

## CDOT DBE Bonding Assistance Program

As part of the CDOT Center for Equal Opportunity (EO) DBE supportive services work plan, CDOT has contracted and partnered with various technical assistance teams on an as-needed basis. There currently are three consultants who make up these teams that specialize in one or more of the bulleted work plan topics listed below.

- **Business Management:**
  - Business plan development and support
  - Employee development (recruiting and retention)
  - Development/implementation of organizational strategies that increase business competitiveness in the highway industry
  - Helping ensure client's business processes/procedures and systems are in alignment with their strategic objectives
  - Provide strategic support in helping a client identify potential areas for growth and expansion
- **Marketing:**
  - Design of marketing strategies that specifically target the highway industry and key stakeholders (i.e., prime contractors, CDOT, local government agencies that receive CDOT highway funding etc.)
  - Development and effective use of a statement of qualifications and other advertising media and tools (e.g., web-based and print etc.)
  - Business/relationship development (effective client plan for attending and creating targeted networking opportunities with prime contractors, CDOT engineering staff etc.)
- **Financial/Bonding:**
  - General financial assistance including cash flow management and bookkeeping, as well as construction accounting and overall record keeping
  - Bonding assessment and preparation, how to obtain bonding, where the best bonding resources are to meet the client's needs, putting together an effective package to get bonded etc.
  - Understanding highway-related insurance issues and resources including how to improve safety program(s) to help offset insurance costs
- **Bidding/Estimating and Proposal Writing:**
  - Providing assistance/instruction to assure understanding of CDOT specific highway bidding and proposal procurement processes (leveraging existing CDOT resources and staff where possible)

- Highway construction bid preparation assistance that help the client apply estimating best practices to specific CDOT highway contracting opportunities using appropriate tools and resources (e.g., spreadsheets, plan takeoffs, cost allocation models, CDOT web resources including CDOT cost/bid data, construction specifications and other bid documents etc.)
- Design/engineering proposal preparation support to include assistance on submitting actual proposals for prospective CDOT highway contracts
- **CDOT Highway Project Learning Curve:**
  - Certified payroll reporting (Davis-Bacon requirements), labor compliance, and other CDOT highway reporting requirements
  - Dispute resolution with primes on CDOT highway contracts (e.g., assistance with scheduling, performance, and payment issues etc.)
  - Understanding CDOT highway specification (e.g., hierarchy and relationship between various CDOT specifications)
  - Specific CDOT reporting requirements by trade/industry
  - Climbing the learning curve – ways for firms to quickly learn what it is really like on a CDOT project (e.g., work with Center for EO to identify job shadowing and similar opportunities for small businesses where appropriate)
  - Contract writing/negotiation best practices in the highway industry
    - Understanding the importance and role of a subcontract (key items it should always contain etc.)

The three technical assistance teams are identified as:

DAWA Consulting

Folsom Point

Eaton Cole Construction Services

A specific activity with the Eaton Cole Construction Services team involved a small DBE firm who was selected to subcontract some work on a \$8.5 million dollar. All went well until it was discovered that this firm could not obtain the necessary bonding due to a low credit score rating. CDOT project personal and the Regional EEO representative and CDOT headquarters Equal Opportunity Office staff immediately communicated with the prime contractor (4-Corners Materials) regarding the bonding approval process. However, on April 1, 2010 CDOT staff was informed that Accu-West Techs contract had been terminated because bonding had not been secured. Knowing that it would still take them time to replace Accu-West Tech, CDOT again

contacted the prime contractor and explained that they were still going to try to secure bonding. The prime contractor was supportive of CDOT's efforts and provided the time required.

The main issue was Accu-West Tech's credit score which unfortunately fell below the normal approval rating. Because of the relationship Bond Placements established with the underwriters and this specific bonding product (contracts under \$276/K), as well as additional considerations, CDOT's technical assistance team member, Eaton Cole Construction Services was able to get the approval. This team has also developed a cost control spreadsheet for Accu-West Tech to track project cost and will have weekly conversations with the project administrator and owner with the intent of assisting the DBE with managing a profitable and successful project. Accu-West Tech had been working with a local insurance company that didn't have a lot of construction experience.

CDOT also has in place another provision under their Emerging Small Business, ESB Program. The ESB program has been in place for several years and is primarily designed to assist all small businesses with technical assistance including bonding issues. Since this is a CDOT program with no Federal funds, the program is open to all small non-minority businesses. The only requirement is that a firm meet or fall under a specific economic threshold. Many smaller DBEs are also certified ESBs as well. It is estimated that approximately 40% of all ESBs are also certified DBEs.

It appeared that the actual bonding process could be delayed in working with the high risk surety company contacted by Eaton Cole. Therefore in the interest of expediting Accu-West Tech's contractual eligibility and to avoid any further delays in the execution of the overall contract, CDOT immediately implemented their ESB bonding provision. Under this provision, CDOT provides the bonding fee reimbursement provision to the prime contractor if he elects to cover the bonding fee up to \$5,000 for the ESB/DBE subcontractor. Some contractors request reimbursement but many others elect to forego the reimbursement.

Since this a Recovery Act Project, CDOT has been advised that they may apply for bonding reimbursement under the Recovery Act Bonding Fee Reimbursement Program being administered by the Departmental Office of Small and Disadvantaged Business Utilization (OSDBU).

In conclusion, the DBE is actively pursuing his contract. There was an issue with the DBE meeting his payroll. Through a collaborative effort involving CDOT, the prime contractor and the DBE, the prime agreed to advance payroll funds through the following regularly scheduled pay estimate.

The bottom line to the success of this effort appears to lie in good communication.