



THE CITY OF SAN DIEGO

## Report to the City Council

DATE ISSUED: February 2, 2017 REPORT NO: 17-004  
ATTENTION: Budget & Government Efficiency Committee  
SUBJECT: Fiscal Year 2016 Business Diversity Annual Report  
REFERENCE: N/A

### REQUESTED ACTION:

Informational report only.

### STAFF RECOMMENDATION:

Informational report only.

### EXECUTIVE SUMMARY OF ITEM BACKGROUND:

This annual report includes construction, consultant, and vendor participation statistics, programmatic updates/activities and achievements, goals, plans for the future and compliance related activities. The departments that have contributed to the contents of this report include the Purchasing & Contracting Department and Public Works Department. The report covers the period of July 1, 2015 through June 30, 2016.

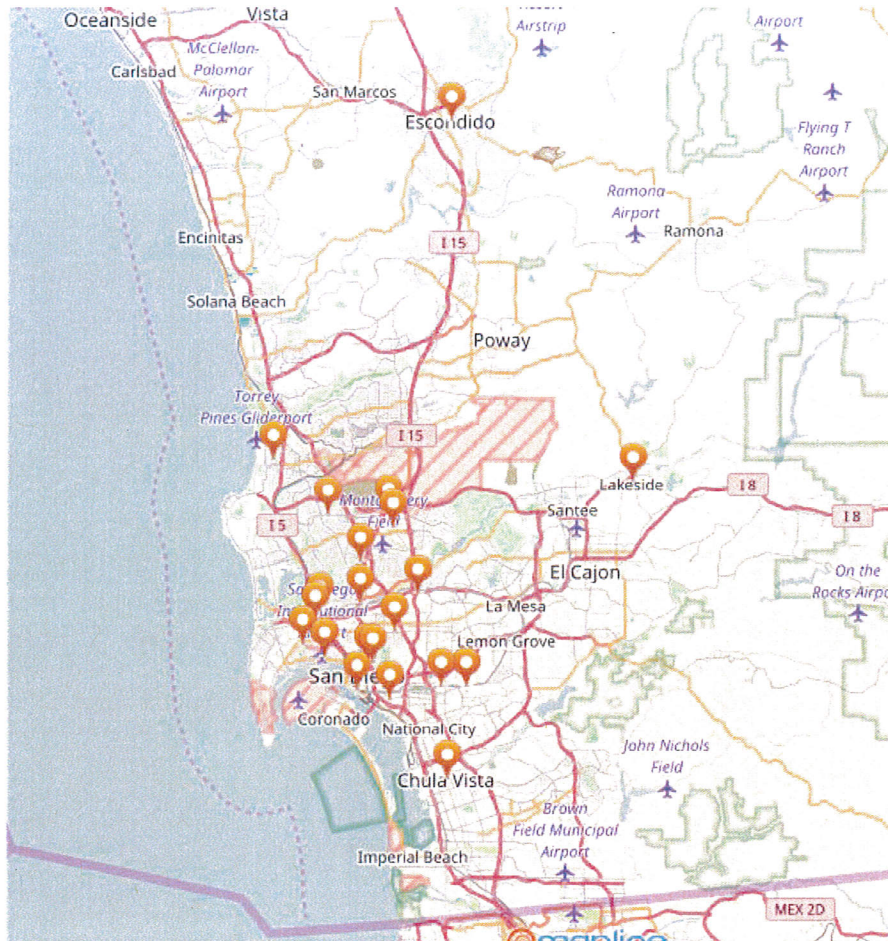
### **Small Local Business Program Overview**

The City adopted its Small Local Business Enterprise (SLBE) Program in 2010, with the intent of providing a race and gender neutral tool to help stimulate and promote the utilization of the City's local business community. The program, which has existed for six years, has allowed for significant opportunities within the City's procurement of goods and services, construction, and architectural and engineering (A&E) consultant contracts. Benefits of becoming certified as an SLBE or Emerging Local Business Enterprise (ELBE) include restricted bidding opportunities, bid discounts and preference points, as well as mandatory subcontracting participation goals specific to City certified firms in construction contracts.

