



# DBE ENTERPRISES



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## What Counts Towards Meeting Our Project DBE Goal

Written by Felicia Bell

Dulles Transit Partners (DTP) is very committed to meeting our Dulles Corridor Metrorail Project Disadvantaged Business Enterprise (DBE) Goal of 10 percent. There are only two (2) DBE certification agencies that will count towards DTP meeting this objective. They are the Metropolitan Washington Airports Authority (MWAA) and the Virginia Department of Minority Business Enterprise (VDMBE). If your organization has a current DBE certification from either of these agencies, your certification is applicable to our DBE Program. Please note that the Local Disadvantaged Business Enterprise (LDBE) certification from MWAA and the Small, Women and Minority (SWaM) Certification from VDMBE are not applicable under our DBE Program.

In addition (see October 2008 Newsletter), there is a reciprocity agreement in place between the Maryland Department of Transportation (MDOT), District of Columbia Department of Transportation (DDOT) and Washington Metropolitan Area Transit Authority (WMATA)

### Contact Us:

*For further information on DBE opportunities with Dulles Transit Partners:*

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Echika Agugua, DBE Coordinator  
(703) 852-5933

[Echika.Agugua@DullesTransitPartners.com](mailto:Echika.Agugua@DullesTransitPartners.com)

DTP Website:

[www.dullestransitpartners.com](http://www.dullestransitpartners.com)

Main number: (703) 852-5900

Project Website (MWAA):

[www.dullesmetro.com](http://www.dullesmetro.com)

(703) 572-0500

Bid Opportunities:

[www.dullestransitpartners.com/pages/bidopportunities.aspx](http://www.dullestransitpartners.com/pages/bidopportunities.aspx)

### PROJECT UPDATE:

The Federal Transit Administration (FTA) and the US Secretary of Transportation have given their approval of the full funding grant agreement (FFGA) for the Dulles Metrorail Project, and sent it to Congress for their mandatory 60 day review. This is a very positive development, and indicates that the FTA supports the federal funding for the Project. The Project is on schedule to receive a FFGA and Notice to Proceed in early March. Meanwhile, work proceeds in Tysons Corner, with 21 different utilities being relocated to accommodate construction of the rail line early this year.

For more information on the Project, please visit our website at [www.dullesmetro.com](http://www.dullesmetro.com) or call 703-572-0500.

in which an organization, DBE certified through these agencies, may submit a modified application to either MWAA or VDMBE along with their certifications from MDOT, DDOT and WMATA to apply for a MWAA or VDMBE DBE certification.

We encourage any DBE organization that may qualify for certification to begin the process as soon as possible as there are lots of applications being sent to these organizations and applications are processed in order of receipt. Also, for those of you that may already have SWaM or LDBE certification, we encourage you to review the DBE eligibility requirements to determine if your firm may qualify for DBE certification.

Below, is contact information for MWAA and VDMBE:

MWAA - Cynthia Lipscomb - (703) 417-8625  
[Cynthia.Lipscomb@mwaa.com](mailto:Cynthia.Lipscomb@mwaa.com)

VDMBE - Derrick Brown - (804) 786-1615  
[Derrick.Brown@dmbe.virginia.gov](mailto:Derrick.Brown@dmbe.virginia.gov)

***SAVE THE DATE!!!***

**Wednesday, February 11, 2009**

**DTP CONSTRUCTION OUTREACH EVENT**

*At the Sheraton Premier, Vienna, VA*

*As we near the start of construction, many DTP construction contracts will require bonding. The Small Business Administration (SBA) understands the challenges small businesses face in securing affordable bonding. To address some of the issues associated with small business bonding, the SBA created the Office of Surety Guarantees (OSG). The mission of OSG is to "...provide and manage surety bond guarantees for qualified small and emerging businesses, in direct partnership with surety companies and their agents, utilizing the most efficient and effective operational policies and procedures." To access more information about SBA's Office of Surety Guarantees, visit: [http://www.sba.gov/idc/groups/public/documents/sd\\_sioux\\_falls/sd\\_suretybonds.pdf](http://www.sba.gov/idc/groups/public/documents/sd_sioux_falls/sd_suretybonds.pdf)*

## **BID BONDS**

A bid bond guarantees the owner that the principal will honor its bid and will sign all contract documents if awarded the contract. The owner is the obligee and may sue the principal and the surety to enforce the bond. If the principal refuses to honor its bid, the principal and surety are liable on the bond for any additional costs the owner incurs in reletting the contract. This usually is the difference in dollar amount between the low bid and the second low bid. The penal sum of a bid bond often is ten to twenty percent of the bid amount.

