



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Assistant Secretary
for Governmental Affairs

1200 New Jersey Ave., S.E.
Washington, DC 20590

OCT 28 2009

Dear Congressman:

The U.S. Department of Transportation (DOT) recently received \$20 Million through the American Recovery and Reinvestment Act (ARRA) to create the Disadvantaged Business Enterprise (DBE) Bonding Assistance Program. This initiative assists small and disadvantaged businesses to participate in the ARRA's investment in the nation's transportation infrastructure.

This program is administered by DOT's Office of Small and Disadvantaged Business Utilization (OSDBU). It is the mission of OSDBU to ensure that small and disadvantaged businesses are provided the best opportunity to participate in DOT's contracting process. To that extent, eligible certified DBEs are reimbursed the premiums and fees incurred to obtain the required bonding for the business to be able to compete for, or perform on, transportation infrastructure projects funded by the ARRA. This program provides much needed relief for Small and disadvantaged business with traditionally less working capital than larger contractors.

To be eligible for the program, small and disadvantaged businesses must be certified under DOT's DBE program. The DBE program is intended to ensure nondiscrimination in the award and administration of DOT-assisted contracts in the Department's highway, transit, airport, and highway safety financial assistance programs. To be certified as a DBE, a firm must be a small business owned and controlled by one or more socially and economically disadvantaged individuals.

As a part of our efforts to notify as many DBE's in the small business community as possible about this exciting new initiative, we wanted to provide you with a copy of the attached brochure that explains the program in more detail. In addition, staff from OSDBU would be happy to brief your office on this program and to address any questions or inquiries from your constituents.

For additional information on the new ARRA DBE Bonding Assistance Program (BAP), please visit <http://www.dot.gov/recovery/ost/osdbu/index.htm> and/or contact Devera Redmond, OSDBU's Congressional Liaison at (202) 366-6397 or devera.redmond@dot.gov.

We look forward to working with you to make this program a success.

Sincerely,

Dana Gresham
Assistant Secretary for Governmental Affairs
US Department of Transportation

Brandon Neal
Director, Small and Disadvantaged Business Utilization
US Department of Transportation

Attachment: DBE ARRA BAP brochure



Disadvantaged Business Enterprise
American Recovery and Reinvestment Act
Bonding Assistance Reimbursable Fee Program



NEED MORE INFORMATION?

www.dot.gov/recovery/ost/osdbu
or email the OSDBU at bap.arra@dot.gov



U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Small and Disadvantaged
Business Utilization

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DBE ARRA BAP

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Business Utilization

www.osdbu.dot.gov



Background

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 (Pub. L. 111-5). Pursuant to ARRA, the U.S. Department of Transportation (DOT) was appropriated a combined \$48.1 billion in funding for the purpose of stimulating the economy, creating jobs and investing in the nation's transportation infrastructure. ARRA also appropriated \$20 million to the DOT for Disadvantaged Business Enterprise (DBE) bonding assistance.

The DOT, Office of the Secretary (OST), Office of Small and Disadvantaged Business Utilization (OSDBU) is pleased to announce the availability of a DBE ARRA Bonding Assistance Reimbursable Fee Program (BAP). Under the DBE ARRA BAP, DOT will provide direct reimbursement of bonding premiums and fees incurred by DBEs competing for, or performing on, eligible transportation infrastructure projects receiving DOT ARRA funding.

The bonding assistance provided by the DBE ARRA BAP will allow DBEs with traditionally less working capital than large transportation-related contractors to perform on transportation infrastructure projects receiving ARRA funding from any DOT Operating Administration, such as Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and the Maritime Administration (MARAD).

The term **DBE** means a for-profit small business concern that is owned and controlled by one or more socially and economically disadvantaged individual(s), including women, and is set forth in Title 49 Code of Federal Regulation Part 26 (49 CFR 26).

A surety bond is a three-party instrument between a surety, the contractor and the project owner. The agreement binds the contractor to comply with the terms and conditions of a contract. If the contractor is unable to successfully perform the contract, the surety assumes the contractor's responsibilities. Surety companies charge a premium fee to all contractors to ensure the surety company's financial backing and guarantee.

Eligibility

- To be eligible for a performance, payment, or bid/proposal bond fee cost reimbursement under the DBE ARRA BAP, an applicant must:
- Be a certified DBE in accordance with Title 49 Code of Federal Regulation Part 26 (49CFR26);
- Have obtained a performance, payment, or bid/proposal surety bond on a project receiving ARRA funding from DOT during the period of August 28, 2009 through September 8, 2010; and
- Have a current Dun and Bradstreet Number (DUNS#) and be registered in the Central Contractor Registration (CCR) at www.ccr.gov, complete with bank information for electronic payment.

How the Program Works

- The DBE selects an approved surety company listed in the U.S. Department of the Treasury's Listing of Approved Sureties (Department Circular 570) and establishes a business relationship.
- The DBE submits a bond application to the surety company/agent in accordance with the surety company's requirements. In the event the DBE is participating in the Small Business Administration's (SBA) Surety Bond Guarantee Program (SBGP), the contractor will comply with SBA's requirements.
- Upon approval of the bond, the DBE will pay all required bonding premiums or fees. The DBE will also pay SBA's principal fee.
- If the DBE does not get reimbursed for these premiums/fees from the contractor/project owner then it can submit an application for Reimbursement of Bond Fees to DOT.

Application Process

To receive reimbursement from DOT for the bonding premium/fees paid to the surety company and possibly SBA, the DBE will be required to submit an application for reimbursement of bond fees to DOT. A separate application must be submitted for each bond for which the DBE is seeking reimbursement. Among other things, the DBE will be required to submit the following information:

- A completed and signed application.
- A copy of the bond.
- A copy of the contract.
- DBE certification letter from the DBE certification office in their state and a current annual affidavit.
- A letter from the federal, state or local transportation authority, on their letterhead, indicating the DBE is a prime contractor or a subcontractor and the federal project number.
- A copy of their invoice(s) from the surety company and if applicable, SBA and cancelled checks or other proof of payment of the bond fees in support of the total amount claimed for reimbursement.

The Application for Reimbursement of Bond Fees, application instructions, and additional guidance is located at www.dot.gov/recovery/ost/osdbu.

Note:

In order to ensure prompt and accurate processing, firms are encouraged to submit their applications and scanned documentation electronically to bap.arra@dot.gov

Applications and supporting documentation can also be submitted via postal mail to the following address:

U.S. Department of Transportation
Office of Small and Disadvantaged Business Utilization
1200 New Jersey Ave., SE
Washington, DC 20590
WS6-448

Approval Process

The applicant is responsible for providing sufficient information and documentation to OSDBU in order to determine the eligibility of the bond including ensuring that the project is funded through ARRA and the business is a certified DBE.

OSDBU will review submitted applications in the order of receipt. Applications that are incomplete or contain inaccurate information will not be considered for approval.

Date Limitation

Applications must be received by mail or electronically transmitted to OSDBU on or before September 8, 2010 for bond issue dates for ARRA projects on or after August 28, 2009. In the event funding is fully expended prior to September 8, 2010, OSDBU will cease to accept new applications.

Technical Assistance

Technical assistance is available from OSDBU Headquarters at 1-800-532-1169 or through the regional DOT Small Business Transportation Resource Centers. To contact the center near you call 1-866-928-6289 or visit www.osdbu.dot.gov/regional/all.cfm.

More information at:

www.dot.gov/recovery/ost/osdbu

bap.arra@dot.gov

or

1-800-532-1169