### **Community Outreach is Yielding Positive Results**

A main focus for the Equal Opportunity Contracting (EOC) Program during the fiscal year was to establish a robust pool of certified firms within the SLBE program. Staff attended multiple outreach events alongside our Public Agency Consortium (PAC) counterparts and the Small Business Development Center to promote the benefits of becoming certified within the SLBE program. The map below shows the various locations throughout the County where

staff spent time engaging small business with the intent of increasing the number of certified firms within the program.<sup>1</sup>



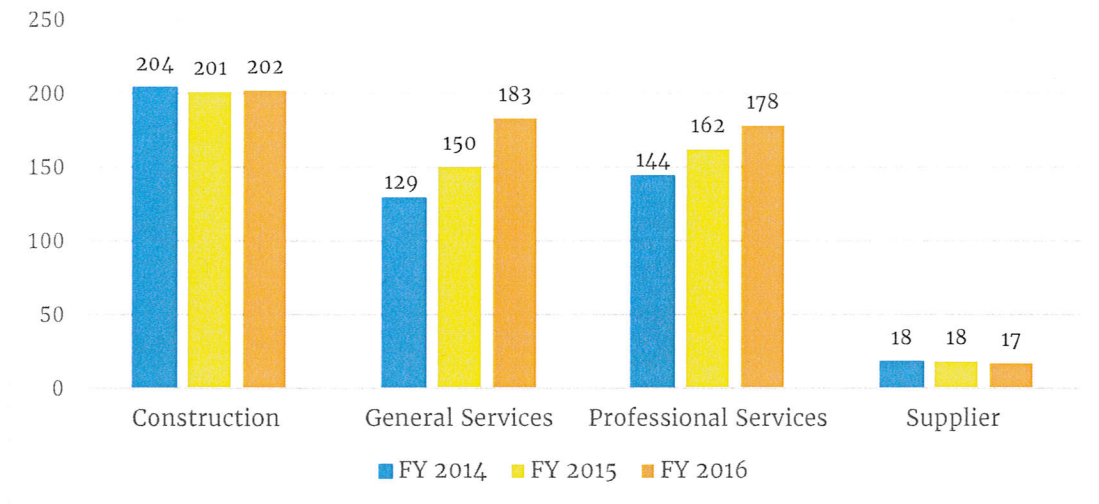
The increase in outreach has helped steadily grow the number of certified firms within the SLBE program. The SLBE program currently has 580 certified firms in various service categories, with an increase noted in the areas of general services and professional services. Firms seeking to become certified as a SLBE or ELBE firm must meet eligibility requirements including income documentation<sup>2</sup> and proof that the business is local.

The graph below shows the number of certified firms in the SLBE program during the last three fiscal years with FY 2016 having the most certified firms to date!

<sup>1</sup> The table in Attachment 1 provides detailed information on the events attended, including name, purpose, and number of attendees.

<sup>2</sup> Income documentation requirements are automatically waived for firms certified as a Micro Business or Disabled Veteran Business Enterprise (DVBE) by the California Department of General Services (DGS).

### SLBE Program Certified Firms by Service, FY 2014 - FY 2016



#### State Senate Recognizes EOC Outreach Efforts

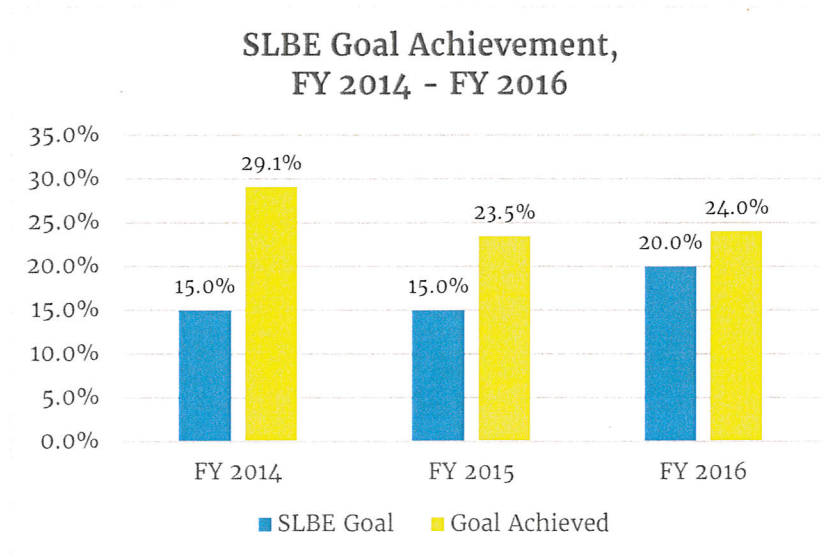
EOC is proud to report that our community outreach efforts during the fiscal year did not go unnoticed. Senator Marty Block presented staff with a certificate of recognition for supporting small business within San Diego County.



