

March 17, 2009

UNITED STATES SMALL BUSINESS ADMINISTRATION
LOS ANGELES DISTRICT OFFICE



Economic Recovery News

SBA

Serving Los Angeles, Ventura and Santa Barbara Counties

[Website](#) | [News](#) | [About LADO](#) | [FAQs](#) | [Services](#) | [Contact](#)

From the District Director: Are you Recovery and Contract Ready?

Dear Business Advocate:

Contained in the Recovery and Reinvestment Act of 2009 is an allocation for highway, bridge, transit, utility, school modernization and repair, technology and other infrastructure and general projects. It is possible that California could receive over \$4 billion for such job creating activities.

These Federal dollars will generally be provided directly to states and localities. In our service area the State of California, local governments, municipal utility and school districts and others will award contracts using their current and established procedures.

Among the Recovery Act's priorities is to put people to work on projects that can be rolled-out quickly – those that are “shovel ready.” This means that small businesses must be “contract ready,” i.e., registered/certified to do business with the State and local governmental entities.

Even if a firm is already registered they should ensure that their information accurately reflects their interests and capabilities. The Federal Government's Central Contractor Registration (CCR) database (www.ccr.gov) can also be accessed by state and local buyers to identify small business sources. Firms should review their profile to ensure that it is up to date.

By complying with registration and certification requirements, a firm will be in the best position to compete for these anticipated procurements when the funds are released. As you know and especially because of current economic conditions, this is expected to happen quickly.

To ensure that small businesses are poised to take advantage of these procurements and to disseminate information related to the Recovery Act, the SBA has undertaken various out-reach initiatives. SBA's goals are (1) to make small business owners aware so that they can pursue registration/certification qualification at the state/local levels, and (2) to ensure that the entire small business support community is prepared to assist those efforts and to take advantage of other SBA initiatives in the Recovery Act.

SBA District Offices nationwide have crafted Community Action Plans (CAPs), which provide a detailed roadmap for informational activities related to the Recovery Act. Locally, our CAP Weekly Reports reveal a take charge attitude by our employees in getting get information out quickly and accurately to the small business community, lenders, resource partners, chambers, local elected officials, the media and others who have a stake in SBA programs and services.

I recently spoke with a group of city managers at a California Contract Cities Association meeting to inform them of new SBA programs and incentives included in the Recovery Act, which can help get

their local businesses back on track. They are excited to work with lenders, trade groups and, of course, any and all small businesses to fulfill procurement opportunities and to create and/or retain jobs.

Here is a quick recap of several new or enhanced SBA programs and incentives included in the Recovery Act:

Loan Guarantees

\$255 million to allow the SBA to raise, temporarily, its guarantee to 90% for 7(a) loans, excluding those made through the SBA Express Program. Maximum guarantees were 75% for loans of more than \$150,000 & 85% for loans of \$150,000 or less. The implementing guidelines for this guaranty increase were issued March 16, 2009.

Waived or Reduced Fees

\$375 million to temporarily eliminate fees in the 7(a) and 504 loan programs. This will mean more capital available to businesses at a lower cost. Expedient procedures to implement these fee features were also announced March 16, 2009.

Secondary Markets

The President announced on March 16, 2009 that the Treasury Department will commit up to \$15 billion to help unlock the frozen credit markets by purchasing small business loan securities currently frozen on the secondary market. By purchasing these securities, it will return operational effectiveness to the secondary markets, and in turn, free up more capital to jumpstart lending for small business owners. The SBA has worked closely with the Treasury Department to address the need to unlock these secondary markets for SBA loans.

Investment Program

The Act augments SBA-licensed Small Business Investment Companies (SBICs) by increasing the leverage on the capital they invest in small businesses through the setting of the maximum levels of SBA funding up to 3 times the private capital raised, or \$150 million, whichever is less. Other valuable program features have been added.

Surety Bonds

\$15 million for the SBA's surety bond revolving fund and a temporary increase in the SBA guarantee limit on surety bonds to a maximum of \$5 million from \$2 million and in some instances \$10 million will assist construction companies in acquiring necessary bonding required on the aforementioned contracts. This will be especially beneficial to firms acquiring stimulus related procurements as noted above.

Micro-Loans

\$50 million more for third party lenders and \$24 million for the technical assistance they provide is funded under the Recovery Act. This program focuses on loans up to \$35,000 and is accessible at this time.

Business Stabilization Loans

Creates a new SBA loan program providing deferred-payment loans up to \$35,000 to viable small businesses to make payments on an existing, qualifying loan for up to six months. Loans will be 100 percent guaranteed by SBA with repayment beginning 12 months after loan is fully disbursed. The Act provides \$255 million for this new program which will require enabling regulations and some time to implement.

Should you need additional information on the Recovery Act and its SBA components, please contact:

- Euhoe Park at (818) 552-3301
- Lorenzo Flores at (818) 552-3290
- Sandra Vasquez at (818) 552-3202
- Natalie Orta at (818) 552-3291
- Patrick Rodriguez at (818) 552-3222

As you prepare to take a role in our country's recovery you might want to take the time to visit the following websites related to government contracting:

SBA Government Contracting Resource Guide: http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_pub_contracting.pdf

FedBizOpps – the U.S. Government's one-stop virtual marketplace:
<https://www.fbo.gov/>

The California Department of General Services:
<http://www.pd.dgs.ca.gov/default.htm>

State of California Economic Recovery Portal:
<http://www.recovery.ca.gov/>

CALTRANS:
<http://www.dot.ca.gov/doingbusiness.htm>.

A website aggregator of select city, county and state contracting websites: <http://www.wifcon.com/stsol.htm> and http://www.wifcon.com/st_sites.htm.

(If your local municipality, utility or school district is not listed, you should search the Internet, yellow pages, etc., and contact that agency to learn about doing business with them).

Office of Federal Procurement Policy at <http://www.whitehouse.gov/omb/procurement/>

Federal Government Acquisition Forecast:
http://acquisition.gov/comp/procurement_forecasts/index.html

Remember, as the President and others have stated, improvement to our economic condition rests less with legislators, than it does with America's businesses that generate jobs, provide salaries, and serve as the foundation on which our livelihood and dreams depend. As you know, the entire small business support community is vital to this effort and we must all work in concert to achieve the goals enunciated.

We urge you to be prepared to get your arms around these opportunities so that your business can access the Recovery Act stimulus that may be headed your way.

Sincerely,



Alberto G. Alvarado
District Director

Contact Information

Website: <http://www.sba.gov/ca/la/index.html>

Local District Office
330 N. Brand Blvd., Suite 1200
Glendale, CA 91203
Tel: (818) 552-3201

SBA programs and services are provided on a nondiscriminatory basis