



April 4, 1997

Los Angeles County
Metropolitan
Transportation
Authority

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TO: BOARD OF DIRECTORS

FROM: LINDA BOHLINGER
Linda Bohlinger
INTERIM CHIEF EXECUTIVE OFFICER

SUBJECT: CONTRACT OPTION:
TRANSIT BOND GUARANTEE PROGRAM

RECOMMENDATION

Exercise the second of three one-year options on Contract No. LST-138-96 with Pacific General Insurance Services (PGIS) to administer the Transit Bond Guarantee Program (TBGP) for a sum not to exceed \$ 442,001 for FY 1998. The existing contract expires June 30, 1997.

ORGANIZATIONAL IMPACT

The services provided in this contract allow the MTA to fulfill its obligations as required by federal regulations per 49 CFR 23.45 (2), which states that the awarding body "provides assistance to MBEs in overcoming barriers such as the inability to obtain bonding, financing, or technical assistance." The TBGP ensures an equitable opportunity for Minority, Women-Owned and Disadvantaged Business Enterprises (M/W/DBE) to compete for contracts.

BUDGET IMPACT

Adequate funding for this procurement action was included in the FY 1998 MTA Budget.

ALTERNATIVES CONSIDERED

The MTA is mandated by 49 Code of Federal Regulations to provide technical assistance to certified D/M/WBE firms. The TBGP enables MTA to continue to meet its federal mandate through the provision of bonding assistance to DBE contractors.

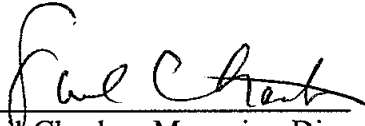
BACKGROUND

The TBGP is a joint effort by the MTA and the City of Los Angeles to assist in providing M/W/DBEs the maximum opportunity to participate in contracting activities on all MTA transit construction projects. The TBGP assist M/W/DBEs in securing their first bond and in expanding their bonding capacity. There are many M/W/DBEs that have an excellent history of completing construction projects, but are unable to obtain necessary bonding because they do not meet the extremely stringent financial requirements demanded by traditional financial institutions. By providing bonding assistance, the MTA and the City provide these qualified firms the necessary backing to obtain bonding. Such bonding ability qualifies the M/W/DBEs for a much larger pool of construction contracts and subcontracts.

SMALL BUSINESS PARTICIPATION

This contract contains a DBE goal of 35%. The prime contractor, Pacific General Insurance Services (PGIS) is a DBE. To-date, the contractor has achieved 100% DBE participation as determined by the EO Department.

Prepared by: Brent Thomas
Sr. EO Programs Representative



Gail Charles, Managing Director
Equal Opportunity Programs