Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2026-0087, **File Type:** Contract **Agenda Number:** 12.

FINANCE, BUDGET AND AUDIT COMMITTEE
NOVEMBER 19, 2026

SUBJECT: SMALL BUSINESS BONDING ASSISTANCE PROGRAM

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD a Contract to Merriwether & Williams Insurance Services (MWIS), a HUB International Company, for administration of Metro's Contractor Development and Bonding Program (CDBP), through a piggyback procurement using the City of Los Angeles' (City) Contract No. C-204277, in a Not-To-Exceed (NTE) amount of $2,883,635.08 for the period December 4, 2026, through December 3, 2029;

B. EXECUTE a no-cost Memorandum of Understanding (MOU) with the City of Los Angeles (Attachment A) for Metro's participation in the City's Contractor Development and Bonding Program; and

C. APPROVE a separate allocation NTE $450,000 over the proposed contract term, with an annual amount NTE $150,000, to cover loan-related fees under the Contractor Finance Assistance Program (CFAP) for eligible small businesses performing on Metro contracts. These fees are excluded from the MWIS contract price, which funds the CDBP program administration.

ISSUE

Metro construction contracts include bonding requirements that can be a barrier for eligible small businesses with limited financial history or bonding capacity. Staff seeks Board authorization to award a new piggyback contract to MWIS to administer Metro's CDBP, execute the City MOU, and approve a separate CFAP fee allocation. These services provide technical assistance, contractor development, assistance in meeting bonding requirements, and access to working capital to help eligible small businesses pursue and perform Metro construction contracts.

BACKGROUND

The Contractor Development and Bonding Program (CDBP) helps Metro-certified Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE) and Disabled Veteran Business

Enterprise (DVBE) firms secure sufficient bonding to work on Metro construction projects. The program was launched as a one-year pilot program in 2018 through Metro participation in the City of Los Angeles' (City) program. In 2019, Metro awarded a three-year contract and approved interim extensions in 2022 while the City completed its procurement. In 2023, following the City procurement, Metro awarded a subsequent three-year contract. Metro's partnership with the City enables sharing of program resources and certain consultant costs as part of a regional Contractor Development and Bonding Program.

Since program inception in February 2018, the Diversity and Economic Opportunity Department (DEOD) has administered the program in coordination with Vendor/ Contract Management (VCM), Risk Management, Treasury and Project Construction Management through the Bonding Task Force, with legal support from County Counsel.

At its April 2022 meeting, the Board approved the CFAP as a component of Metro's bonding program to help small businesses access capital using their Metro contracts as collateral while performing Metro work. CFAP was subsequently incorporated into the Board-adopted 48 by '28 Plan in May 2022, under the initiative to enhance capacity building and access to capital. The 2023 contract award preserved the CFAP budget approved in April 2022 and the proposed $450,000 allocation continues that authority.

DISCUSSION

Bonding and Contractor Development Services

The program administrator will continue to help eligible small businesses prepare financial documentation, work plans, marketing materials, contracting opportunities and business practices. Training is offered virtually and in person by the program administrator, participating agencies and prime contractors. Metro staff participate in training sessions and graduation events. Participating businesses have reported that these services help them identify opportunities and address challenges after contract award.

Applicable bonding requirements are governed by state law, federal requirements where applicable, and Metro's contract provisions.

Program Results

Since Metro began participating in the program, its historical bonding assistance has supported 15 bond requests totaling approximately $3.7 million in credit enhancement. Twelve requests resulted in contract awards associated with approximately $38.1 million in Metro construction contracts. Of the 15 requests, three are associated with completed contracts, two with cancelled contracts, three did not result in contract awards, and seven are associated with active contracts, as defined in the table below. The $38.1 million includes the two subsequently cancelled contracts.