### SLBE Participation Rates Continue to Exceed Goals

The Public Works Department continues to be a valued champion and partner of the SLBE program. For FY 2016, the Public Works Department established a goal of 20 percent SLBE participation for CIP construction and A&E Consultant contracts. Public Works continues to make every effort to package as many eligible CIP construction projects for restricted competition; sheltering and creating prime contracting opportunities for the City's certified small and emerging local businesses.

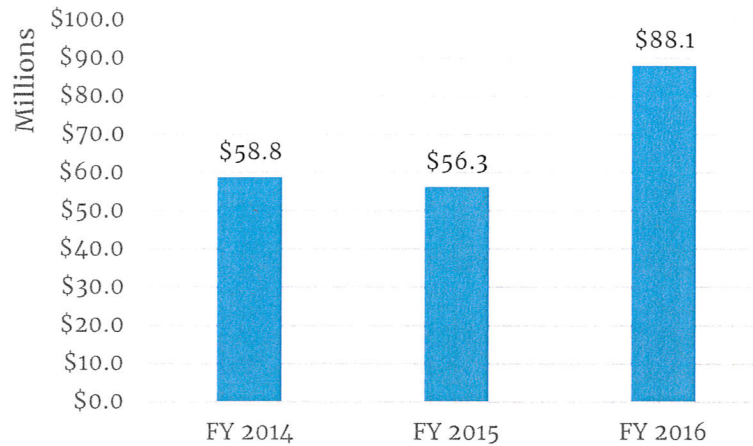
We are pleased to report that the City has exceeded the annual SLBE participation goal yet again. By engaging both internal and external stakeholders, contracting and consultant industries, and with the support of the City's executive team and Mayor, participation by SLBE/ELBE firms on CIP projects with SLBE requirements was 24 percent<sup>3</sup>. The graph below shows the extent to which the City has exceeded SLBE participation goals over the last three fiscal years.



Additionally, the dollar value of awards to SLBE/ELBEs has increased substantially from FY 2014 to FY 2016, as shown in the graph below.

<sup>3</sup> Percentage is based on collective totals for Construction and A&E Consultant contracts that contained SLBE subcontracting program requirements.

### Awards to SLBE/ELBEs, FY 2014 - FY 2016



#### Awards to Certified Firms in Construction Contracts Continues to Increase

During FY 2016, Public Works issued 159 contracts<sup>4</sup> totaling \$440 million dollars, an increase of \$211.7 million from FY 2015. Of the \$440 million, \$97.3 million was awarded to certified firms. The certifications recognized by the City, aside from SLBE and ELBE, include Disadvantaged Business Enterprise (DBE), Disabled Veteran Business Enterprise (DVBE), Minority Business Enterprise (MBE), and Woman Business Enterprise.<sup>5</sup>

