The rules cover a number of areas of the program, ranging from clarifications on determining economic disadvantage to requirements on Joint Ventures and the Mentor-Protégé program. Some of the components of the program that the revised regulations will affect include:

- **JOINT VENTURES** – requiring that the 8(a) firm must perform 40 percent of the work of each 8(a) joint venture contract that is *continued on page 5*

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U.S. Department of Transportation Proposed Budget Invests \$129 Billion in Restoring America's Economic Competitiveness

President Obama's proposed \$129 billion budget for FY 2012 for the U.S. Department of Transportation, the first year of a comprehensive six-year transportation plan, will lay a new foundation for economic growth and competitiveness by rebuilding the nation's transportation systems, enabling innovative solutions to transportation challenges and ensuring the highest level of safety for all Americans.

"President Obama's budget for the Department of Transportation is a targeted investment in America's economic success," said Secretary LaHood. "If we're going to win the future, we have to out-compete the rest of the world by moving people, goods, and information more quickly and reliably than ever before. President Obama's investments in rebuilding our crumbling roadways and runways, and modernizing our railways and bus systems will help us do just that."

Nationally, transportation systems are already congested and overburdened. With the country's population expected to grow from more than 300 million in 2010 to more than 400 million by 2050, rebuilding and expanding the capacity of roads, airports and transit systems is a strategic necessity for long-term economic growth. The transportation investments in the proposed budget will put Americans to work repairing the bridges and repaving the roads we have now, while supporting the development of the new electric buses and high-speed rail lines of America's future.

While the proposed budget must be approved by Congress, it reflects the Administration's transportation spending priorities and potential contracting opportunities that are worth tracking.

Highlights from the budget proposal include:

- **\$5 billion** to establish a National Infrastructure Bank that will leverage private capital to build complex large-scale projects that hold significant economic benefits to a region or the nation as a whole.
- **\$70.5 billion** to rebuild America's roads and bridges.
- **\$8.3 billion** to support passenger rail including development of high-speed passenger rail
- **\$1.2 billion** to modernize America's air-traffic control system and help airlines transition from the radar-based air traffic control system of the past to the more reliable and more efficient satellite-based system of the future, known as Next Generation technology.

A budget summary document is available at www.dot.gov/budget/2012/fy2012budgethighlights.pdf

Secretary Ray LaHood Announces \$150 Million to WMATA

On December 30, 2010, the Secretary of Transportation, Ray LaHood, announced a \$150 million grant to the Washington Metropolitan Area Transit Authority (WMATA) to replace Washington Metro's "1000-Series" rail cars. Maryland, Virginia and the District of Columbia will also provide \$150 million in matching local funds to help pay for WMATA improvements.

Not only will these funds provide WMATA the opportunity to improve safety to Washington's Metrorail system, but it will also help establish a standard level of safety throughout all transit systems. The total \$300 million in funding will be utilized as follows: \$79.3 million will be used to purchase up to 300 new 7000-Series rail cars; \$44.4 million will be used for track rehabilitation; and the remaining \$176.3 million will be used to address other much-needed infrastructure projects within the system, such as Metrorail station improvements, the rehabilitation of track maintenance equipment, the replacement of track switching equipment, and elevator and escalator repairs. The grant will also allocate \$10.3 million for the transit agency to address safety recommendations made by the National Transportation Safety Board.

For more information on the funding provided to WMATA visit: www.dot.gov/affairs/2010/fta4010.html

Short Term Lending Program Adds New Banks

In recent months, OSDBU has been working with several new banks to join the list of participating lenders in the Short Term Lending Program (STLP). These new lenders will help the program to provide additional coverage for small businesses across the country. We are pleased to welcome the following banks into the program:

COMMUNITY BANK & TRUST (CB&T) of SHEBOYGAN, WISCONSIN has 11 branches located in the eastern towns of the state, ranging from Appleton in the north to Milwaukee. CB&T focuses on community lending and has been an SBA lender since 1999.

ZIONS BANK OF SALT LAKE CITY, UTAH has 119 branches in Utah and 30 in Idaho. Zions has its own Business Resource Center which is available to the public at no charge. The center offers a library, staff, computer centers, literature, and seminars to provide small businesses with financial and technical information.

