



Infrastructure Projects:

- ▲ Airports
- ▲ Bikeways
- ▲ Bridges
- ▲ Drainage Control Facilities
- ▲ Flood Control Facilities
- ▲ Libraries
- ▲ Parks
- ▲ Recreation Centers
- ▲ Police Stations
- ▲ Fire Stations
- ▲ Lifeguard Stations
- ▲ Street Improvements
- ▲ Street Lights
- ▲ Traffic Signals
- ▲ Utilities Undergrounding
- ▲ Water Facilities
- ▲ Sewer Facilities
- ▲ Water Pipelines
- ▲ Sewer Pipelines

City of San Diego Contractor Prequalification Program

Citizens' Equal Opportunity Commission

September 2, 2015

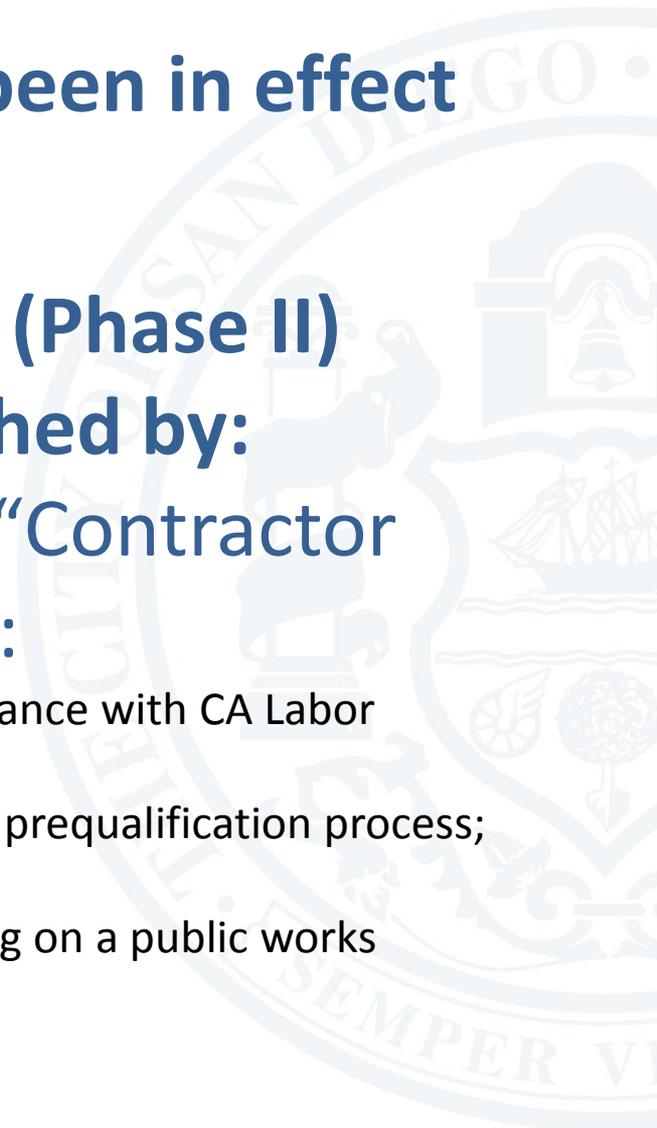


Prequalification Program

Prequalification program has been in effect since 2002

Revised and improved in 2008 (Phase II)
Program follows rules established by:

