



ADMINISTRATIVE PROCEDURE

CATEGORY: **Facilities, Construction**

SUBJECT: **Prequalification of Prime Contractors and Mechanical, Electrical and Plumbing Subcontractors**

A. PURPOSE AND SCOPE

1. To outline administrative procedures governing prequalification of prime contractors (A & B classifications) and mechanical, electrical and plumbing (MEP) subcontractors (C4, C7, C10, C16, C20, C34, C36, C38, C42, C43 and C46 classifications) to bid on school district public works projects involving a projected expenditure of one million dollars (\$1,000,000) or more.

B. LEGAL AND POLICY BASIS

1. **Reference:** Board Policy D-6000; Public Contract Code Sections 20111.5 and 20111.6.
2. **Public Contract Code Section 20111.5** authorizes public school district governing boards to require prospective bidders on specified school district public works contracts to submit evidence to the district of their financial ability and experience in performing public works prior to receipt by the school district of any bids.
3. **Public Contract Code Section 20111.6** requires public school district governing boards to prequalify contractors and MEP subcontractors on public projects receiving funds under Leroy F. Green School Facilities Act of 1998 or funds from any future state school bond that involve a projected expenditure of one million dollars (\$1,000,000) or more. Public Contract Code Section 20111.6 applies to contracts awarded on or after January 1, 2014 and becomes inoperative on January 1, 2019, and as of July 1, 2019 is repealed, unless otherwise prohibited. It is in the best interests of the San Diego Unified School District to avail itself of the prequalification process to promote efficient evaluation of prospective bidders on district public works projects.

C. GENERAL

1. **Originating Office.** Suggestions or questions concerning this procedure should be directed to the Strategic Sourcing and Contracts Department.
2. **Definitions.**
 - a. **Public works:** Any work of improvement contracted for by a public entity (Public Contract Code section 22002, Civil Code sections 8000 *et seq.*).
 - b. **Contractor:** The prime, direct, or general contractor or subcontractor.
 - c. **Estimated value of the project:** An estimate of the cost of a project made by the district Architect's Office prior to putting a project out for bid.
 - d. **Subcontractor:** A contractor that does not have a direct contractual relationship with the owner.
3. **Project Information.**
 - a. **Ownership.** All documents furnished under this procedure are under management and ownership of the district. Once submitted, each contractor's information will be kept confidential and privileged, and shall not be public records and shall not be open to

public inspection. The questionnaire and financial statement shall be verified under oath in the manner in which civil pleadings in civil actions are verified.

b. **Criteria for prequalification of prime contractors:**

- (1) **Current and appropriate license.** Prime contractors must have the appropriate license applicable to the project being prequalified.
- (2) **Current California insurance.** Prime contractors must have current California admitted insurance rated A- or better.
- (3) **Public works experience, bond capability, and financial capacity.**
 - (a) Public works experience. Prime contractors are required to submit evidence of successful completion in the last five (5) years of at least three (3) public works projects, at least one million dollars (\$1,000,000) each, in the State of California.
 - (b) Bonding capacity. Prime contractors are required to submit evidence of minimum bonding capacity of one million dollars (\$1,000,000) from a surety rated A- or better and admitted by the California Department of Insurance. Bonding capacity is the largest sum that the contractor's bonding company would be willing to bond the contractor for a single project. Contractors are required to submit a letter of bondability; the bonding company is contacted and interviewed.
 - (c) Financial capacity. Prime contractors are required to submit a reviewed or audited financial statement for bidding on projects under ten million dollars (\$10,000,000), or an audited financial statement for bidding on projects in excess of ten million dollars (\$10,000,000).
- (4) **Adequate past performance rating based on responses to a standard questionnaire.** Prime contractors must respond to a standard questionnaire, scoring at least 105 out of a possible 130 points. Areas covered by the questionnaire include, but are not limited to:
 - (a) Outstanding stop notices, liens or claims
 - (b) Adequacy of job supervision
 - (c) Timeliness of reports and other paperwork
 - (d) Timeliness of work completion
 - (e) Excessiveness and performance quality of change orders
 - (f) Project closeout
 - (g) Overall job performance
 - (h) Percentage of unilateral change orders and claims

