

U.S. Department of Transportation
Office of Small and Disadvantaged Business
Great Lakes Region Small Business Transportation Resource Center



USDOT'S Priorities and Small Business Opportunities

July 30, 2019

13th Annual Wisconsin Government Opportunity Fair

USDOT's Office of Small and Disadvantaged Business Utilization

U.S. Department of Transportation

at the Illinois Hispanic Chamber of Commerce



- About USDOT
- Procurement
- Access to Capital



DOT MISSION

Serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future.



Office of the Secretary (OST)

The Office of the Secretary (OST) oversees the formulation of national transportation policy and promotes intermodal transportation. Other responsibilities range from negotiation and implementation of international transportation agreements, assuring the fitness of US airlines, enforcing airline consumer protection regulations, issuance of regulations to prevent alcohol and illegal drug misuse in transportation systems and preparing transportation legislation.



USDOT DBE Program

The Disadvantaged Business Enterprise Program (DBE) is a legislatively mandated USDOT program that applies to Federal-aid highway dollars expended on federally-assisted contracts issued by USDOT recipients such as State Transportation Agencies (STAs). The U.S. Congress established the DBE program in 1982 to:

- Ensure nondiscrimination in the award and administration of DOT-assisted contracts;
- Help remove barriers to the participation of DBEs in DOT-assisted contracts, and
- Assist the development of firms that can compete successfully in the marketplace outside of the DBE program.

Certifying Agencies





Small and Disadvantaged Business

Great Lakes Region

Illinois | Indiana | Michigan | Minnesota | Ohio | Wisconsin

The USDOT Office of Small Business works closely with the transportation contracting community and technical assistance providers to serve businesses within the 11 regions located throughout the United States and its territories.



USDOT Office of Small Business

- Business Counseling
- Procurement Assistance
- Access to Capital & Bonding Assistance
- Bonding Education Program
- Administer the Women in Girls in Transportation Initiative (WITI)



Procurement Technical Assistance Centers (PTAC)

Direct Contracting –

USDOT Procurement Forecast:

Find upcoming DOT contract opportunities

www.transportation.gov/osdbu/procurement-forecast/summary/2019

System for Award Management (SAM)

Registration to be awarded government contracts

www.SAM.gov

Federal Business Opportunities

Find government contract opportunities greater than \$25,000

www.FedBizOpps.gov

**Wisconsin Procurement Institute (WPI) can assist with registration.*


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Procurement Opportunities:

Procurement Office	FHWA - Eastern Federal Lands Highway Division
Procurement Category	Construction
Estimated Value	\$2 million-\$5 million
Competition Type	Small Business Set-Aside
RFP Quarter	4th QTR
RFP Fiscal Year	2019
NAICS	237 310
Sequence Number	2019-218
Description	<p>Project Name: FW FELS 11(1)</p> <p>Description: Project includes the scarifying and resurfacing 6 miles of Pine Island Road .45 miles of Sandy Prairie Road. The project work includes regrading and compacting the existing road and parking area, placement of 6-inches of aggregate surface course, riprap and other work.</p> <p>Location: Ashley County, AR and within the Felsenthal National Wildlife Refuge.</p>
Contact Name	Melvin Sloan
Email	EFLHD.CONTRACTS@DOT.GOV 
Phone	(703) 404-6205