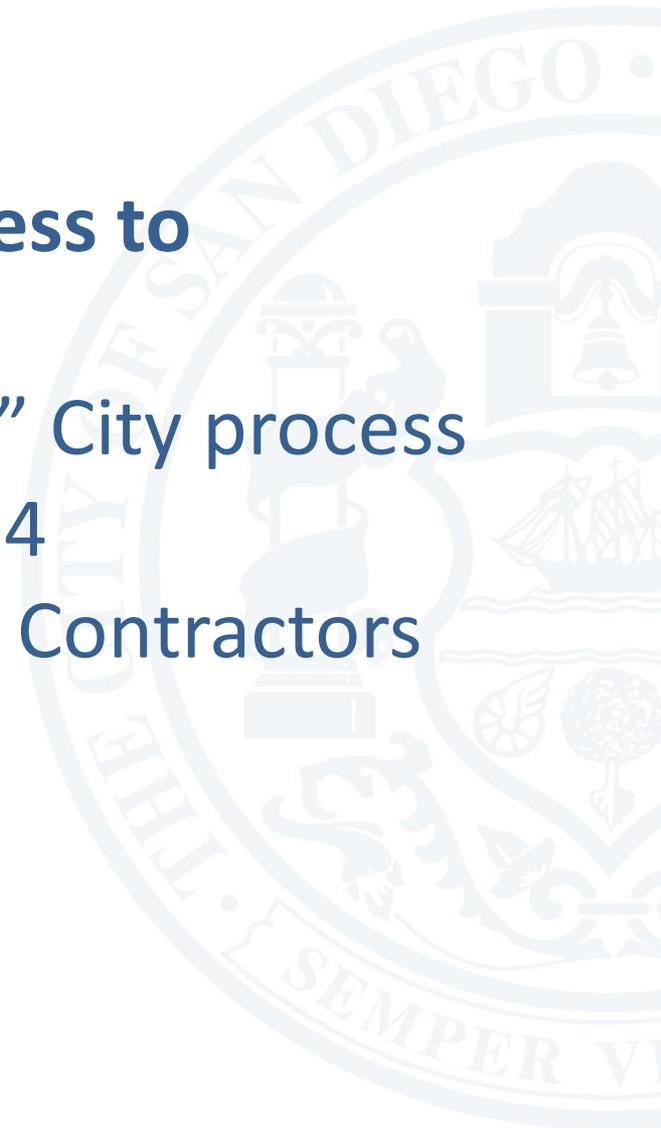
- Municipal Code § 22.3004 “Contractor Standards” which requires:
 - ✓ Sufficient Financial resources in accordance with CA Labor Code,
 - ✓ submit the documentation as part of a prequalification process; and,
 - ✓ be approved by the City prior to bidding on a public works contract.



Vendor Registration

Converted manual paper process to electronic submission

- Uses “Vendor Registration” City process
- In effect since January 2014
- Currently 390 Prequalified Contractors



Vendor Registration

City of San Diego VENDOR PORTAL

- New Vendor Registration**
Create a new vendor record.
If you wish to view or edit an existing vendor, simply Log In with your User Name and Password.
- Bid Opportunities**
Search for bid opportunities with this agency, download documents, become a prospective bidder, and electronically bid on projects.
- My Contracts** UNAVAILABLE
Manage your awarded contracts, record payments, add subcontractors, produce reports and charts.
- Certified Vendors** LOGIN REQUIRED
Find Certified Prequalified Businesses
- Contracts** UNAVAILABLE
View public information regarding agency contracts.
- News & Events**
 - DIR Launches Improved Public Works Contractor Registration System
 - Check out the new EOC Newsletter - Diversity

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Current Prequalification Program

