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MODEL CONTRACTOR DEVELOPMENT PROGRAM

MCDP Program Initiatives

November, 2015

Following are summaries of the status of some of the major initiatives and activities of the Model Contractor Development Program recently completed or currently being implemented around the country:

Federal

- **U.S. Department of Transportation Bonding Education Program (BEP):** On March 16, 2010, SFAA and the U.S. Department of Transportation entered into a Memorandum of Agreement (MOA) whose principal purpose is: “to assist DOT to design, develop and implement a ‘pilot’ component of the DOT OSDBU Bonding Education Program (BEP). The BEP is a surety bond assistance program to provide bonding education, placement and technical assistance to small businesses competing for, or awarded, transportation-related contracts. The BEP educates small businesses to become ‘bond ready’ to obtain surety bonds and thereby meet the requirements to successfully secure awards of transportation-related contracts.” Specifically, SFAA has assisted DOT in developing a component of the BEP based on SFAA’s Model Contractor Development Program and supports the BEP in garnering the participation of surety companies and surety industry professionals. The BEP assists small businesses specializing in the maintenance, rehabilitation, improvement or revitalization of any of the nation’s modes of transportation to obtain surety bonds and provides information on how to secure surety bonds for transportation-related contracts. Since 2010, the DOT/BEP partnership has resulted in more than 371 small and emerging contractors achieving bonding totaling \$451 million.

State and Local

- **Prince Georges County Economic Development Corporation:** In 2005, SFAA initiated discussions with the Prince George’s County Economic Development Corporation’s Small Business Initiative (SBI) around establishing a program of bonding assistance for contractors in that county. Out of these discussions came a Memorandum of Understanding (MOU) between SFAA and EDC that outlined areas of mutual interest and support for this bonding agenda, and out of this arrangement came two formal contractor development programs in 2006 and again in 2008 with more than 20

contractors participating in each instance. In addition to SFAA and EDC, stakeholders and co-sponsors included the Metro Washington Chapter of ABC and CFMA. Since that time, contractor referrals by SBI to the volunteer surety bond producers involved in these programs have resulted in more than \$15 million in bid, performance and payment bonds offered to those referred contractors.

- **State of Mississippi:** For the past six years, SFAA has worked with the Office of Small and Minority Business Development, part of the Mississippi Development Authority, to implement a bond guarantee and bonding assistance program for that state. The program initially focused on making Mississippi-based contractors bondable so as to take advantage of the construction opportunities available in rebuilding that State from the ravages of Hurricane Katrina. Since its inception, the Mississippi Program has been implemented in several locations around the state and has graduated more than 600 small, minority and women contractors. More importantly, approximately \$12 million in bonding is directly attributable to this program. These contractors are well on their way to bondability through the continuing involvement of SFAA and surety agents and underwriters from the Mississippi Surety Association who are working with the contractors under the bond readiness phases of the Program. The Mississippi Development Authority also has a loan and bond guaranty program that has been made available to contractors participating in the MCDP.
- **New York State/Empire State Development Corporation:** On September 5, 2007, an MOU was signed between SFAA and the Empire State Development Corporation, the state's chief economic development agency, the objective of which was to address the issues of access to bonding for M/WBEs in that state. In 2011, the New York State Bonding Initiative (NYSBI) was absorbed into a broader Bonding Assistance Program, at which point bonding had been offered or underwritten by surety companies on behalf of contractors participating in the NYSBI totaling more than \$100 million.
- **State of Texas/University of Texas System:** SFAA has worked with the University of Texas (UT) System, Office of HUB (Historically Underutilized Businesses) Development for a number of years through their HUB Technical Assistance Program and over a four year period, UT implemented the Model Contractor Development Program throughout the state. More than 150 contractors have been involved in the various aspects of these program initiatives which yielded bonding totaling \$16.7 million.
- **Cleveland, Ohio/The Commission on Economic Inclusion-Greater Cleveland Partnership:** Under an MOU signed in early 2008, SFAA launched an MCDP in Cleveland, co-sponsored by the Greater Cleveland Partnership, which is that city's local Chamber of Commerce. The program, called "The Cleveland Bonding Prep Program," began workshops on April 1 of that year and ran through May 6. Those contractors who successfully completed the workshop phase of the program (15 out of 17) were set up with mentors, including LSA (Surety Association of Ohio) members, Bonding Prep presenters and individuals from the Program's advisory committee (project owners, construction company heads, sureties, supplier diversity consultants, etc.). These mentors continued to be involved in developing and implementing prescriptive plans for

the contractors under the Bond Readiness component of the Program and several of the contractors were successful, with bonding totaling more than \$3 million.

- **Washington, DC:** For the past five years, SFAA staff has been working with the District of Columbia's Department of Small & Local Business Development (DSLBD). The result of these efforts has been the Certified Business Enterprise (CBE) Bonding & Access to Capital Training Program," a 12-week educational program that began in 2009 and which provides certified business participants with the necessary information to better prepare themselves for obtaining business loans and/or surety bonds. To date, these efforts have resulted in more than \$82 million in bonding for contractors participating in the program.
- **State of Rhode Island:** In 2009, SFAA staff began working with the SBA local office in Rhode Island to develop and implement an MCDP in that state. An MOU was signed and a program was launched in October of that year. On December 15, 2009, SFAA helped celebrate the conclusion of the first round of educational workshops of the Rhode Island Small and Emerging Contractors Development Program (RISECDP). Certificates of Completion were presented to 13 participating contractors who then entered the bond readiness phase. A second round of workshops began on April 13, 2010 and concluded on May 18. In these two rounds, a total of 24 contractors completed the training workshops and more than \$1.6 million in bonding had been approved.
- **Essex County, New Jersey:** In July 2009, SFAA entered into an MOU with the Essex County Office of Small Business Development and Affirmative Action to establish a Bonding Initiative to "assist small, minority, and/or women-owned businesses specializing in construction and construction-related services to qualify for and access bonding or increase their bonding limits through education." Funded through a grant from SBA, the Essex County Bonding Readiness Program was projected to conduct eight rounds of the program over the two-year period, 2010-2011. During this period, 43.4% of the contractors were bonded or deemed bondable, with a total actual and potential bonding amount of \$13.9 million.
- **Indianapolis, IN:** On March 22, 2012, the Indiana Surety Association and the Indianapolis Black Chamber of Commerce launched its Indiana Model Contractor Development Program®, based on the SFAA MCDP®, with 27 contractors in attendance. The Program included a range of bond readiness activities, as well as presentations on a number of upcoming contracting opportunities in that state. Resultant bonding totaled \$2.5 million. The effort was repeated in 2013.
- **Miami, FL:** In September, 2015, SFAA initiated a Model Contractor Development Program® in partnership with the Office of Economic Opportunity of the Miami-Dade County Public Schools. In October of 2015, 13 contractors had completed the workshop component of the Program and are now working one-on-one with area bond producers, with several of these contractors being determined as bond-ready.

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