



SMALL BUSINESS DEVELOPMENT PROGRAM

BONDING OPPORTUNITIES

THE MTA SMALL BUSINESS MENTORING PROGRAM | THE MTA SMALL BUSINESS FEDERAL PROGRAM

THE NATION'S FIRST REGIONAL SMALL BUSINESS MENTORING PROGRAM



**BONDING IS YOUR KEY TO GROWING A SUCCESSFUL CONSTRUCTION BUSINESS.
THE BONDING PROGRAM IS DESIGNED FOR MTA PRE-QUALIFIED SMALL BUSINESS
CONTRACTORS, INCLUDING CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES, NEW
YORK STATE CERTIFIED MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES AND
SERVICE-DISABLED VETERAN-OWNED BUSINESSES**

THE MTA SMALL BUSINESS BONDING PROGRAM



A PROVEN MODEL FOR GROWING SMALL BUSINESSES AT THE MTA

The MTA Small Business Development Program (SBDP) is aligned with the Governor's directive to increase contract awards to New York State certified Minority and Women Business Enterprises. It's a new day at the MTA, and the continuously expanding MTA SBDP, including its MTA Small Business Mentoring Program (SBMP) and MTA Small Business Federal Program (SBFP), are all part of the express train to construction success and new contracts at the MTA and beyond.

The MTA SBMP has built a new paradigm in transportation to help small construction firms grow their businesses at the MTA and better prepare them to compete for public works projects in the 14-county region that we service within New York State.

The program includes several components focused on facilitating business success:

- A defined pool of challenging prime public works projects
- Hands-on mentoring and oversight
- A comprehensive training program
- A small business loan program
- An MTA Owner Controlled Insurance Program (OCIP) that reduces a contractor's insurance requirements and costs for its on-site activities
- A customized small business bonding program

Pre-qualified contractors enter the program at the Tier 1 level. After four years or demonstration of commensurate experience and success, they can advance to the Tier 2 (Advanced Mentoring) Program and the SBFP. The MTA Small Business Bonding Program has been designed to meet the developing needs of SBMP Tier 1 contractors and the advanced needs of SBMP Tier 2 and SBFP contractors.

The goal of the MTA Small Business Development Program is to create a larger pool of diverse contractors who can compete and complete our public works projects safely, timely and within budget.

The Importance of Bonding

Payment and performance bonds are often difficult for small companies to obtain. Insufficient bonding capacity inhibits a construction contractor's ability to compete for work.

The MTA's first goal for its small business programs is to support its SBDP contractors' abilities to complete MTA jobs safely, timely and within budget. MTA's leadership also recognizes that it is equally important for a company to increase its ability to compete successfully for more MTA and non-MTA work. These dual goals translate MTA's commitment to open doors wider for small construction contractors to participate in new projects in the transportation industry.

The MTA Small Business Bonding Program is an important step for leveling the playing field for small companies to acquire the experience, best practices and the right opportunities to obtain performance and payment bonds.

THE MTA SMALL BUSINESS BONDING TEAM





A TEAM THAT UNDERSTANDS YOUR NEEDS

Securing a bond is the pivotal next step in every construction contractor's successful growth.

The MTA Small Business Bonding Program is a groundbreaking program that is launching a new initiative for assisting small construction contractors who request such assistance, to secure their first bond or increase their bonding capacity.

The MTA Small Business Bonding Team leadership is comprised of MTA professionals and a team of experienced construction bonding professionals who have a proven track record in assisting small construction contractors to acquire and increase their bonding capacity.

MTA's consultant for the program is Willis, a global leader in risk management solutions. Centaur Insurance Services Inc., a locally-based strategic bonding consultant, is the insurance agent for the contractors; and ACE is the insurance company.

The Bonding Team works with individual SBMP contractors in a planned series of activities to provide individualized support to each SBMP contractor who requests bonding assistance.

The Program is tailored to each contractor. It is not "one size fits all." The MTA Small Business Bonding Program starts with an analysis and evaluation of each SBMP firm's strengths and weaknesses. The Bonding Team then works with each firm to identify its specific bonding needs and map a path for success.

Another important part of this process is the identification of the firm's appropriate professional services support team. This includes an accountant, attorney, banker and bonding specialist who serve as strategic partners to help shape and guide a firm's growth.

The Bonding Team supports this process with its experience and negotiating skills to assist each firm to apply for and obtain the bonding capacity it requires.

HOW THE BONDING PROGRAM WORKS



THE PROGRAM COMPONENTS

The MTA Small Business Bonding Program includes three phases of activities: small business development training, contractor analysis and evaluation and the bond application process.

Working closely with each firm, the MTA Small Business Bonding Team helps each firm put in place the right systems, procedures and best practices to facilitate its ability to apply for and secure the right bonding capacity for its needs.

