

DATE ISSUED: September 17, 2003

REPORT NO. 03-192

ATTENTION: Public Safety and Neighborhood Services Committee  
Agenda of September 24, 2003

SUBJECT: Mentor-Protégé Program Update

### SUMMARY

THIS IS AN INFORMATIONAL ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COUNCIL.

### BACKGROUND

The City of San Diego's Mentor-Protégé Program was implemented in April, 2000 after the City Manager was authorized to move the program forward. The Program is a public/private partnership created to: enhance the capacity and or capabilities of protégé firms to perform as prime and/or subcontractors on public works and commercial contracts and facilitate the formation of long term business relationships that benefit the City, its citizens, other agencies and the business community. It was designed in cooperation with the Associated General Contractors of San Diego (AGC) and modeled after a program implemented by the Port of Portland.

A formal board was established to serve in an advisory capacity to establish policy, solicit volunteers, participate in the selection process for mentors and protégés, and monitor the progress of the program. Representatives include the City, Convention Center Corporation, County, San Diego County Water Authority, School District (invited), AGC, American Subcontractors Association, Black Contractors Association, California Southern (banking representative), San Diego Contracting Opportunities Center, Latino Builders Industry (invited) National Association of Women in Construction, National Electrical Contractors Association (no longer active) and Women Construction Owners and Executives. The cost of the program was estimated at \$15,000 per protégé per year. Program sponsors include City, County, Convention Center Corporation and County Water Authority. These sponsors provide funds for the operation of the program. The AGC provides mentors at no cost and other in-kind services such as free membership and training opportunities to the protégés.

## DISCUSSION

The Advisory Board began meeting in June 2000. Formal selection processes for both mentors and protégés were developed. The process for selecting protégés included broad based advertising, review/shortlist applications (by a selection committee established by the Advisory Board), interviewing short-listed applicants, conducting site visits and recommending three finalists to the Advisory Board for confirmation. Mentors were recommended by the AGC, who then submitted company information/qualifications, were interviewed and confirmed by the Advisory Board. On April 30, 2001, Participation Agreements were entered into with three (3) mentor protégé teams:

### PROTEGES

Accurate Engineering  
Aldrica Lattimore, President

R.J. Romero Construction Company\*  
Joseph R. Romero, Owner

RKC Construction, Inc.  
Rick Cameron, CEO

St. Thomas Enterprises  
Christina Gomez-Holben, President

### MENTORS

Soltek Pacific  
Steve Thompson, President

Sundt Construction  
Tom Remensberger, President

J.R. Filanc Construction Company  
Peter Filanc, President

Riha Construction Company  
Ken Riha, President

The Participation Agreement, developed by the Advisory Board, establishes the duties and commitments of mentors, protégés and the program sponsor (City of San Diego). It also identifies three primary performance measures. Additional performance measures had been developed when the program was initially introduced, however, as implementation began the need for customized performance measures became apparent. Attachment 1 is a copy of a blank agreement and original performance measures.

To facilitate the relationship building process necessary for the success of the program, group meetings were held in addition to one-on-one monthly mentor protégé meetings. After a number of one-on-one meetings, the specific needs of the protégés were identified, with the main theme being financial solvency. The services of a Certified Management Accountant (CMA) and/or a Certified Public Accountant (CPA) were retained to conduct comprehensive financial reviews. Based on these reviews and additional discussions, all three mentors recommended the protégés be provided with construction specific computer software to assist them with job scheduling, cost accounting and other construction specific issues.

Additional one-on-one meetings revealed the need to immediately and aggressively

\*shortly after being selected, R.J. Romero revealed they were experiencing significant financial hardship, were in the process of entering into bankruptcy and withdrew from the Program. St. Thomas Enterprises and Riha Construction replaced R.J. Romero and Sundt.

address the significant financial challenges each protégé was experiencing. Therefore, the initial performance measure of developing a business plan became a lower priority. Each protégé, with the guidance of their mentors, a strong desire to succeed, the willingness to work hard, and with assistance from City staff, is well on their way to achieving a higher level of financial stability and are in various stages of developing a business plan.

To further support the progress of the Program, quarterly feedback meetings are held with City staff, mentors and AGC's representatives on the Advisory Board to facilitate programmatic progress. These meetings have provided a forum for open discussion on commitments, follow through, challenges, successes, obstacles, recommendations, etc.

There was a recommendation to partner more closely with the Minor Construction Program in an effort to build on the successes of both programs, particularly the ability to further develop and expand the capabilities of emerging businesses interested in bidding on City projects. The first of a series of meetings involving City staff from Community and Economic Development, Equal Opportunity Contracting, Engineering and Capital Projects, City Attorney and Risk Management, representatives from Driver Alliant Insurance, John Burnham Company, J. R. Filanc Construction, Soltek Pacific, Riha Construction and the AGC have begun to discuss programmatic and process barriers impeding the success of the protégés. Protégé firms will also be part of these discussions.

Attachment 2 provides specific activities/accomplishments of the program and participants, program challenges and improvements, and next steps. The Program is now positioned to begin the process of supporting additional protégé firms. This will be done very carefully and will involve the participation of the Mentor Protégé Advisory Board, current mentors and staff. Sponsorships will be sought from current sponsors as well as new ones.