Applies to all construction contracts

Three levels of prequalification based on project size

- Up to \$1,000,000
- \$1,000,000 to \$15,000,000
- Over \$15,000,000



Current Program

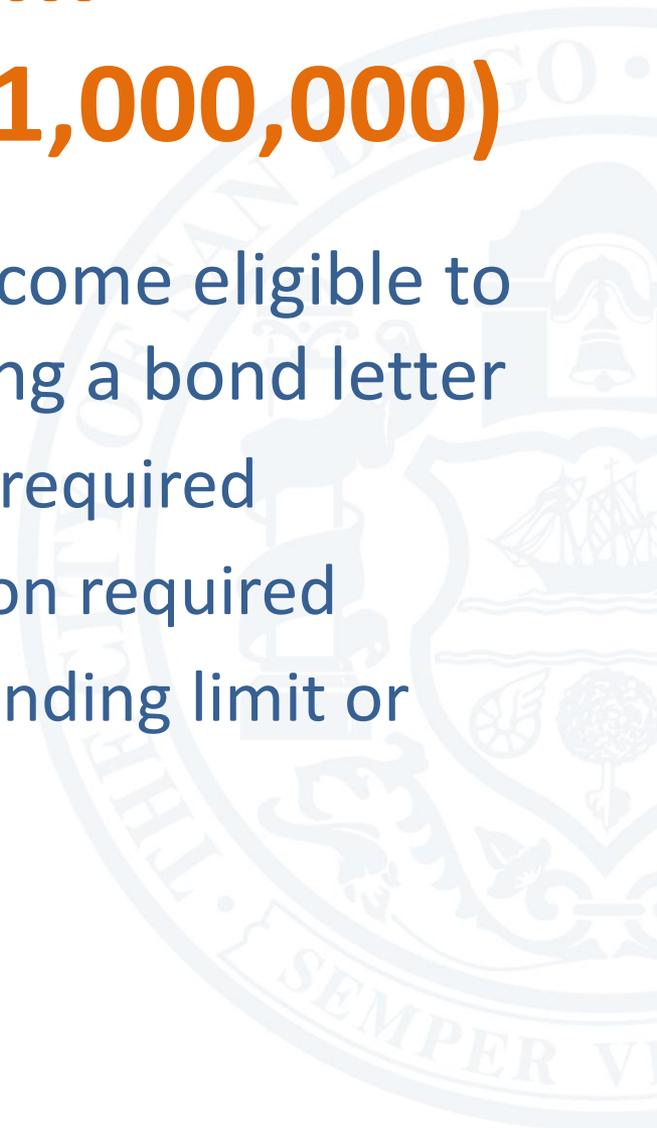
Small Projects (Up to \$1,000,000)

- **Requirements for non-certified firms** – On-line questionnaire with verified project references from the last ten years (as either a prime or sub), any financial statement and bond letter
- **Maximum Bidding Capacity (MBC)** – if otherwise qualified, determined by single-project bonding limit or \$1,000,000, whichever is less

Current Program

Small Projects (Up to \$1,000,000)

- **ELBE/SLBE** certified firms may become eligible to bid as a prime simply by submitting a bond letter
 - No additional project references required
 - No additional financial information required
 - MBC capped by single-project bonding limit or \$1,000,000 whichever is less



Current Program

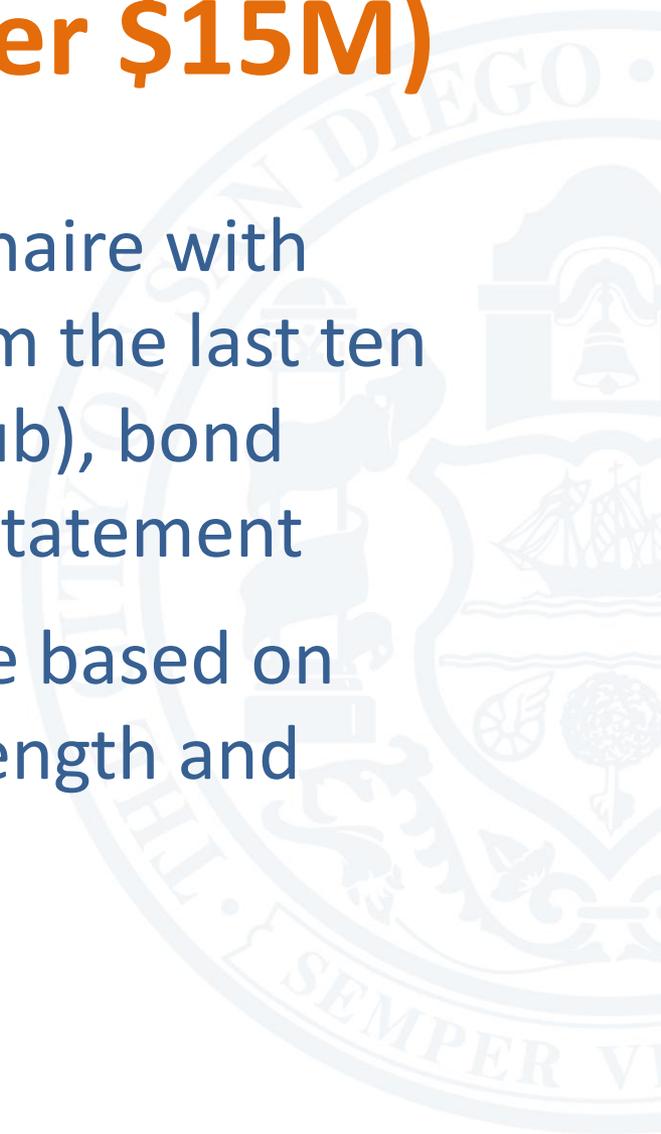
Medium Projects (\$1M to \$15M)

