

MODEL CONTRACTOR DEVELOPMENT PROGRAM EVOLVES

BY SAM CARRADINE

Six years after being introduced as a modest program of information and assistance to small and minority contractors seeking access to surety bonding, The Surety & Fidelity Association of America's (SFAA) Model Contractor Development Program (MCDP) has evolved into a sophisticated bond readiness initiative that is being implemented in locations around the country.

The MCDP has two interrelated components:

- The educational component offers 10 workshops, each of which provides contractors with information on improving their operations and increasing their bonding capacity.
- The bond readiness component consists of surety bond producers, underwriters and other professionals working one-

on-one with contractors to assemble materials necessary for a complete bond application and address any omissions and deficiencies that might deter the successful underwriting of a bond.

Since its inception, the MCDP has provided education about surety bonds; identified resources available for obtaining a first bond, such as the SBA Surety Bond Guarantee Program and similar

state and local programs; provided assistance and referrals for obtaining appropriate accounting, project management and financing expertise; and directly assisted a number of small contractors in achieving bond readiness.

This year, four MCDPs are under way in partnership with state or local jurisdictions or organizations. In Mississippi, SFAA has been working with the Office of Small and Minority Business Development, part of the Mississippi Development Authority, to develop and implement a bond guarantee and bonding assistance program for the state. The effort focuses on making Mississippi-based contractors bondable so they can take advantage of construction opportunities available as a result of Hurricane Katrina.

The pilot program began in Jackson in April, and the educational workshop component concluded with a graduation event for 16 emerging Mississippi-based contractors in June. The bond-readiness component



is ongoing, and the program was repeated in Tupelo and Gulfport in September.

Under a memorandum of understanding with the City of New Orleans, SFAA continues to work closely with city officials and the New Orleans Regional Black Chamber of Commerce to provide emerging contractors with information on access to bonding and financing, so they can participate in the Gulf Coast rebuilding effort. A formal acknowledgement of the signing and meetings with various stakeholders including representatives of the Louisiana Surety Association took place in March, and the actual program began in July.

In Chicago, the regional office of the U.S. Department of Commerce/Minority Business Development Agency set up an advisory committee with representation from key state and local governmental agencies, trade associations and business organizations—with each reaching out to contractor constituencies for participation in an MCDP that began in May. In July, more than 35 contractors completed the educational workshops component and now are involved in bond readiness activities.

As a result of the program, one Chicago contractor secured a \$2 million bond

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for work with the local water reclamation agency, and several other bonding applications are under review by SFAA member surety companies.

In New York City, SFAA currently is working with the chair of the New York State Minority/Women Business Enterprise (M/WBE) Advisory Committee's Bonding and Finance Task Force to develop a statewide initiative for emerging contractor bonding education and assistance based on the MCDP. Both the advisory committee and the task force are part of a broader effort by the Empire State Development Corporation, the state's

chief economic development agency, to address issues of access to capital and bonding for M/WBEs.

SFAA and Empire State signed a memorandum of understanding in early September that spells out these bonding assistance activities, including exploring the possibility of developing a bond guarantee program or other state-funded support for increasing bonding availability. An implementation plan is now being drafted.

Other places the MCDP will be implemented before the end of the year include Prince George's County, Md.; the Commonwealth of Massachusetts; Philadelphia; and Indianapolis.

For information on obtaining bid, performance and payment bonds, contact the Surety Information Office (www.sio.org), a local surety association (www.sio.org/LSAdirectory.html), a National Association of Surety Bond Producers member (www.nasbp.org/bond.cfm) or SFAA (www.surety.org).

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