



Metro

Los Angeles County
Metropolitan Transportation Authority


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August 25, 2017

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON
CHIEF EXECUTIVE OFFICER

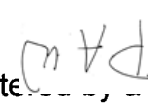
FROM: DEBRA AVILA 
CHIEF VENDOR/CONTRACT MANAGEMENT OFFICER

SUBJECT: METRO BONDING ASSISTANCE PROGRAM

ISSUE

Federal and State Regulations require that contractors working on public work contracts secure bid and performance bonds. The small business community has raised the issue that some small / disadvantaged contractors looking to bid on Metro contracts have encountered difficulty in securing the necessary bonding. Metro has explored the possibility of implementing a bonding assistance program, hoping to provide assistance to the small business community, thus eliminating this perceived barrier. The City of Los Angeles, having encountered similar findings, implemented a Citywide Contractor Development and Bonding Program (CDBP). Metro has the opportunity to participate in the Citywide Contractor Development and Bonding Program, providing a new initiative to assist the contracting community. Metro would be the first non-City Agency to participate in this program.

BACKGROUND

The CDBP, administered by  broker, provides the City with contractor support services such as education of contractors/subcontractors on the surety process, providing referrals to qualified resources such as bankers, development of underwriting criteria, establishment of controls of program funds and providing the underwriting and managing of the program collateral such as the line of credit, financial guarantees and recommendations.

The City's Administration Office issued a Request for Proposal (RFP) in October 2015 for selection of the broker and asked for Metro's participation in the RFP process. Metro participated in the RFP process after receiving approval from the

Board on May 20, 2015. A selection was made and the program was approved in April of 2016 by the Mayor's office. The approved program allows Metro the opportunity to participate in the program by executing a Memorandum of Understanding (MOU) with the City and allowing Metro to negotiate its own contract with the broker.

Metro, if approved by the Board will be able to "piggy-back" off of the City's program and will execute an MOU with the City of Los Angeles for a one-year pilot of the program.

Metro is excited to develop and launch this program as it would provide yet another avenue to assist the small business contracting community. Participation in the City's program will allow contractors and subcontractors that are looking to do work on Metro low bid Construction projects the opportunity to grow their capacity and increase their bondability, thus increasing the participation of small/disadvantaged and disabled veterans businesses on Metro projects.

NEXT STEPS

- Metro has established a task force including DEOD, VCM, Risk Management, Project Management Office and the treasury Department to provide technical assistance with program recommendations.
- Metro will enter into negotiations with the City's Broker in order to establish a contract for a one year pilot program.
- Metro will establish a draft Memorandum of Understanding (MOU) with the City for administrative fees for a one year pilot.
- Metro will seek Board approval to enter into a contract for a one year pilot program with the Broker, to execute the MOU, and to request a budget amendment to fund the program (Approx. November 2017).
- Target Launch in February 2018.