Construction Firm	Prime or Sub	Contract No.	Bid Estimate	Credit Enhance Approved*	Bid Result	Current/Final Contract Amount	Project Status
Versatile Consulting, LTD LLC	Sub	27651-8023	$2,607,976.06	$250,000.00	Awarded	$2,607,976.06	Pending
KPA Constructors	Sub	C-1045PLE1	$911,900.00	$250,000.00	Awarded	$1,029,282.33	Open
KPA Constructors	Sub	C-1120	$4,349,664.00	$250,000.00	Awarded	$4,349,664.39	Open
KPA Constructors	Sub	C45161C1152PLE3	$5,038,966.74	$250,000.00	Awarded	$5,038,966.74	Open
JM Fiber Optics Inc.	Sub	27651-8005	$1,580,180.00	$250,000.00	Awarded	$1,580,180.00	Open
Global Electric	Sub	C-1045PLE1	$3,192,000.00	$250,000.00	Awarded	$3,250,711.82	Open
Global Electric	Prime	C-1229	$6,495,000.00	$250,000.00	Awarded	$6,495,000.00	Open
Global Electric	Prime	IFB C74712C1211-2	$3,150,000.00	$250,000.00	Not Awarded	-	-
G&F Concrete Cutting Co	Sub	C-1161	$1,111,535.00	$250,000.00	Awarded	$1,212,476.97	Closed
SIN Construction	Sub	C-1161	$5,091,101.00	$250,000.00	Awarded	$6,841,293.43	Closed
KPA Constructors	Sub	C-0980	$3,691,555.00	$250,000.00	Awarded	$4,653,196.73	Closed
Energy Management Pros	Prime	PS133177014018	$523,467.04	$209,386.81	Awarded	$523,467.04	Cancelled
Energy Management Pros	Prime	PS133177014027	$528,287.36	$211,314.94	Awarded	$528,287.36	Cancelled
Coleman Construction	Prime	C133085C1238	$1,500,000.00	$250,000.00	Not Awarded	-	-
ARKA Builders, Inc.	Prime	C-127284	$3,670,000.00	$250,000.00	Not Awarded	-	-
Totals			**$43,441,632.20**	**$3,670,701.75**		**$38,110,502.87**	

Through August 30, 2026, the program administrator's training academies have produced 605 graduates representing 436 small businesses, including 153 graduates from Metro-sponsored academies. Some businesses have participated in multiple academies.

The program administrator reports three performance indicators to Metro monthly. The reported cumulative activity between June 1, 2019 and August 30, 2026, includes:

- More than 1,489 assessments and work plans to identify strategies for increasing business capacity.
- More than 6,299 referrals to Metro's Vendor Portal, certification and prequalification resources.
- More than 1,029 completed or enhanced contractor profiles to support marketing and business development.

CFAP provides working capital to help participating small businesses meet contract-related expenses and strengthen their capacity to perform Metro work. Metro's CFAP allocation covers loan-related fees on behalf of program participants, including a small business currently benefitting from a CFAP loan while performing two Metro contracts. To increase awareness and participation, staff will actively promote CFAP during pre-bid and contract kick-off meetings and coordinate with the program administrator to connect eligible businesses with financing assistance, where needed.

City of Los Angeles Procurement and Contract Award

The City issued a Request for Proposals (RFP) on June 13, 2025, for a new contract to administer the CDBP. On July 17, 2025, representatives from the City, Metro and Los Angeles World Airports participated in the evaluation and interview process involving three proposers. MWIS received the highest score and was selected for the City's new contract.

The City's contract was executed on March 20, 2026, and will expire on August 31, 2028. The City requested that Metro delay execution of its contract while changes in participating agencies were evaluated. On August 19, 2026, the City informed Metro that an executed MWIS contract was in place, allowing Metro to proceed with its proposed award. Metro proposes using City Contract No. C -204277 as the basis for its award. Staff will continue monthly monitoring of program activity for the new contract term.

DETERMINATION OF SAFETY IMPACT

There is no safety impact related to this action.

FINANCIAL IMPACT

The proposed MWIS award and related program cost allowances total $3,333,635.08 for the period December 4, 2026, through December 3, 2029. This amount includes $2,883,635.08 for the contract with MWIS and a separate $450,000 allocation for CFAP loan-related fees, with annual CFAP expenditures NTE $150,000.