- **Requirements** – On-line questionnaire with verified project references from the last ten years (as either a prime or a sub), bond letter and “reviewed” financial statement
- **MBC** – if otherwise qualified, determined by bonding capacity but not to exceed \$15 million

Current Program

Medium Projects (Over \$15M)

- **Submittals** – On-line questionnaire with verified project references from the last ten years (as either a prime or a sub), bond letter and “audited” financial statement
- **MBC** – set at a calculated value based on bonding capacity, financial strength and experience



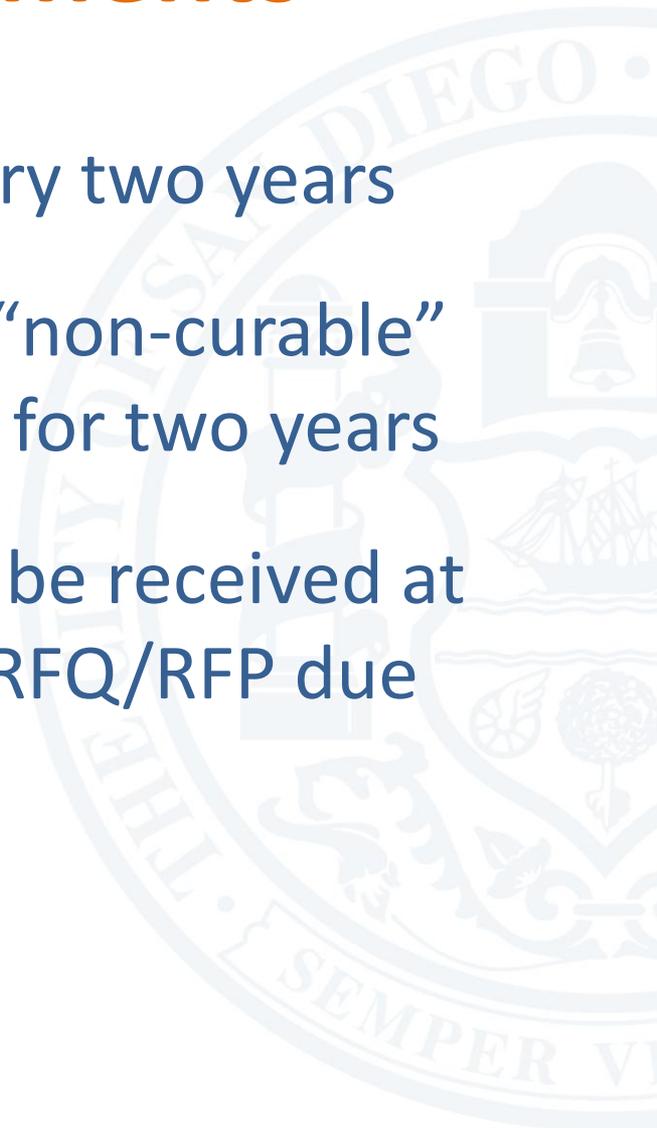
Current Program, Summary

PREQUALIFICATION LEVELS	REQUIREMENTS & BID CAPACITIES			
	Project References	Financial Statements	Bonding	Maximum Bid Capacity (can not exceed bond)
Small Contracts (\$0 -1M)	Y	Y	Y	\$1M
Small Contracts (\$0-\$1M) SLBE/ELBE Certified	N	N	Y	\$1M
Medium Contracts (\$1-15M)	Y	Y (Reviewed)	Y	\$15M
Large Contracts (>\$15M)	Y	Y (Audited)	Y	>\$15M



