

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

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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.