Impact to Budget

The MWIS contract will be charged to Cost Center 2130 and funded from General Funds, which are eligible for Metro bus and rail operations and capital expenses.

EQUITY PLATFORM

The CDBP supports local small, disadvantaged, minority, women and veteran owned businesses to become more sustainable, financially stable and have access to capital like larger companies. The CDBP has assisted certified small businesses in securing over $38.1 million dollars in Metro contracts. Through financial assistance, technical support and capacity building services, the program strengthens small businesses' readiness to pursue contracting opportunities and supports Metro's 48 by '28 Plan's aspirational target of 48 percent small business participation by 2028.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it helps small, disadvantaged, minority-owned, and women-owned businesses build capacity to participate in Metro's large-scale infrastructure projects and day-to-day operations. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent

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with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The report supports strategic plan Goal 5.5: "Expanding opportunities for businesses and external organizations to work with Metro," by helping businesses prepare to meet bonding requirements, access to capital, and technical support that help eligible small businesses build capacity to compete for and perform Metro contracts.

ALTERNATIVES CONSIDERED

The Board could choose not to award the contract or continue the associated program resources. This would limit Metro's ability to provide contractor development, assistance in meeting bonding requirements, and access to working capital for eligible small businesses pursuing or performing Metro work. Staff do not recommend this alternative because these services address barriers to contracting and help small businesses build the capacity needed to compete for and perform on Metro contracts.

NEXT STEPS

Upon Board approval, staff will:

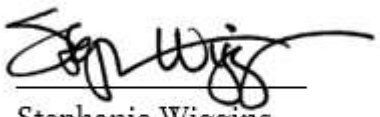
- Execute the MWIS contract for the approved service period and amount.
- Execute the City MOU for the confirmed term.
- Implement the approved CFAP funding allocation.
- Continue to implement program deliverables and monitor program activity.

ATTACHMENT

Attachment A - Contractor Development and Bonding Program MOU

Prepared by: K. Compton, Director, Diversity and Economic Opportunity
R. Ohaya, Executive Officer, Diversity and Economic Opportunity
E. Campbell, Senior Executive Officer, Diversity and Economic Opportunity
C. Coppolo, Deputy Chief Vendor/Contract Management Officer

Reviewed by: S. Gookin, Deputy Chief Executive Officer, Office of the Chief Executive Officer
M. Antonelli, Chief Vendor/Contract Management Officer



Stephanie Wiggins
Chief Executive Officer

ATTACHMENT - A

CONTRACTOR DEVELOPMENT AND BONDING PROGRAM

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

CITY OF LOS ANGELES

AND

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

ATTACHMENT - A

CONTRACTOR DEVELOPMENT AND BONDING PROGRAM MEMORANDUM OF UNDERSTANDING

INDEX

SECTION	TITLE	PAGE
	GLOSSARY OF TERMS	3
1.0	CITY OF LOS ANGELES, CAO RISK MANAGEMENT RESPONSIBILITIES	5
2.0	METRO RESPONSIBILITIES	6
3.0	CDBP PROVISIONS	7
4.0	INDEMNIFICATION	8
5.0	TERMINATION	8
6.0	TERMS OF MEMORANDUM OF UNDERSTANDING	8
7.0	SIGNATURE PAGE	9

ATTACHMENT - A

GLOSSARY OF TERMS

A. Broker – The person or company who works on behalf of the CDBP Member Agencies to assist small, SBE/DBE/DBVE contractors in obtaining the required surety bonding. Must have a Broker's license to be a Broker.

B. Surety Bonds – The financial instrument, required by the CDBP to bid on projects, that is written for a specific amount and for a specific project. The dollar amount of the bond is the amount which the surety is willing to pay in case a CDBP Contractor defaults on the project.