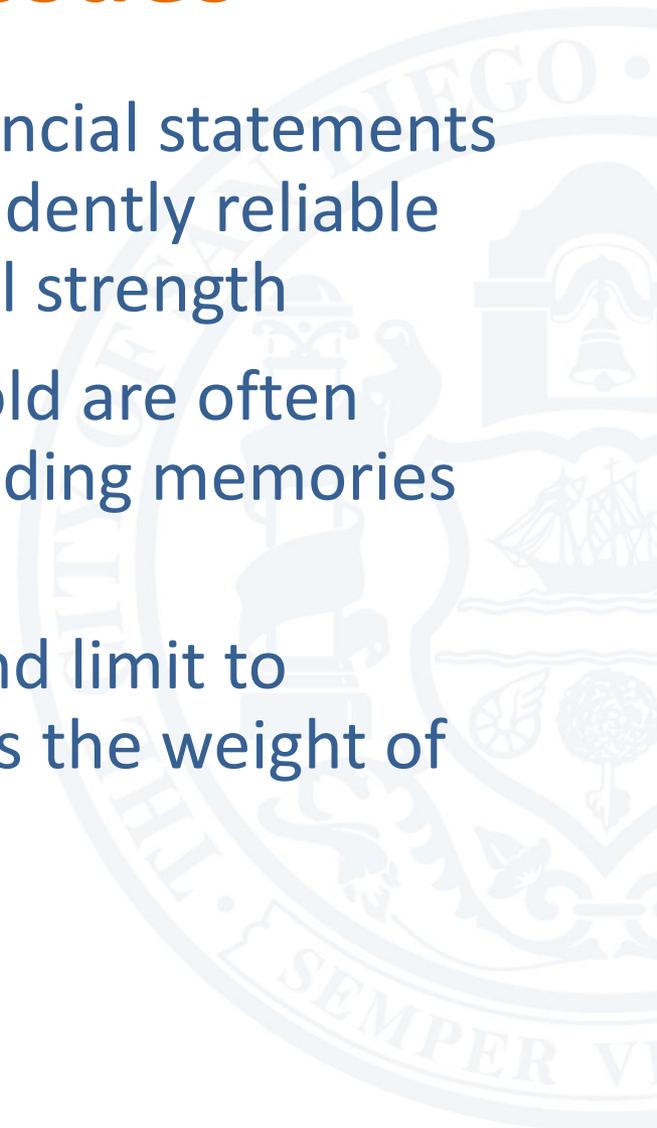
Additional Requirements

- Once prequalified, renewal is every two years
- If prequalification is denied for a “non-curable” issue, prohibited from reapplying for two years
- Prequalification application must be received at least two weeks prior to a bid or RFQ/RFP due date