Public Contract Code sections 20111.5 and 20111.6 support all of the above criteria.

c. **Criteria for prequalification of MEP subcontractors** (inoperative on January 1, 2019, unless otherwise provided):

- (1) **Current and appropriate license.** MEP subcontractors (C4, C7, C10, C16, C20, C34, C36, C38, C42, C43 and C46 classifications) must have the appropriate license applicable to the project being prequalified.
- (2) **Current California insurance.** MEP subcontractors must have current California admitted insurance rated A- or better.
- (3) **Public works experience, bonding capability, and financial capacity.**
 - (a) **Public works experience.** MEP subcontractors are required to submit evidence of successful completion in the last five (5) years of at least three (3) public works projects, directly contracted or subcontracted, in the State of California.
 - (b) **Bonding capacity.** MEP subcontractors are requested to submit evidence of current available bonding capacity from a surety rated A- or better and admitted by the California Department of Insurance. Bonding capacity is the largest sum that the contractor's bonding company would be willing to bond the contractor for a single project. Contractors are required to submit a letter of bondability; the bonding company may be contacted and interviewed.
 - (c) **Financial capacity.** MEP subcontractors are requested to submit a current financial statement.
- (4) **Adequate past performance rating based on responses to a standard questionnaire.** MEP subcontractors must respond to a standard questionnaire, scoring at least 80 out of a possible 100 points. Areas covered by the questionnaire include but are not limited to:
 - (a) Outstanding stop notices, liens or claims
 - (b) Adequacy of job supervision
 - (c) Timeliness of reports and other paperwork
 - (d) Timeliness of work completion
 - (e) Excessiveness and performance quality of change orders

Public Contract Code sections 20111.5 and 20111.6 support all of the above criteria.

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- d. **Period of qualification.** The contractor prequalification shall be valid for a period not to exceed twelve (12) months from the date of the prequalification approval.

D. IMPLEMENTATION

1. **Prime contractor** completes and submits a "Prime Contractor Prequalification Questionnaire." MEP subcontractor completes and submits a "Subcontractor Prequalification Questionnaire." Although the district may set earlier deadlines for submittal of the "Prequalification Package," a contractor may submit this package up to ten (10) working days prior to the bid opening.
2. **Strategic Sourcing and Contracts:**
 - a. Reviews documentation for completeness and, if necessary, contacts contractor to obtain incomplete or missing information.
 - b. Confirms and verifies all data submitted by contractor via phone calls to each entity noted in "Prequalification Questionnaire;" contacts internal auditor if assistance is needed to verify financial data.
 - c. Notifies contractor of results of review at least five (5) working days prior to bid opening, indicating contractor's qualification or disqualification.
 - d. If a contractor appeals district's decision, calls to order a three- (3) member appeal panel made up of Facilities Management Division management/supervisory staff or other appropriate staff; invites contractor or his/her representative to appear in person to bring before appeal panel any additional or new information; asks district legal counsel to be in attendance or on call during meeting; notifies contractor of appeal panel's decision at least 24 hours prior to bid opening.

E. FORMS AND AUXILIARY REFERENCES (available from Strategic Sourcing and Contracts Department)

1. "Prime Contractor Prequalification Questionnaire"
2. "Subcontractor Prequalification Questionnaire"

F. REPORTS AND RECORDS

1. Strategic Sourcing and Contracts Department retains the completed forms for a minimum of three (3) years from date of prequalification.

G. APPROVED BY



General Counsel, Legal Services

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NO: **3510**

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EFFECTIVE: **8-2-94**

REVISED: **12-6-13**

As to form and legality

H. ISSUED BY

Steve Monroe

Chief of Staff