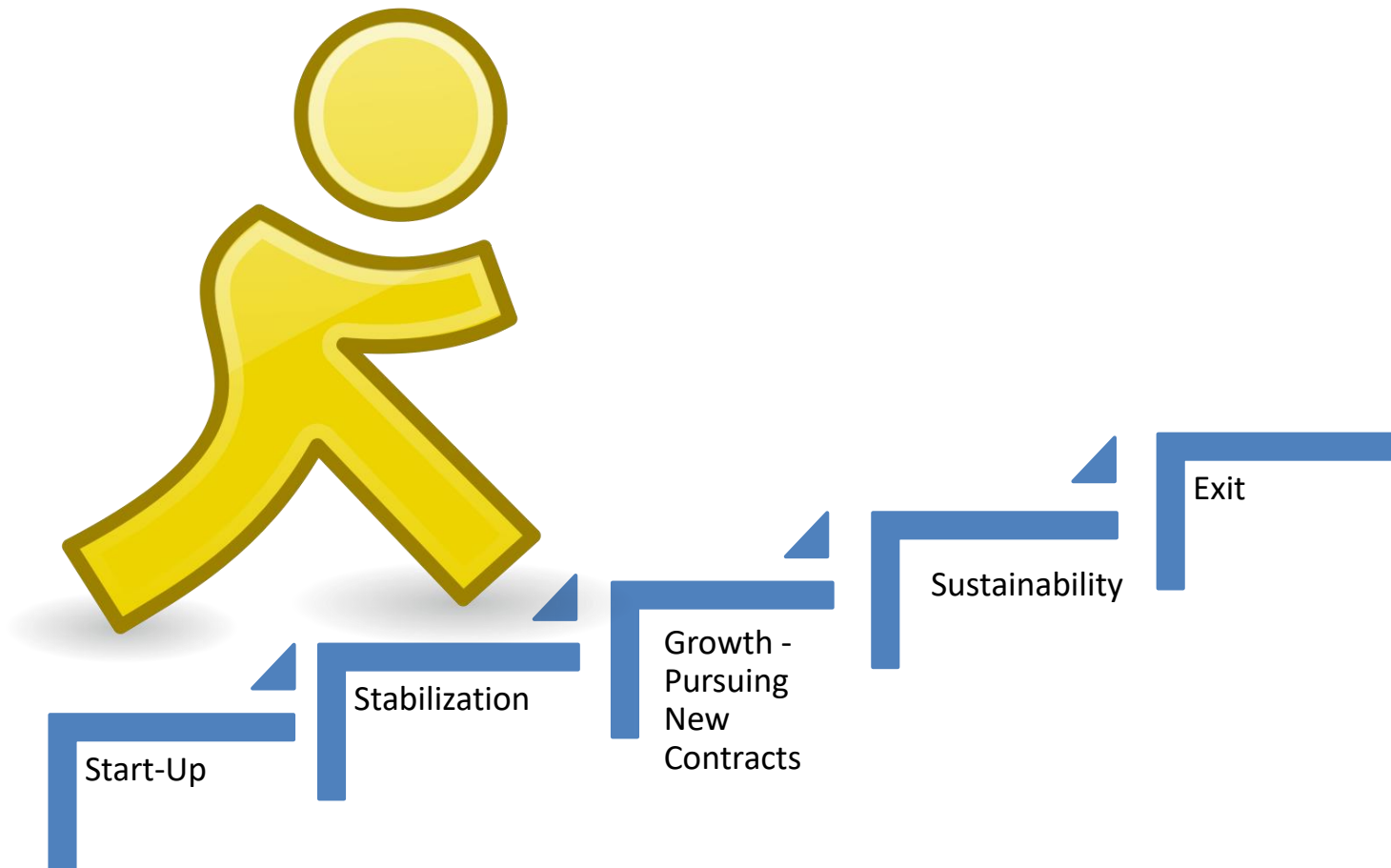
How to prepare for upcoming projects



Access to Capital



What stage is your business in?





What financial impact do you desire?

- **Start-up – Microloans and Line-of-credit**
Use: Necessary for operating expenses such as hiring and retaining employees.
Impact: Allows a business to ensure both efficiency and financial health.
- **Stabilization – Consolidation loans**
Use: For consolidating multiple business loans, credit cards, personal loans, etc.
Impact: Reduces monthly payments, interest expense and number of monthly payments
- **Growth & Pursuing New Contracts – increase line-of-credit request and equipment/real estate loans**
Use: Greater need for working capital for new contracts. Capital purchases of new building and equipment for growth to ensure responsible, ongoing success.
Impact: Freedom and security to operate. Build solid collateral and increase net worth of the business.
- **Sustainability - Increase line-of-credit request and add bonding capacity**
Use: Allows a company to evolve to multiple and larger projects.
Impact: A subcontractor evolves to a prime contractor.



Which loan product is right for you?

