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Small businesses buzz around high-speed rail contracts like bees at the hive

By Jody Meacham

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Now that construction has been underway for about a year, the California High-Speed Rail Authority is beginning to spend its billions — and small businesses are swarming in to get their share of the project.

“I do feel sort of like a honeybee going to the hive,” said David Mastrandrea, associate principal at the Spire Consulting Group, one of about 50 executives attending Tuesday’s small business workshop, hosted by the rail authority in Menlo Park.

The event was intended to help small businesses gain certification for meeting contract requirements and to network with prime contractors and subcontractors as well as other transportation agencies like the Santa Clara Valley Transportation Authority.

The high-speed rail authority has a commitment to spend 30 percent of its money with small businesses and a budget of \$21 billion to build the first operating segment between San Jose and Bakersfield. It has “carve outs” (subquotas) of 10 percent for disadvantaged businesses and 3 percent for businesses run by disabled veterans.

Alice Rodriguez, small business advocate for high-speed rail, said the 30 percent small business goal “is the most aggressive goal in the state for a public works project.” Nearly 270 certified small businesses already are working on high-speed rail contracts, 87 of them from Northern California and 62 more in the San Joaquin Valley.

That adds up to hundreds of millions worth of “honey” for small businesses like Spire, a 50-employee construction engineering company with six offices across the nation, including in San Francisco.

Just moving utility lines, gas pipelines, irrigation canals and other infrastructure to prepare the rail right-of-way in one 60-mile stretch of the San Joaquin Valley is \$265 million worth of work, nearly all of which will be subcontracted to small businesses, said John James, a spokesman for prime contractor Dragados/Flatiron.

Spire “provides forensic services for construction management,” Mastrandrea said, which means its engineers analyze disputes between contractors and provide expert testimony about all issues pertaining to a claim.

The companies attending Tuesday’s workshop ran the gamut from various professional service companies like Spire to business software developers like Nidaan Systems of San Jose with 10 employees and Silver Gauntlet International, a three-employee security firm based in Thousand Oaks.



Kevin Carney, Silver Gauntlet's president and CEO, is a retired Los Angeles police officer who estimated annual U.S. construction equipment losses at between \$400 million and \$1 billion annually. That could be anything from tool boxes to heavy earth-moving equipment but, when ranked by total value, has pickup trucks at the top of the list.

Much of the heaviest construction equipment doesn't even have serial numbers, making it particularly vulnerable to professional thieves, according to Carney.

"High-speed rail is one of the largest projects coming down the pike, and it's going until 2020," he said.

Kim Webb, business development manager for Walnut Creek-based Sun Mountain, a project and program management company, checks a lot of boxes on high-speed rail's contract list. The company fits both the disadvantaged and disabled veterans' classifications.

"Where we find we can offer solutions deals with utility coordination," she said, such as locating utilities and working with the entities that own them. "Sixty percent of our staff are veterans or reservists, so we specialize in complicated communications coordination."

The construction package for the segment between San Jose and a major rail intersection called a "wye," planned for near Madera, is expected to be awarded in about two years. The first trains are scheduled to begin service in 2025.

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