## **PERFORMANCE BONDS**

A performance bond guarantees the owner that the principal will complete the contract according to its terms including price and time. The owner is the obligee of a performance bond, and may sue the principal and the surety on the bond. If the principal defaults, or is terminated for default by the owner, the owner may call upon the surety to complete the contract. Many performance bonds give the surety three choices: completing the contract itself through a completion contractor (taking up the contract); selecting a new contractor to contract directly with the owner; or allowing the owner to complete the work with the surety paying the costs. The penal sum of the performance bond usually is the amount of the prime construction contract, and often is increased when change orders are

issued. The penal sum in the bond usually is the upward limit of liability on a performance bond. However, if the surety chooses to complete the work itself through a completing contractor to take up the contract then the penal sum in the bond may not be the limit of its liability. The surety may take the same risk as a contractor in performing the contract.

## **PAYMENT BONDS**

A payment bond guarantees the owner that subcontractors and suppliers will be paid the monies that they are due from the principal. The owner is the obligee; the "beneficiaries" of the bond are the subcontractors and suppliers. Both the obligee and the beneficiaries may sue on the bond. An owner benefits indirectly from a payment bond in that the subcontractors and suppliers are assured of payment and will continue performance. On a private project, the owner may also benefit by providing subcontractors and suppliers a substitute to mechanics' liens. If the principal fails to pay the subcontractors or suppliers, they may collect from the principal or surety under the payment bond, up to the penal sum of the bond. Payments under the bond will deplete the penal sum. The penal sum in a payment bond is often less than the total amount of the prime contract, and is intended to cover anticipated subcontractor and supplier costs.

Here are a few bonding agencies from the Virginia MegaProjects Bonding Workshop held in August 2008.

**CONSTRUCTION BONDS, INC.**

9401 Lee Highway  
Suite 208  
Fairfax, VA 22031  
Phone: (703) 934-1000  
Fax: (703) 934-1009  
Email: [info@sbabonds.com](mailto:info@sbabonds.com)  
Contact: John Hughes/Joshua Etemadi

**AMBUSH ASSOCIATES, INC.**

P.O. Box 3579  
Silver Spring, MD 20918  
Phone: (301) 681-9270  
Fax: (301) 681-9414  
Email: [info@ambushinsurance.com](mailto:info@ambushinsurance.com)  
Contact: Anthony Ambush

**D.H. LLOYD & ASSOCIATES, INC.**

1625 K Street, N.W.  
Suite 400  
Washington, D.C. 20006  
Phone: (202) 223-1506/ (800) 487-0332  
Fax: (202) 223-9438  
Email: [dhlloyd@dhlloyd.com](mailto:dhlloyd@dhlloyd.com)  
Contact: Charmaine Davis

**MANJOE INSURANCE AGENCY, INC.**

13 Vivian Vale Court  
Randallstown, MD 21133-4308  
Phone: (410) 922-7351  
Fax: (410) 922-3423  
Email: [global01@comcast.net](mailto:global01@comcast.net)  
Contact: Isaac S. Manjoe

Companies interested in other bonding resources can find information by visiting the Small Business Administration's website via this link:

[http://www.sba.gov/idc/groups/public/documents/sba\\_program\\_office/osg\\_bond\\_agency\\_list.pdf](http://www.sba.gov/idc/groups/public/documents/sba_program_office/osg_bond_agency_list.pdf)



### The Program

The U.S. Small Business Administration (SBA) can guarantee bonds for contracts up to \$2 million, covering bid, performance and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. SBA's guarantee gives sureties an incentive to provide bonding for eligible contractors, and thereby strengthens a contractor's ability to obtain bonding and greater access to contracting opportunities. A surety guarantee, an agreement between a surety and the SBA, provides that SBA will assume a predetermined percentage of loss in the event the contractor should breach the terms of the contract.

The four types of contract bonds that may be covered by an SBA guarantee are:

**Bid Bond, Payment Bond, Performance Bond, and Ancillary Bonds** (which are incidental and essential to the performance of the contract).