C. Bid Bond – A bond issued by a surety company guaranteeing that, if awarded, the contractor will enter into a contract under the same terms and conditions as bid.

   a. Performance Bond – A bond issued by a surety company guaranteeing to complete a construction contract if the contractor defaults.

   b. Payment Bond - A bond issued by a surety company guaranteeing that subcontractors of the prime contractor will be paid for labor and materials. These are often required in conjunction with Performance Bonds.

D. Surety – The bond company or guarantor that provides the bond on a specific project.

E. CDBP Contractor – The contractor or subcontractor who uses the CDBP to establish or increase their bonding capacity.

F. Third Party Funds Administrator (TPFA) – Manages progress payments from the CITY or METRO to a CDBP prime contractor or the CITY's or METRO 's prime contractor payments to a CDBP subcontractor, ensuring all subcontractors and material suppliers are appropriately paid.

G. Irrevocable Letter of Credit – A financial instrument that is used by a surety to Draw down from the Line of Credit as a form of a guarantee. It is irrevocable because the letter of credit cannot be modified unless all parties agree.

H. Line of Credit – A source of credit provided by a financial institution that is used for Financial Guarantees.

I. Underwriting Data – Data gathered by the BROKER and Surety to help assess the risks and make a determination on whether to provide a bond. Usually requires bank statements, tax statements, company financials, application data, etc.

J. Drawdown – A withdrawal against a specific Letter of Credit or other collateral instrument following a default and surety paid claim to complete the contracted public work.

K. Financial Guarantees – An amount of money stated in dollars, that the CITY or METRO is willing to guarantee to the Surety in case of a default by a CDBP Contractor against the bond.

L. Indirect Costs – Those costs of the CDBP that are not directly chargeable to a Department, Agency or project and are shared by each CDBP Member Agency. These costs are typically all costs that occur prior to successfully bonding a contractor for a specific bid or contract. These costs would include CDBP outreach and administration, member consultation and technical assistance, financial statement preparation and review, review of application data, tax statements and company financials, and post award contract monitoring. It includes time spent working with CDBP broker, surety and CPA partners.

M. Direct Costs – Once a CDBP Contractor identifies a CITY or METRO contract that they want to bid on, those subsequent third-party costs directly associated with securing the required bonds are considered direct costs. Unlike indirect costs, these costs are not shared by all MOU Member Agencies but are charged directly to the contracting Department or agency. These costs typically include Letter of Credit fees for Financial Guarantees and TPFA fees. These costs are only incurred if the CDBP Contractor is the successful low bidder.

N. CDBP Contractor Default – A CDBP Contractor Default occurs when a surety is obligated for payment under the guaranteed bond following a CDBP Contractor nonperformance or nonpayment.

O. CDBP Member Agency – Agencies that are members of this MOU. Currently, there are two CDBP Member Agencies, the City of Los Angeles and the Los Angeles County Metropolitan Transportation Authority.

P. Contractor Development and Bonding Program (CDBP) – The program providing contractor development and bonding support to certified small businesses seeking to do business on Metro's public works construction contracts.

THIS MEMORANDUM OF UNDERSTANDING (MOU), is made and entered into by and between the CITY OF LOS ANGELES (CITY) and the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO). Each party joining this MOU will be responsible for its own activities as defined in this MOU.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this MOU effective December 4, 2026, for a thirty-six month term.

RECITALS:

1. METRO is extending previous agreements with the CITY to participate and access the CITY's Contractor Development and Bonding Program (CDBP). METRO will utilize existing CDBP program administration services as needed, provided through the CITY and its contracted broker, Merriwether & Williams Insurance Services (BROKER).

2. The CITY and METRO require contractors to obtain bid, payment, and performance bonds when working on CITY or METRO projects.

3. It has come to the attention of CITY and METRO that some small businesses are unable to compete for CITY or METRO work due to their difficulty obtaining the required surety bonds.

4. The CITY'S Office of the City Administrative Officer, Risk Management (RISK MANAGEMENT) possesses certain requisite knowledge and resources to coordinate and assist in the administration of the CDBP. As such, METRO seeks to continue accessing the CITY's and BROKER's assistance in implementing and administering a comparable bond assistance program on behalf of METRO.

