

# Contractor Capacity Building & Bonding Assistance Program

City Council A Session – June 23, 2022 – Item 34

Presenter: Michael Sindon, Administrator, Economic Development Department

# Background

## Purpose:

- Create a program to build capacity of small, minority, women-owned business enterprises (S/M/WBE) construction contractors and provide technical and financial assistance
- Established through the 2010 SBEDA Ordinance

## Workgroup Participants:

- City Staff
  - Finance
  - Economic Development
  - Public Works
- External
  - Fair Contracting Coalition
  - Surety owners/agents
  - Construction contractors



## Workgroup Solutions: City Procurement

### Task Order Contracts

- Creating multiple terms, where feasible, to reduce required bonding capacity

### Solicitation Language

- Creating consistent solicitation language to address bonding requirements for task order contracts

### Invoicing

- Allowing Contractors to invoice for cost of payment and performance bonds upon contract award

### Coordination

- Closer coordination between City Procurement Staff and Project Managers to minimize time between receipt of bonds and issuance of task orders

### Explore Legislative Changes

- Pursue legislative changes to Chapter 2253 of the Government Code that governs Public Work Payment and Performance Bonds to allow bonding on a per project basis for task order contracts involving horizontal work

# Workgroup Recommendations: Bonding Assistance Program

1

Establish a collateral pool  
to offset S/M/WBE  
bonding assistance  
needs when bidding on  
City contracts

2

Reevaluate S/M/WBE  
educational component  
and wrap around  
services

3

Issue RFP for program  
administration to  
evaluate innovative  
solutions

# Pilot Program

- As part of the FY 2022 Budget, City Council authorized \$550K to revise the Bonding Assistance Program.
  - \$50K for program administration
  - \$500K for collateral pool
- Request For Proposal (RFP) to select Program Administrator
  - 1 year base term, with 1 year renewal option
  - \$50K annually

# San Antonio Economic Development Corporation (SAEDC) Funding Agreement

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- Under Texas Statute, surety companies are exclusively granted the right to provide guarantees of a vendor's ability to bid and perform
- Texas Constitution prohibits a governmental entity from lending its credit to offset bonding requirements for a vendor
- Partnership between the City and the SAEDC, a 501(c)(3) nonprofit, would overcome these statutory limitations
- SAEDC's ability to implement this program aligns with its focus to support economic growth in San Antonio



# Program Scope of Services

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## Eligibility

- Headquartered within City of San Antonio
- Meet definition of SBE per SBA
- Registered in CVR and in construction industry



## Education

- Identify curriculum
- Education assessments



## Guidance

- One-on-one tailored assistance and referrals
- Evaluate past bond applications



## Financial Assistance

- Manage and disburse \$500K of collateral pool
- Protect Program resources



## Marketing

- Develop annual marketing plan
- Conduct public presentations



## Program Review

- Recommend program improvements based on metrics
- Provide stakeholder, committee, and Council updates



## Implementation, Budget, Metrics

- Identify Program goals and measure metrics
- Develop forms and policy and procedures

# Annual Pilot Program Metrics

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Serve at least 30 participants



Provide funding for at least 10 participants in need of assistance to cover costs related to City bonding requirements in order to bid on a City solicitation

Business Category	Aspirational Goal
Small Business	100%
Emerging Small Business	50%
Minority Business	75%
African American Business	30%
Asian American Business	15%
Hispanic American Business	30%
Woman Business	50%
Veteran Business	5%



# Program Administrator Background & Experience

Jim Swindle dba Alamo Surety Bonds

- Over 34 years of surety experience
- Owned Alamo Surety Bonds for over 21 years
- Represents over 30 surety markets
- Contracted with Texas Department of Transportation to provide bonding technical assistance to DBE contractors needing surety bonds
- Expert witness for legal cases involving surety bonds
- Past president of The Surety Association of South Texas



# Recommendation


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Approval of a Funding Agreement with the San Antonio Economic Development Corporation (SAEDC) to establish and implement the Contractor Capacity & Bonding Assistance Program administered by Alamo Surety Bonds for an amount not to exceed \$600,000 for a one-year term, with a one-year renewal option

- \$500k Revolving Loan Fund
- \$100k for Administrative Services (\$50k per year)

SAEDC approved the Funding Agreement with the City, as well as the Professional Services Agreement with Alamo Surety Bonds on June 13, contingent upon City Council approval.





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