The SBA reimburses a participating surety (within specified limits) for the losses incurred as a result of a contractor's default on a guaranteed bid bond, payment bond, performance bond or any bond that is ancillary with such a bond.

Contractors should apply for a specific bond with an agent or surety company of their choice, providing background, credit and financial information required by the surety company and the SBA.

After the contractor completes the forms and furnishes the surety company with sufficient underwriting information, the surety company processes and underwrites the application in the same manner as any other contract bond application.

### Eligibility

A contractor applying for an SBA bond guarantee must qualify as a small business, in addition to meeting the surety's bonding qualifications. Businesses in the construction and service industries can meet SBA's size eligibility standards if their average annual receipts, including those of their affiliates, for the last three fiscal years do not exceed \$6.5 million.

### Duties of the SBA

The SBA determines an applicant's ability to complete the contract based on the information, documentation and underwriting rationale provided by the surety company. If the review fails to establish See Surety on Page 4

**Surety from Page 3**

performance capacity, and all other aspects of the application are approved, an authorized SBA official signs a guarantee agreement and returns it to the surety company. If the review fails to establish performance capacity, the SBA seeks clarification from the surety underwriter. If performance capacity cannot be reasonably assured, the SBA rejects the application.

**Cost of an SBA Guaranteed Bond**

The SBA charges fees to both the contractor and the surety company, as described in the most recent edition of 13 CFR 115:

SBA does not charge contractors an application or bid bond guarantee fee. If SBA guarantees a final bond, the contractor must pay a guarantee fee equal to a certain percentage of the

contract amount. The percentage is determined by SBA and is published in notices in the Federal Register from time to time.

When the bond is issued, the small business pays the surety company's bond premium. The charge cannot exceed the level approved by the appropriate state regulatory body.

The surety company pays the SBA a guarantee fee on each guaranteed bond (other than a bid bond) in the ordinary course of business. The fee is a certain percentage of the bond premium, determined by SBA and is published in notices in the Federal Register from time to time.

[http://www.sba.gov/idc/groups/public/documents/sd\\_sioux\\_falls/sd\\_suretybonds.pdf](http://www.sba.gov/idc/groups/public/documents/sd_sioux_falls/sd_suretybonds.pdf)

***Featured DBE Contractor*****A&M Concrete**

A&M Concrete Corporation is a certified VDMBE DBE and is a subcontractor to Lane Construction, who has a contract with DTP.

A&M Concrete Corporation commenced operations in 1994 as a sub-contractor geared towards providing concrete services. A&M Concrete has throughout the years expanded its operations to include all facets of construction and contracting in general.

A&M Concrete Corporation is headquartered in Dulles, VA while maintaining two field offices in Chantilly, Virginia and Prince Georges County, Maryland. Executive Vice President, Joe Alves oversees the daily operations and 80+ employees with a commitment to Safety, Quality and On-Time delivery of projects.

A&M Concrete Corporation is proudly committed to delivering various clients completed projects ahead of schedule, with full accountability to standards and specifications through effective management of the project by highly developed team leaders. By implementing sound leadership principles, constantly assessing and measuring our performance and rewarding our team members with performance based incentives; A&M Concrete continues to successfully & safely deliver projects for many clients that include:

- Metropolitan Washington Airport Authority

- Virginia Dept. of Transportation
- Maryland State Highway Administration
- District of Columbia Dept. of Transportation
- Federal Highway Administration
- Local Municipalities

Some recent projects completed include:

- D&E Street Bridge Rehabilitation
- Connecticut Avenue
- US RT. 50 Traffic Calming
- Forest Glen Pedestrian Bridge
- South Elden Street Widening

A&M Concrete was recently awarded the Utility Manhole Vault & Hand-hole Installation Package and a portion of the Duct Bank Installation Package throughout the Dulles Metrorail Corridor Project. A&M wholeheartedly welcomed the challenges and responsibilities associated with the workload acquired on one of Northern Virginia's major projects currently underway.

*“A&M Concrete Corporation has been a responsible and dependable subcontractor that Lane has worked with for over the past 10 years; and we feel A&M will continue their high standards in meeting the safety, quality, and schedule requirements of this Project.”*

*--Ken Prince, Project Manager, Lane Construction*