5. BROKER competed in a Request for Proposal process, and was selected by the CITY to be the BROKER on the CDBP.

Now, therefore, the parties do agree as follows:

1.0 CITY OF LOS ANGELES RESPONSIBILITES

The CITY will:

1.1 Assist in the coordination and implementation of the CDBP between BROKER, CITY and METRO to replicate a similar program on behalf of METRO.

1.2 Work with BROKER and METRO to continue to implement a "shared resource – shared cost" arrangement between the parties.

1.3 Share with METRO CITY's experience and work product in implementing CDBP for the purpose of METRO sponsoring a comparable program on behalf of METRO.

1.4 Assist METRO in developing the Broker/Service Provider's Scope of Services.

1.5 Coordinate with METRO in developing the Broker Request for Proposal and Contract. Advise METRO on the administration of the Broker Contract to confirm Broker activities are in compliance with Broker Contract terms.

1.6 Assist in establishing and maintaining CDBP cost controls.

1.7 Conduct periodic reviews to verify compliance with MOU terms and conditions.

1.8 Develop rationale to allocate shared CDBP costs for consideration and acceptance by METRO. Each CDBP Member Agency is responsible for a share of these costs, as further described in Section 3.5, below.

1.9 Provide administrative services support as necessary.

1.10 Provide additional services as deemed necessary.

1.11 Administer the CDBP through RISK MANAGEMENT.

2.0 LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY RESPONSIBILTIES

METRO will:

2.1 Implement Broker Contract with BROKER and administer CDBP for METRO contracting activities.

2.2 Review and pay monthly invoices directly to BROKER. Invoices will reflect costs for monthly BROKER services, third-party funds administration, financial analysis, etc., as further described in the Broker Contract.

2.3 Provide timely and accurate information to CITY when requested.

2.4 Attend meetings with CITY and BROKER, as necessary.

2.5 Participate in the Request For Proposal (RFP) selection process with the CITY for Broker services.

2.6 Establish and maintain a Line of Credit or other collateral instrument which allows for the issuance of program bond guarantees.

3.0 CDBP PROVISIONS:

3.1 At METRO, the program will only be available to Small Business Enterprises (SBE), Disadvantaged Business Enterprises (DBE) and Disabled Veteran Business Enterprises (DVBE) contractors and subcontractors, as applicable, interested in bidding on METRO contracts.

3.2 The program will provide for the use of Financial Guarantees to obtain bid, payment and performance bonds.

3.3 BROKER invoicing will be submitted monthly to METRO and will only reflect actual services rendered.

3.4 METRO must notify CITY prior to making any material changes to the CDBP components.

3.5 The allocated percentages used to calculate the Indirect Costs for the next three fiscal years are included in the Broker Contract. This allocation percentage will be based upon each CDBP Member Agency's contract value as proportionately compared to the total of all CDBP Members Agencies' contract values combined. An alternative allocation methodology may be utilized if agreed upon by all CDBP Member Agencies. Indirect percentages will be fixed for the term of the contract unless a CDBP Member Agency's contract amount changes during the course of the contract.

3.6 Prior to entering the CDBP, and during implementation, program CDBP Member Agencies must complete the following:

1. Establish and/or identify account(s) to cover the costs for monthly BROKER invoices (amounts based on annual contract limits) and any future CDBP Contractor defaults within that program members construction program (amount may need to be

increased based upon higher levels of outstanding letters of credit or collateral).

2. Assign a primary staff authority and a designee (in case of absence of the primary staff authority) to authorize letters of credit or collateral issuance in an expeditious manner.
3. Sign and date this CDBP MOU.
4. Assign staff to assist RISK MANAGEMENT in coordinating the CDBP.
5. Receive METRO Board approval of CDBP, including the use of Letters of Credit or other collateral instruments to serve as guarantees to program sureties.