Types of loan funding for small businesses:

- Microloan
- Revolving Line of Credit
- Equipment Financing
- Commercial Business Loan / Consolidation Loans
- SBA 7a Loan and Government Loan Guarantee
- Real Estate/ SBA 504 Loan
- Equipment Financing
- Accounts Receivable Financing



Microloans

- How It Works: Peer to Peer Lending usually below \$100,000. Generally, intermediary lenders require some type of collateral as well as the personal guarantee of the business owner.
- Who does it assist : Small Businesses looking for working capital, inventory, supplies, furniture, equipment or machinery



Line of Credit

- How it works: A type of loan that doesn't provide all of the funds at once, but instead you draw on the credit when you need to pay for something that is financially out of reach.
- Who does it assist : Small businesses looking to tackle large and unpredictable or variable costs, like many small businesses working as subcontractors in the transportation industry.



Commercial Business Loan

How it works: Commercial Business loans work just like any other loan -- you and the lender agree on an interest rate and a payment schedule.

How does it assist : A company may want to secure financing to maintain business operations, invest in equipment, start a new branch, working capital or any number of other motivations.



Commercial Lending Requirements

- Interest rates for small business loans between 6 and 13 percent, depending on the size of the loan and the risk factor of your business.

- Interest Rate | Profitable Years in business | Personal Credit Score | Size of Loan

6 %(lowest)	More than 3 years	800 to 850	More than \$350,000
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9.5 %(median)	2 to 3 years	700 to 800	\$100,000 to \$350,000
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13 %(highest)	2 years	660 to 700	\$100,000
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- Minimum requirements for a small business bank loan if you're a first time customer:

- 2 years of profitable history

- Personal credit score above 650 - 680

- Loan of at least \$100,000

- Personal guarantee on loan with collateral



Term Loan Example

- Loan amount \$50K
 - Loan term 5 years
 - Loan interest rate 8%
 - **Monthly payment \$1,014**
 - Yearly payment \$12,168
 - Total paid \$60,829
 - Interest paid \$10,829
- Loan amount \$50K
 - Loan term 7 years
 - Loan interest rate 8%
 - **Monthly payment \$779**
 - Yearly payment \$9,348
 - Total paid \$65,462
 - Interest paid \$15,462



Real Estate/ Equipment Loan

How it works: Real Estate/Equipment loans provides long-term, fixed-rates. It can position your business for that next step to help you finance essential assets, such as commercial real estate, renovations, equipment, and more.

Real Estate: A business looking to purchase land and buildings.

Equipment: A business looking to purchase equipment, including manufacturing equipment, construction equipment, office furniture, medical equipment and more.