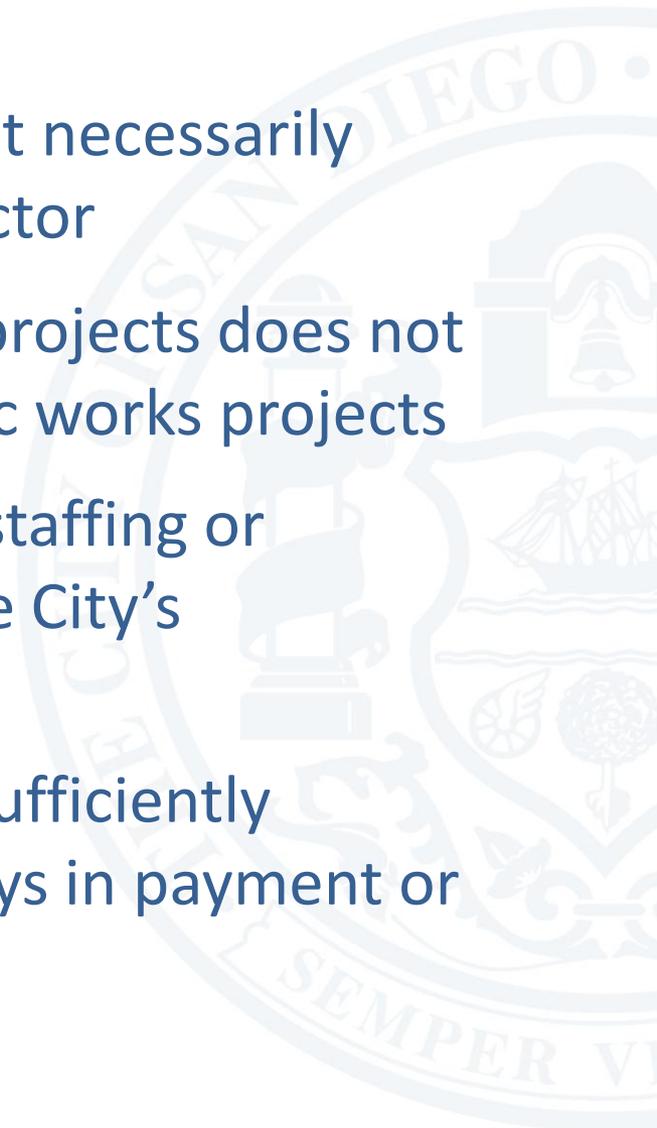
Prequalification Issues

- “Compiled” or self-generated financial statements have not proven to be an independently reliable representation of a firm’s financial strength
- References more than five years old are often unverifiable or unusable due to fading memories and industry turnover
- Reliance on the single-project bond limit to determine MBC unduly diminishes the weight of experience and financial strength



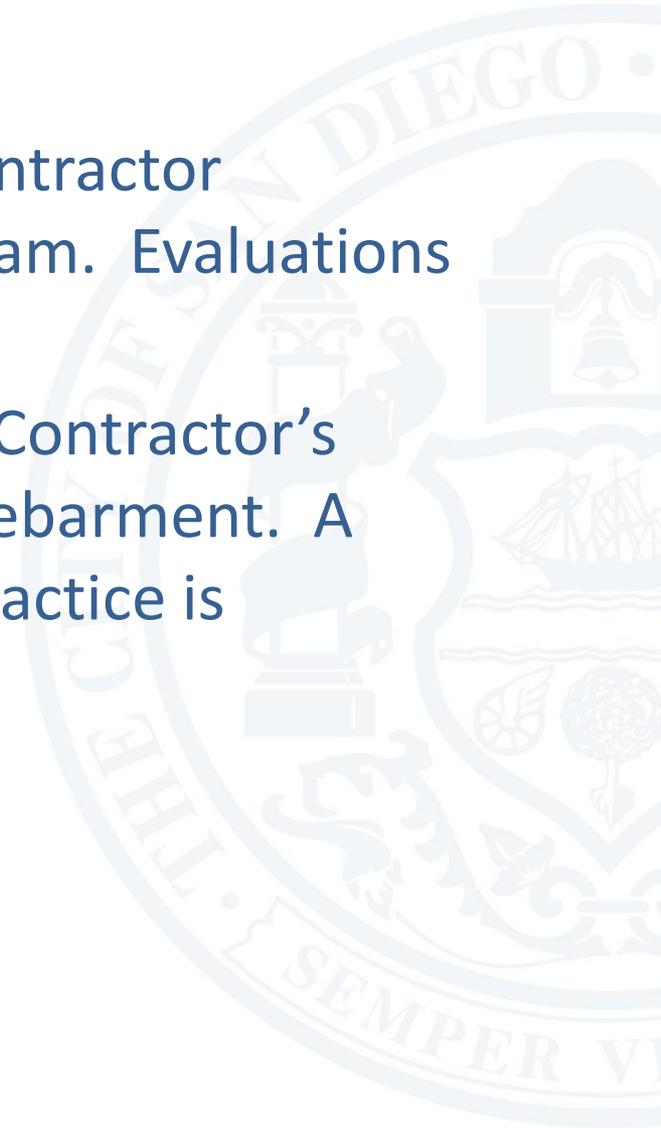
More Prequalification Issues

- Experience as a subcontractor does not necessarily foreshadow success as a prime contractor
- Experience on “private” construction projects does not reliably translate into success on public works projects
- Smaller or newer firms often lack the staffing or resources to successfully cope with the City’s administrative requirements
- Smaller or newer firms are often not sufficiently capitalized to cope with potential delays in payment or restricted cash flow