VIRGINIA COMMERCE BANK, CHANTILLY, VIRGINIA, has a Government Contract Lending Division to assist small firms who work to provide services to the government. Virginia Commerce Bank is a large full-service community bank headquartered in Northern Virginia. Virginia Commerce Bank will be able to service the entire state of Virginia.

INDUSTRIAL BANK of WASHINGTON, DC offers a full range of banking services from eight banking centers, six of which are located in the District of Columbia. In addition to providing banking services, Industrial Bank focuses on the community in other ways including public/private partnerships and banking education seminars.

Under the STLP, DOT guarantees up to \$750,000 in loans for eligible small and disadvantaged businesses. The loan guarantee provides a revolving line of credit for work on transportation-related contracts. Funds are used to meet the short term costs of performing the contract being financed.

For a listing of all the participating lenders in the program, as well as more information, please visit: www.osdbu.dot.gov/financial/stlp.cfm

Contact Information

COMMUNITY BANK & TRUST

604 N. Eighth St.
Sheboygan, WI 53082
www.communitybankandtrust.com

Grant Schilling, President-Glendale

P: (414) 967-9880 F: (920) 803-990
grants@communitybankandtrust.com

Paul Kuplic, VP,

Government Guarantee Programs
P: (920) 459-4444 F: (920) 803-5995
paulk@communitybankandtrust

ZIONS BANK

One South Main St.
Salt Lake City, UT 84111
www.zionsbank.com

Cece Mitchell, Sr. VP,

Women's Financial Group Manager
P: (801) 844-7909 F: (801) 844-8527
cecilia.mitchell@zionsbank.com

VIRGINIA COMMERCE BANK

4221 Walney Road
Suite 3000
Chantilly, VA 20151
www.vcbonline.com

K. Russel Marsh, Vice President,

Government Contract Lending
P: (703) 961-2562 F: (703) 378-2942
rmars@vcbonline.com

INDUSTRIAL BANK

8700 Georgia Ave., Suite 305
Silver Spring, MD 20910
P: (301) 495-0124
www.industrial-bank.com

Sharon B. Zimmerman, VP

P: (202) 722-2000 ext. 3122
szimmerman@industrial-bank.com

Douglas F. Dillon, Sr. VP

P: (202) 722-2000 ext. 3116
ddillon@industrial-bank.com

\$23 Million from Recovery Act Helps Link Urban Centers and Improve Livability in Philadelphia and Camden, N.J.

On December 30, 2010, it was announced that construction could officially begin on a multi-county network of urban street trails in Philadelphia, PA and Camden, N.J. as the result of an agreement between the U. S. Department of Transportation, the New Jersey Department of Transportation and the City of Philadelphia for a \$23 million ARRA grant.

The funding will be used for the GREAT-PA/NJ (Generating Recovery by Enhancing Active Transportation in Pennsylvania and New Jersey) project, which will build 10 urban street trail segments to connect a bicycle and pedestrian network in southeastern Pennsylvania and southern New Jersey.

The funding, which was awarded under the American Recovery and Reinvestment Act's (ARRA) TIGER (Transportation Investment Generating Economic Recovery) program, will help increase accessibility between Camden and Philadelphia, provide crucial economic development and beautify and improve the trail. The improvements will also include new sidewalks, landscaping, lighting and street bike lanes.

The City of Philadelphia will use \$17.2 million to complete seven segments and Camden County will use \$5.8 million to complete three segments. When complete, the 10 constructed segments of the GREAT-PA/NJ project will provide better transportation opportunities for more than six million people in the Philadelphia and Camden areas.

For more information visit www.dot.gov/affairs/2010/fhwa7710.html

Secretary LaHood Announces \$10 Million Grant Agreement for I-73/I-95 Access Road in South Carolina

On December 27, 2010, U.S. Transportation Secretary Ray LaHood announced the signing of a \$10 million American Recovery and Reinvestment Act (ARRA) grant allowing construction to begin on a highway project that will expand access to the planned I-73 route as well as I-95 in Dillon County, South Carolina.

The U.S. Department of Transportation and the South Carolina Department of Transportation signed an agreement for the \$10 million grant, which will pay for the construction of a section of road that will link the I-73/I-95 interchange, providing access to the two interstates. Currently, I-73 is under development as a new interstate extending from Myrtle Beach to the North Carolina border.