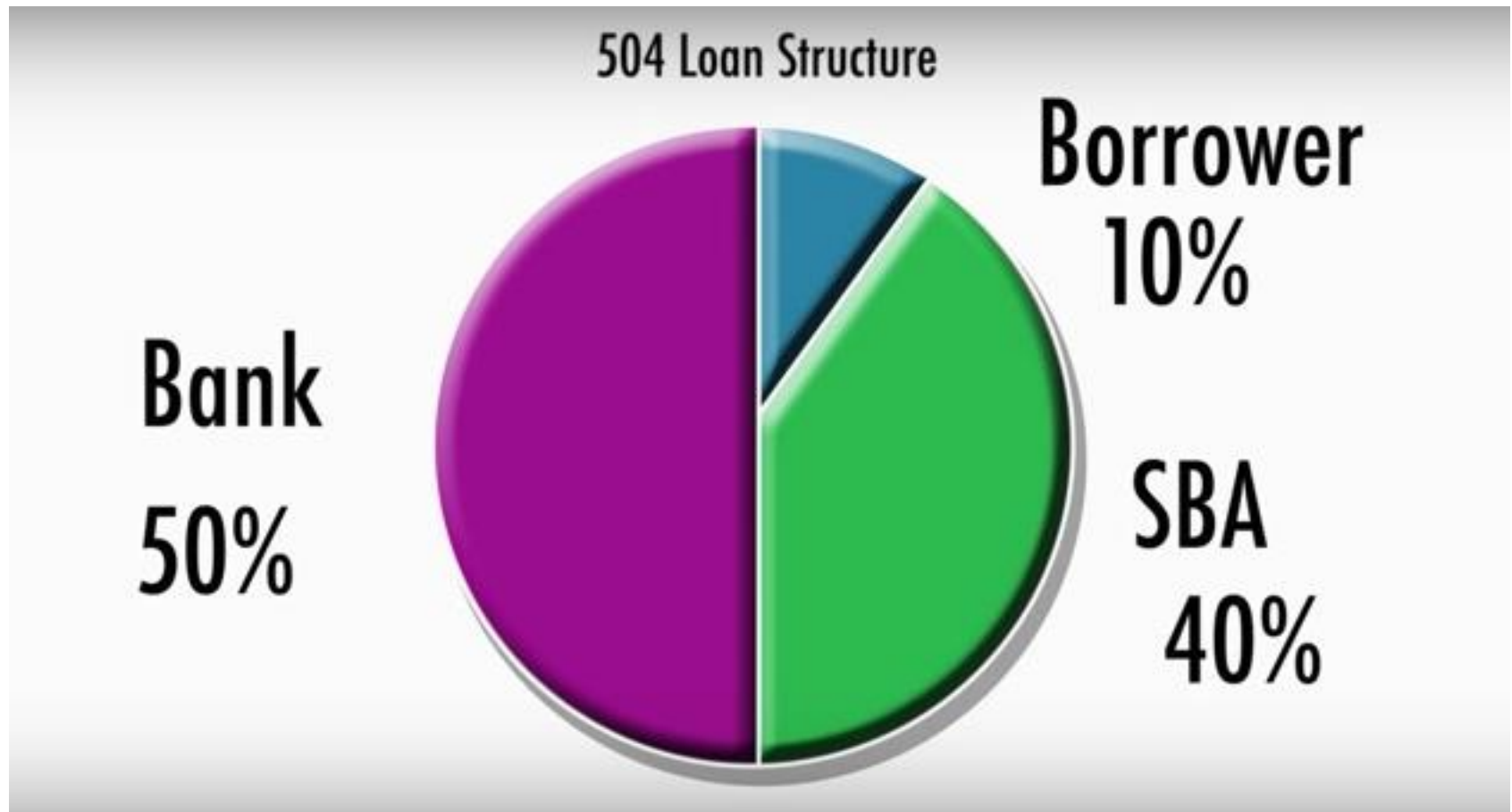
SBA Government Guaranteed Loans

How It Works: Government guaranteed loan programs are designed specifically for small business owners who don't have access to other traditional financing.

Who does it assist: Disadvantage Business Enterprise (DBE) Small Disadvantage Business (SDB) that includes; 8 (a); small disadvantaged business; women-owned business, HubZone, and veteran and services-disabled veteran-owned business.



SBA 504 Loan





Example Small Business Loan

The following is an example for a \$1,000,000 loan

Project Costs = Building \$750,000 + Land \$200,000 + Soft Cost \$50,000

	Conventional Loan	504 Loan
Bank portion	\$750,000	\$500,000
504 portion	-	\$400,000
Borrower contribution	\$250,000	\$100,000
Total	\$1,000,000	\$1,000,000



Loan Checklist

- 1) Credit score
- 2) Loan request summary
- 3) Personal financial statement
- 4) Income tax returns – personal and business
- 5) Business plan and financial statements
- 6) Insurance certificate
- 7) Resumes of key personnel
- 8) Business license documents
- 9) Legal structure documents
- 10) Bank statements business – last 3 months
- 11) Bank statements personal – last 3 months



Questions from Lender

How will the loan help you:

- Increase revenues
- Decrease costs

Will you have enough free cash flow to:

- Pay the new monthly expense



6 Key Pieces of Advice

- Understand and manage your FICO score
- Manage your business growth
- Access capital when you don't need it
- Get a good CPA accountant that understands construction accounting
- Show profit if you are seeking capital or bonding
- Work with someone who knows how to put together a loan package and start early

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Questions?



Thank you

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