4.0 INDEMNIFICATION

4.1 All parties to this agreement agree to hold each other harmless for all causes of actions, claims, charges or other demands of any nature, arising from the acts or omissions of the indemnifying party in regard to services provided under and during the term of this MOU, in accordance with California Government Code 895.4 and 895.6.

5.0 TERMINATION

5.1 This agreement may be canceled by any CDBP Member Agency with or without cause on thirty (30) days written notice and payment in full of all proportioned CDBP fees, costs and expenses for services already rendered. Said notice, on the CITY's behalf, will be given by the City Administrative Officer or the Director of Risk Management as designee.

6.0 TERM OF MEMORANDUM OR UNDERSTANDING

6.1 The term of this MOU is coterminous with the CDBP Member's contract with the BROKER.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to sign this Memorandum Of Understanding on the dates listed below.

By _____
Matthew W. Szabo
City of Los Angeles Administration Officer
Date: _____

By _____
Stephanie N. Wiggins
Chief Executive Officer, METRO
Date: _____

APPROVED AS TO FORM:

Hydee Feldstein, City Attorney

By: _____
Deputy City Attorney

DAWYN R. HARRISON
County Counsel

By _____
SAYUJ PANICKER
Senior Deputy County Counsel

SMALL BUSINESS BONDING ASSISTANCE PROGRAM

Finance, Budget and Audit Committee
November 19, 2026

Metro

Recommended Board Actions

A. AWARD a Contract to Merriwether & Williams Insurance Services (MWIS), a HUB International Company, for administration of Metro's Contractor Development and Bonding Program (CDBP), through a piggyback procurement using the City of Los Angeles' (City) Contract No. C-204277, in a Not-To-Exceed (NTE) amount of $2,883,635.08 for the period December 4, 2026, through December 3, 2029;

B. EXECUTE a no-cost Memorandum of Understanding (MOU) with the City of Los Angeles (Attachment A) for Metro's participation in the City's Contractor Development and Bonding Program, substantially consistent with the draft attachment, following finalization and approval as to form by County Counsel;

C. APPROVE a separate allocation NTE $450,000 over the proposed contract term, with an annual amount NTE $150,000, to cover loan-related fees under the Contractor Finance Assistance Program (CFAP) for eligible small businesses performing on a Metro contracts. These fees are excluded from the MWIS contract price, which funds the CDBP program administration.

Issue and Background

Issue:
Metro seeks Board authorization to award a new contract to MWIS to administer Metro's CDBP and to continue the associated bonding and CFAP resources. These services provide technical assistance, contractor development, assistance in meeting bonding requirements, and access to working capital to help eligible small businesses pursue and perform Metro construction contracts.

Background:
Metro began participating in the City's CDBP through a one-year pilot in 2018 and subsequently awarded two (2) three-year contracts to renew the program and make it permanent.

In April 2022, the Board approved the CFAP as a component of Metro's CDBP program to help small businesses access capital using their Metro contracts as collateral while performing Metro work.

Metro

Discussion

The CDBP combines contractor development with defined support to help eligible small businesses prepare for and pursue Metro contracting opportunities.

Since Metro began participating in the program, its historical bonding assistance has supported 15 bond requests totaling approximately $3.7 million in credit enhancement. Twelve requests resulted in contract awards associated with approximately $38.1 million in Metro construction contracts.

- Of the 15 requests, three are associated with completed contracts, two with cancelled contracts, three did not result in contract awards, and seven are associated with active contracts.

Metro

Procurement Overview

City of Los Angeles issued an RFP on June 13, 2025.

- Three proposals received.
- City, Metro, and LAWA participated in the evaluation of proposals
- Merriwether & Williams Insurance Services received the highest score and was selected for the City's new contract.
- City approved and executed its contract on March 20, 2026.

Metro

Next Steps

Upon Board approval, staff will:

- Execute the MWIS contract for the approved service period and amount.
- Execute the City MOU for the confirmed term.
- Implement the approved CFAP funding allocation.
- Continue to implement program deliverables and monitor program activity.

Metro