Not only will this funding help create jobs, but it will also help states build links and upgrade their transportation infrastructure. These enhancements will allow the two routes to tie into I-73 and let drivers in the region connect more easily to I-95. This project will eventually reduce travel time for commuters in the area as well as vacationers driving to Myrtle Beach.

The grant was awarded under the Recovery Act's TIGER (Transportation Investment Generating Economic Recovery) program. TIGER funding is designed to promote innovative, multi-modal and multi-jurisdictional transportation projects that provide significant economic and environmental benefits to an entire metropolitan area, region or the nation.

For more information visit: www.dot.gov/affairs/2010/fhwa7510.html

DBE FINAL RULE CHANGES...continued from page 1

personal net worth limit for DBE owners for inflation from the present \$750,000 to \$1.32 million. The current limit was set in 1989 and has not been adjusted since.

The rulemaking will also add provisions to ensure that prime contractors fulfill commitments to use DBE sub-contractors. State and local agencies will be required to monitor each contract to make sure prime contractors are fulfilling their obligations and do not dismiss DBE subcontractors without good cause. The rule also requires state and local agencies to create a plan for improving the use of small businesses, including DBEs.

Another major change under the rulemaking will reduce burdens on small businesses seeking DBE certification in more than one state. As a result of this rulemaking, all states will be required to accept DBE certifications obtained in other states, unless the state finds good cause not to accept it. The rule establishes a process for resolving issues with respect to eligibility raised by states concerning out-of-state firms.

The Department anticipates issuing a proposed rulemaking to make changes in its regulation for airport concession DBEs that is similar to those in this final regulation.

For the full Federal Register notice please visit <http://osdbu.dot.gov/documents/pdf/dbe/2011-1531.pdf>

SBA ISSUES REVISED 8(A) REGULATIONS...continued from page 1

awarded, including those awarded under a Mentor/Protégé agreement, to ensure that these companies are able to build capacity.

- **ECONOMIC DISADVANTAGE** – providing more clarification on factors that determine economic disadvantage as it relates to total assets, gross income, retirement accounts and a spouse of an 8(a) company owner when determining the owner’s ability to access capital and credit.
- **MENTOR-PROTÉGÉ PROGRAM** – adding consequences for a mentor who does not provide assistance to their protégé, ranging from stop-work orders to debarment.
- **OWNERSHIP AND CONTROL REQUIREMENTS** – providing flexibility on whether to admit 8(a) program companies owned by individuals with immediate family members who are owners of current and former 8(a) participants.
- **TRIBALLY-OWNED FIRMS** – requiring firms owned by tribes, Alaska Native Corporations, Native Hawaiian Organizations and Community Development Corporations to report benefits flowing back to their respective communities.
- **EXCESSIVE WITHDRAWALS** – amending regulations on what amount is considered excessive as a basis for termination or early graduation from the 8(a) program.
- **BUSINESS SIZE FOR PRIMARY INDUSTRY** – requiring that a firm’s size status remain small for its primary industry code during its participation in the 8(a) program.

The rules were published on February 11, 2011 in the Federal Register and were effective March 14, 2011.

For more information, visit the SBA’s web site at: www.sba.gov/content/revise-8a-regulations

calendar

- APRIL 18-20, 2011**
44th Chicago Business Opportunity Fair
Chicago, IL
<http://msdc.adaptone.com/chicagomsdc/>
- APRIL 20, 2011**
DOT OSDBU Small Business Summit 2011
Washington, DC
www.osdbu.dot.gov
- APRIL 21, 2011**
2011 OSDBU Procurement Conference
Chantilly, VA
www.fbcinc.com/osdbu/default.aspx
- MAY 10-12, 2011**
U.S. Department of Energy 12th Annual Small Business Conference & Expo
Kansas City, MO
<http://smallbusinessconference.energy.gov/>
- MAY 23-25, 2011**
America’s Small Business Summit 2011
Washington, DC
www.uschambersummit.com/
- MAY 24 & 25, 2011**
East Coast SDVOB Conference and Expo
Hampton, VA
www.eastcoastsdvoconference.com/index.html