The MTA Small Business Bonding Program is a series of inter-related activities that help a contractor guide and shape the way it manages projects, runs its business, manages documentation and, in turn, presents itself to a bonding company.

All of the contractors pre-qualified for the SBMP benefit from the resources of the MTA Small Business Bonding Program, but the program provides special attention to the SBMP Tier 2 contractors, since Tier 2 contracts must be bonded.

SBMP Tier 2 contractors are divided into three groups:

- Contractors who have never had bonding capacity and currently do not qualify for bonding
- Contractors who have never had bonding capacity, but could qualify for bonding capacity with or without the Program
- Contractors who have bonding capacity but may need to increase their bonding line

The MTA focus is on the specific needs of the contractor. This is different from many other bonding support programs, which are “one size fits all.” Now, through the MTA Bonding Program, each contractor who requests assistance will have the opportunity to benefit from the expertise and advice of professionals who know the bonding industry and truly understand each contractor’s business needs.

KEY PROGRAM STEPS

The MTA Small Business Bonding Program includes a number of planning activities that impact all aspects of a firm's business, its projects and the way it presents itself as a company.

The First Step: Training

Understanding what you need to know about bonds and securing them is the first step in the MTA Program. Throughout the year, the MTA Small Business Bonding Team conducts a series of four intensive training classes for both SBMP Tier 1 (as preparation for Tier 2) and new SBMP Tier 2 contractors to help them better understand the roles access to bonding plays in a firm's growth. These classes supplement other required and optional training.

The Second Step: A Close Look at Your Company

Specifically designed for SBMP Tier 2 contractors, the MTA Small Business Bonding Team will conduct an analysis and evaluation of each SBMP firm. This comprehensive evaluation will detail its current position and how it affects the firm's ability to obtain bonding. In addition, the Team will work with each Tier 2 contractor to provide guidance to help it be better positioned to qualify for bonding.

The Company's Financial Position

The detailed evaluation includes two parts.

The first is the company's financial position. This includes a complete review and evaluation of the following elements:

- Inspection of the firm at its place of business
- Examination and critique of the firm's financial condition
- Examination and critique of the personal financials of the firm's principals
- Assistance in establishing a firm's bank line of credit
- Review of personal and corporate tax returns
- Analysis and assessment of personal and corporate credit reports
- Assessment of the firm's personnel and equipment
- Assessment of the firm's capital for sufficient cash flow to sustain itself, as well as growth of equity and working capital
- Critique of the firm's CPA to assist the firm to decide whether it has retained a knowledgeable and experienced construction CPA
- Assistance to the firm to obtain bonding coverage either through the agent and insurance company on the Team, or through other viable agents, brokers and surety companies or brokers within the open market

Your Technical Background and Experience

The second part of the examination is a complete analysis and assessment of the contractor's technical background and experience. Focused on the SBMP Tier 2 contractors, the following information is collected, reviewed and presented along with a financial evaluation to the surety:

- Contractor history
- Organizational structure
- Related entities
- Continuity planning
- Work experience
- References
- Credit facility
- Banking relationships
- Accountant capabilities
- Financial information
- Work-on-hand
- Job related controls and management systems
- Indemnity
- Plans and outlooks
- Monitor surety bond backlog of bonded liability

APPLYING FOR A BOND





THE MTA SBDP BONDING TEAM PROCESS

It can be a challenge for a small company to secure bond capacity. The MTA Small Business Bonding Program is designed to interact with the surety market to assist the contractor to develop the right presentation and relationships.

The Bond Program supplements the individual firm's presentation by presenting to the surety markets the MTA SBMP's commitment to helping individuals succeed. Based on the responses received from the markets, the MTA will advocate on behalf of the SBMP contractors. This effort is revolutionary in exploring new strategies and approaches for producing new pathways to success for small construction contractors usually left out of the surety market.

Applying for a Bond

The preparation and submission of a firm's application for bonding requires extensive, thoughtful work. Obtaining bonding capacity is an important step in a firm's growth.

The application requires detailed, well presented documentation including extensive financial documentation as well as project performance records. The MTA Small Business Bonding Team works hand in hand with the SBMP contractor to develop and complete the bonding application.

The MTA Builds Better Businesses

All of these activities comprise the robust MTA Small Business Bonding Program and work to support a firm's success in obtaining bonding capacity.

There is no guarantee that a MTA SBMP contractor will obtain bonding or increase its capacity. However, by participating in the MTA SBMP Program and the bond program specifically, the likelihood of success is increased.

The MTA Small Business Bonding Program is one more important tool in the construction contractor's tool kit to bid, compete and win new contracts.

