



# **ADMINISTRATIVE PROCEDURE**

SAN DIEGO UNIFIED SCHOOL DISTRICT

NO: 3510

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CATEGORY: **Facilities, Construction**

EFFECTIVE: **8-02-94**

SUBJECT: **Prequalification of General Contractors**

REVISED: **10-06-05**

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## **A. PURPOSE AND SCOPE**

1. To outline administrative procedures governing prequalification of general contractors to bid on school district projects in excess of one million dollars (\$1,000,000).

## **B. LEGAL AND POLICY BASIS**

1. **Reference:** Board Policy: D-6000; Public Contract Code Section 20111.5.
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. It is in the best interests of the San Diego Unified School District to avail itself of the provisions of Section 20111.5 in order to promote more 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 Facilities Management Division, Office of School Site Support.
2. **Definitions**
  - a. **Public works:** Any work of improvement contracted for by a public entity (Civil Code Sections 3100, 3106).
  - b. **Contractor:** The prime or general contractor, not including subcontractors.
  - c. **Estimated value of the project:** An estimate of the cost of a project made by the district Architect's Office prior to putting out a project for bid.
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.

**b. Criteria for prequalification of a general contractor**

- (1) **Current and appropriate license.** A general contractor must have the appropriate license applicable to the project being prequalified.
- (2) **Current California insurance.** A contractor must have current California admitted insurance rated A- or better.
- (3) **Public works experience, bonding capability, and financial capacity.** There are three (3) criterion areas for setting the bid limitation on a contractor: public works experience, bonding capability, and financial capacity. The lowest of the three determined amounts establishes the maximum estimated value of a project for which a contractor may bid.
  - (a) **Public works experience.** Contractors are required to submit evidence of successful completion in the last seven years of at least two public works projects. The values of the two projects of highest value are averaged. This average value is then multiplied by a factor of 1.33 for projects with an estimated value of under ten million dollars (\$10,000,000), or by a factor of 2.0 for projects with an estimated value of ten million dollars or greater. This result is rounded to the nearest \$100,000.
  - (b) **Bonding capacity.** 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.** The lesser of the contractor's working capital or net worth, plus the amounts from any letters of credit. 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. A contractor's working capital and net worth are then determined. Working capital, for this purpose, is defined as ten times the difference of current assets minus current liabilities; net worth is defined as ten times the difference of assets minus liabilities. The lesser of these two is then used as a basis for determining financial capacity. Letters of credit are also accepted;

their value is added to the derived total (capital or net worth) and rounded to the nearest \$100,000.

- (4) **Adequate past performance rating based on responses to a standard questionnaire.** Contractors must respond to a standard questionnaire, scoring at least 100 out of a possible 200 points. Areas covered by the questionnaire include:
- (a) Adequacy of personnel
  - (b) Adequacy of job supervision
  - (c) Adequacy of equipment provided on job
  - (d) Timeliness of reports and other paperwork
  - (e) Timeliness of work completion
  - (f) Excessiveness and performance quality of change orders
  - (g) Warranty performance
  - (h) Overall job performance
  - (i) Quantity of stop notices/liens
  - (j) Unfavorable arbitration awards

All of the above criteria are supported by Public Contract Code section 20111.5.

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

## **D. IMPLEMENTATION**

1. **Contractor** completes and submits a "Prequalification Package" (E.1.). Although earlier deadlines for submittal of the "Prequalification Package" may be set by the district, legally a contractor may submit this package up to five (5) working days prior to the bid opening.

**2. Facilities Contracts Office**

- 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 Package"; contacts internal auditor if assistance is needed to verify financial data.
- c. Convenes three-member review panel of district employees familiar with prequalification process to review data and complete a "Panel Member Evaluation Worksheet" (E.2.).
- d. Notifies contractor of results of review at least two (2) working days prior to bid opening, indicating contractor's maximum bid value.
- e. If a contractor appeals review panel's decision, calls to order a three-member appeal panel made up of Facilities Management Division management/supervisory staff, none of whom served on that contractor's review panel; 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 the Contracts Office)

1. Prequalification Package
2. Panel Member Evaluation Worksheet

**F. REPORTS AND RECORDS**

1. Contracts Office retains the completed forms for a minimum of three years from date of prequalification.

**G. APPROVED BY**

*Kerry B. Flanagan*

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Chief of Staff, Kerry Flanagan  
For the Superintendent of Schools