Respectfully Submitted,

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Debra Fischle-Faulk, Deputy Director  
Community Services Division

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Hank Cunningham, Director  
Community & Economic Development

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Approved: Bruce Herring  
Deputy City Manager

Attachments: 1. Mentor Protégé Program Participation Agreement  
2. Detailed Program Successes

## **ATTACHMENT 1**

### **CITY OF SAN DIEGO MENTOR-PROTÉGÉ PROGRAM PARTICIPANTS AGREEMENT**

#### **PREAMBLE**

As participants in the City of San Diego Mentor-Protégé Program, we shall use all of our ability, in an atmosphere of enthusiasm and mutual professionalism, to strengthen the construction industry in a manner that is beneficial and effective for all parties, which meets the stated mission, goals and objectives of the program, and provides maximum benefit to the community.

#### **RELATIONSHIPS**

The relationship among mentor, protégé, and the sponsor is voluntary. All parties will foster open, candid, and timely communications that avoid surprises.

#### **COMMITMENTS**

The mentor is committed to providing an adequate amount of time. The protégé is committed to keeping the mentor fully informed. The sponsor is committed to coordinating the Mentor-Protégé Program. All will act with a sense of urgency and mutual respect for each other's time.

#### **DUTIES**

##### ***Mentor:***

1. attend all scheduled meetings
2. review protégé material (business plan, implementation plan, etc.)
3. review protégé key indicators (cash flow, bonding, bids, projects, etc.)
4. recommend areas of improvement
5. follow up on mutual agreements for action

##### ***Protégé:***

1. attend all scheduled meetings
2. present complete and up-to-date information ( business plan, implementation plan, cash flow, bonding, bids, competitive analysis, major projects, etc.)
3. implement changes mutually agreed upon
4. request assistance as necessary

***Sponsor:***

1. provide oversight
2. facilitate support services
3. run board meetings
4. receive status reports

**PERFORMANCE MEASURES**

1. The protégé will demonstrate continuous incremental improvement from quarter to quarter and year to year in their capital, capacity and character.
2. The protégé will transition from the program in one to three years.
3. The protégé will show a higher than average success rate while in the Program.

**SIGNATURES**

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Mentor

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Protégé

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City of San Diego - Mentor Protégé Program  
Sponsor

City of San Diego  
Mentor Protégé Program Details

**SUCSESSES**

- ◆ Provided funding to protégés for: accounting software; program set-up and training; legal services; accounting services; and other training including numerous SD County Water Authority and AGC sponsored training sessions at no cost.
- ◆ All protégés are enrolled in Minor Construction Program.
- ◆ Provided extensive technical assistance related to City bidding/award process, submittal and payment of change orders and scheduling, obtaining lines of credit, attending and participating in specific problem solving meetings.
- ◆ Formed the Mentor Protégé/Minor Construction Program partnership to address issues faced by small emerging firms when attempting to do business with public works agencies (i.e. insurance & bonding, timely procurement processes, work compatibility, claims management, etc.).

**CONTRACTS (FY03)**

***Accurate Engineering:***

- \$120,000 Camp Pendleton (awarded, prime contractor)
- \$227,000 City Schools Projects (awarded, subcontractor)
- \$25,000-\$100,000 Dept.of Veterans Affairs As Needed (awarded, prime contractor)
- \$500,000 Basic Ordering Agreement with U.S. Navy (awarded, prime contractor)
- \$ 9,000 City SDPD Walk-in Refrigerator Project (awarded, subcontractor)

***RKC Constructors:***

- \$300,000 City Street Interceptor Project (awarded, prime contractor)
- \$ 58,000 Otay Water District Project (awarded, prime contractor)
- \$256,000 Private Water Line Project (awarded, prime contractor)
- \$ 70,000 City Minor Construction Project (awarded, prime contractor)
- \$ 80,000 Water Line Project, Ramona (bid, awaiting results)

***St. Thomas Enterprises:***

- \$750,000 City MWWD MOC Project (awarded, prime contractor)

## PROGRAM PARTICIPANT COMMENTS

### Successes:

- Financial awareness of individual protégé firms has vastly improved.
- Financial position of individual protégé firms has improved.
- Strong commitment to program success by both mentors and protégés.
- Great working partnerships between City staff, mentors and protégés.
- Once problems are identified, immediately take action to resolve them.

### Obstacles/Barriers to Success:

- Insurance and bonding requirements.
- Maintaining bonding capacity.
- Timeliness of procurement process (sometimes have to wait for months for notice to proceed).
- Work compatibility (match projects with individual contractor's expertise when doing outreach on Minor Construction Program projects).
- Claims management (sometimes have to wait months before approval of change orders and or claims which significantly effects cash flow of small and emerging contractors).

### Suggested Improvements:

- Concentrate initially on creating correct financial reports and information, and then proceed with business plan development.
- Have mentor perform an in-house audit of protégé's business operations and together, create an action list to address all deficiencies.
- Prioritize this action list and assign dates and responsibilities.
- Identify training needs and create a plan to implement necessary training.
- Tie the budget into the individual plans.
- Identify achievement milestones that measure the success of the protégés and the program.
- Continue to meet and work with Program participants, Minor Construction Program, Risk Management, Engineering, Purchasing and City Attorney staff and insurance/bonding industry representatives to explore opportunities to remove barriers and obstacles.
- Schedule regular protégé meetings to facilitate continued Program progress and provide an opportunity for them to support one another.

### Next Steps:

- Identify additional sponsors.
- Expand the program.