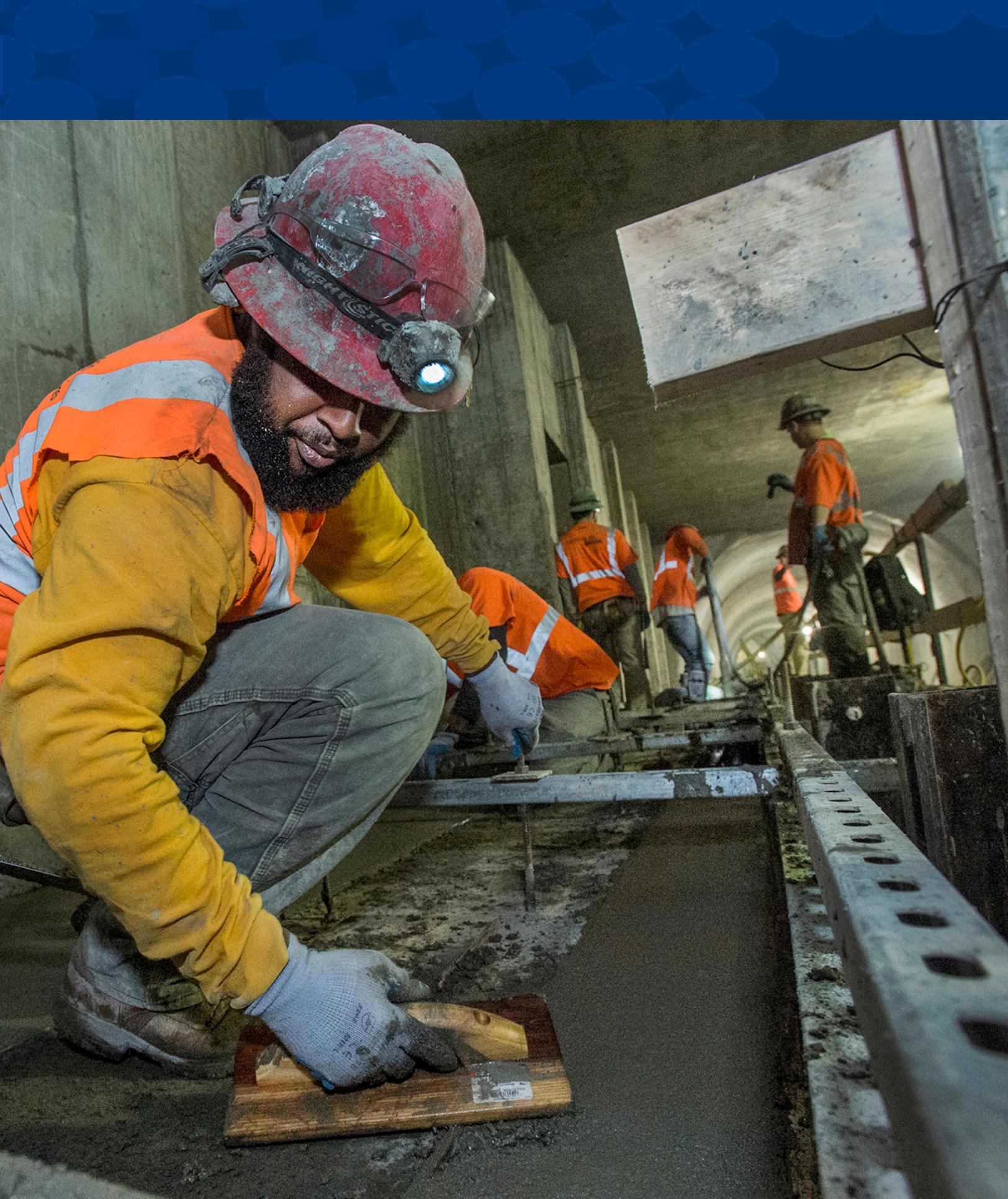
IT'S A NEW DAY AT THE MTA



LEARN MORE

For more information about the MTA Small Business Development Program and the MTA Small Business Bonding Program, please visit web.mta.info/sbdp.

The MTA Bonding Program has been established to assist firms enrolled in the SBMP to obtain required bonding. Participation in the bonding program is voluntary but strongly recommended, in particular for firms that do not have bonding capacity or may have difficulty increasing capacity without assistance. The insurance agent and the insurance company are part of the MTA Team because of their interest in helping small businesses succeed. They contract directly with the firm as their client or customer and do not have a contract with MTA.





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 MTA Construction & Development

The MTA will afford all applicants with an equal opportunity for consideration, without discrimination due to race, creed, color, national origin, religion, sex, sexual orientation, age, disability or marital status.

This booklet is current as of September 2021 and is subject to change.

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Centaur can provide the surety bond and insurance expertise your construction firm will need. Our integrated team tailors solutions to meet the needs of general contractors, subcontractors, construction managers and engineers. We provide the construction industry with a viable business plan, specifically outlining all business options and opportunities to succeed in the construction marketplace.

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