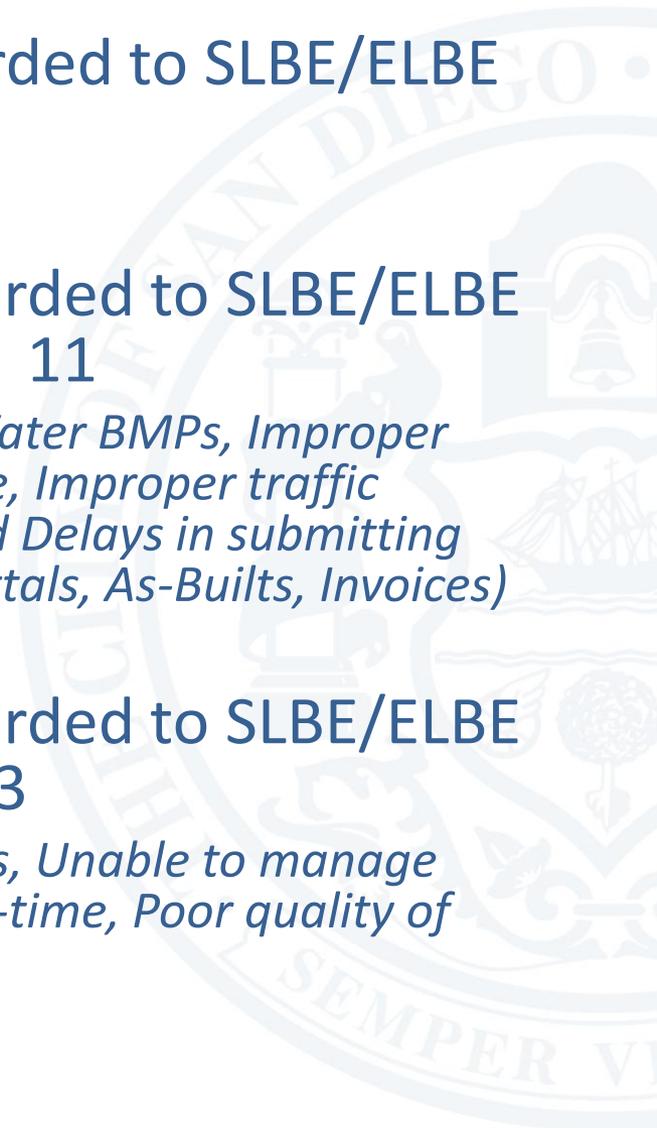
More Prequalification Issues

- Inadequate linkage between Prime Contractor Evaluations and Prequalification Program. Evaluations should impact prequalification status.
- Current Practice for addressing Prime Contractor's failures on City Projects is to pursue Debarment. A progressive discipline/development practice is nonexistent.



SLBE Prime Contractor Challenges

- Number of Construction Projects Awarded to SLBE/ELBE Primes in the past 12 months: 31
- Number of Construction Projects (Awarded to SLBE/ELBE Primes) with issues in past 12 months: 11
 - Examples of Issues: *Unable to install Storm Water BMPs, Improper shoring, No Superintendent or Foreman on site, Improper traffic control, Struggles with cash management, and Delays in submitting paper work (EOC Documentation, RFIs, Submittals, As-Builts, Invoices)*
- Number of Construction Projects (Awarded to SLBE/ELBE Primes) Defaulted in past 12 months: 3
 - Reasons for Default: *Significant Project Delays, Unable to manage Sub-contractors, Unable to order materials on-time, Poor quality of self-performed work*



Prequalification Information

For additional information
call
619-533-3474
[www.sandiego.gov/cip/bidopps/
prequalifications.html](http://www.sandiego.gov/cip/bidopps/prequalifications.html)



QUESTIONS

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