



*OFFICE OF SMALL AND DISADVANTAGED  
BUSINESS UTILIZATION (OSDBU)*

**Disadvantaged Business Enterprises  
(DBE) ARRA Bonding Assistance  
Program (BAP)**

**FHWA WEBINAR  
SEPT 10, 2009**



## Program Summary

- Program authority: American Recovery and Reinvestment Act (ARRA) (P.L. 111-5, February 17, 2009 to be administered pursuant to 49 U.S.C. § 332(e)
- Disadvantaged Business Enterprises (DBE) performing on a transportation infrastructure projects receiving ARRA funding assistance from any DOT mode of transportation will receive financial bonding assistance in the form of bonding fee cost reimbursement.
- DOT will directly reimburse DBEs the premiums paid to the surety company for performance, payment or bid/proposal bonds.



## Eligible Bonds

- Bid/Proposal – Bond which guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds. Proposal bond which is use in response to an RFP (Request for Proposals).
- Payment - Bond which guarantees payment from the contractor of money to persons who furnish labor, materials equipment and/or supplies for use in the performance of the contract.
- Performance - Bond which guarantees that the contractor will perform the contract in accordance with its terms.



## Bond Fees

- The range of the premium fee is between 1-3% of the total bond amount.
- In the event the DBE also obtains a bond guarantee from Small Business Administration's (SBA) Surety Bond Guarantee Program (SBGP), the DOT will also reimburse the DBE for the small business concern (principal) fee of .729% of the contract price.



## **Eligibility**

**(a) CERTIFIED AS A DBE UNDER DOT CERTIFICATION GUIDELINES (49 CFR, PART 23 & 26)**

**(b) HAVE A CURRENT ARRA TRANSPORTATION-RELATED CONTRACT**

**(c) OBTAIN a BID, PERFORMANCE, PAYMENT SURETY BOND during time period of August 28, 2009 to September 8, 2010**

**(d) OBTAIN A D&B NUMBER (DUNS#) and REGISTERED IN CENTRAL CONTRACTOR REGISTRATION (CCR) –to include bank information to ensure timely payment**



# Application Process

- DBE will submit an application for reimbursement along with all required supporting documents (electronically filed or sent via US Mail)
- The DOT OST OSDBU will review the submitted applications in the date order of receipt and completed applications.
- Approved applications will be sent to Budget with supporting documentation to be paid. DOT OSDBU will request expedited payment to be between 5 -30 days.



# Application Checklist

- **DOT DBE ARRA BONDING ASSISTANCE FREIMBURSEABLE FEE PROGRAM, dated and signed.**
- **Current DBE Certification (copy of Affidavit, if applicable)**
- **A copy of the ARRA Transportation Related Contract**
  - a letter from state or local transportation authority, on their letterhead, indicating the federal project number (sample provided in application)
  - Or the DBE can submit a subcontractor form that shows the federal contract number.



## CHECKLIST (Continued)

- Copy of Surety Bond (one bond per applicant)  
proof of payment-invoice or cancelled check for the fees
- Certificate Regarding Lobbying(49 CFR Part 20)
- Certificate that Davis Bacon Wage Rates have been paid  
(Chapter 31 Title 40)
- Certificate Regarding Debarment, Suspension



# ARRA Reporting Requirements

- Recipients of awards greater than \$25K (combined if also receiving the SBA Guarantee) are required to reporting according to section 1512 of the ARRA
- The DBE will be reporting \$0 spending on a non-project and no jobs created and/or retained pertaining to the DBE ARRA BAP. The DBE must report actual recipient information to the DOT mode of transportation funding the ARRA project for which the DBE was awarded a contract.



- RESOURCES to give if DBEs are not BOND READY
- NASBP
- SIO
- SFAA
- Contact a local bond producer and start the bonding process



- **TECHNICAL ASSISTANCE**

**Technical Assistance will be provided by  
OSDBU's Small Business Resource Centers**

**<http://osdbuweb.dot.gov/regional/all.cfm>**

**Or by calling the DOT OSDBU Phone: 1-800-  
532-1169**



## **BENEFITS of DBE ARRA BAP**

Can assist the DBEs short term cash infusion

Enable the DBE to reduce cost estimate 2-4% the cost of obtaining the bond

Can help the DBE become bond ready

Can help the Primes not have to carry the DBEs in their bonding capacity

Can make the DBE become stronger, more competitive DBE to go after those bigger contracts



# DOT Resources

- **Web:** <http://www.dot.gov/recovery/ost/osdbu/>
- **Email:** [bap.arra@dot.gov](mailto:bap.arra@dot.gov)
- **SBA Surety Guarantee Bond Program**
- <http://web.sba.gov/faqs/faqindex.cfm?areaID=20>