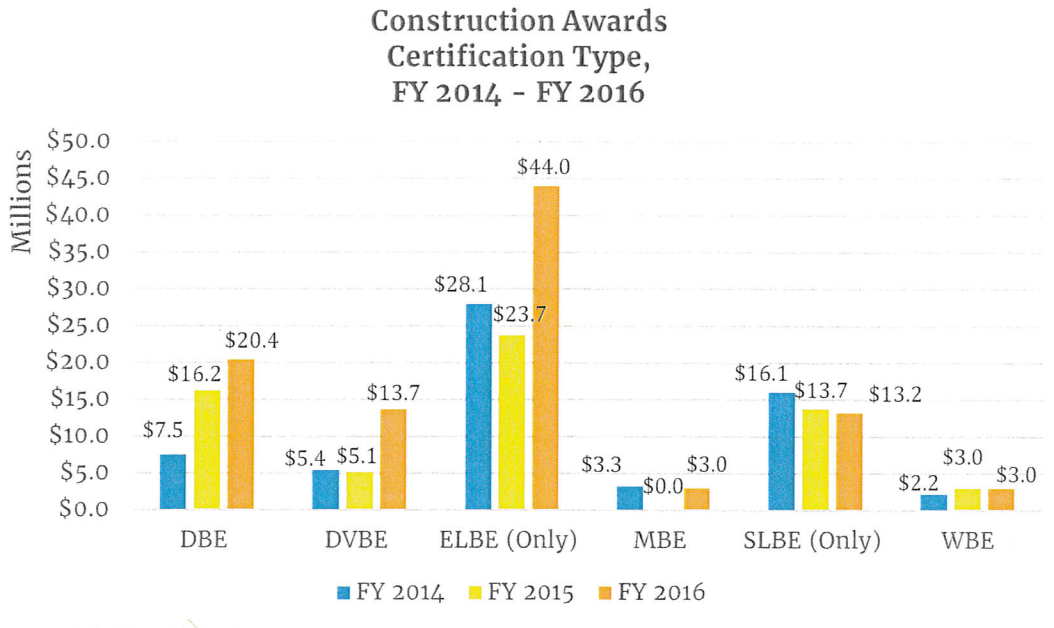
It is important to note that it is difficult to do a true year-over-year comparison of the awarded dollars during each fiscal year due to several factors, including:

1. **Asset Type** – The City does not issue the same number of contracts each year for the same type of asset (i.e. surface improvements, water/sewer pipelines, paving, etc.), which impacts the number of available certified firms eligible to participate on City contracts due to the scope of work.
2. **Contract Sizing** – To protect City interest, larger projects require contractors to have a larger bonding capacity. The larger the contract and bonding requirement, the less likely a smaller firm or disadvantaged business will be able to participate on the contract as a prime contractor.
3. **Funding Source** – The City applies for grants and loans from various State and Federal agencies each year to be utilized for various projects. Each agency may have its own subcontracting program requirements and may impact the type of bidder that will submit a bid for the project and the utilization of the required certified firms. The State and/or Federal agency funds utilized on projects during this fiscal year is discussed later in this report.

<sup>4</sup> Contracts include major and minor construction contracts, sole source contracts (including emergency), and task orders as defined by SDMC §22.3003.

<sup>5</sup> Certifying agencies for these designations include the California Department of Transportation (DOT); California Public Utilities Commission (CPUC) and California Department of General Services (DGS).

The graphs below show the dollar value of construction contracts awarded to the various City recognized certified firms.<sup>6</sup> There has been a steady increase in the number of firms and total dollars awarded in each of the various certified categories over the past three fiscal years as the CIP continues to grow and increase expenditures.



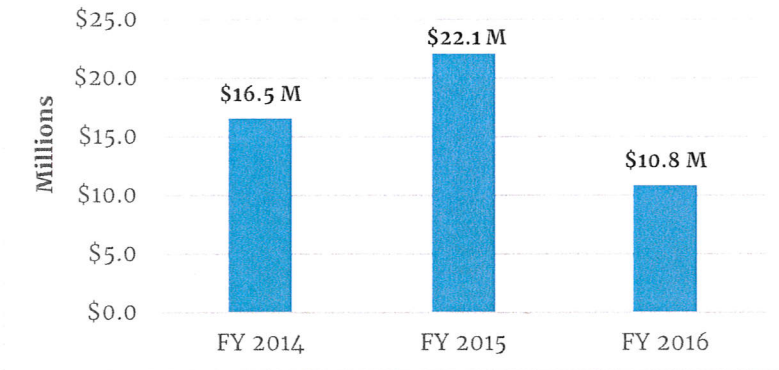
The diversity of awards based on ethnic group for FY 2016 was \$51 million which is \$6.9 million less than award totals for FY 2015. The table below shows the diversity of contract awards for the last three fiscal years for all projects regardless of funding source (City, State, Federal).

Ethnicity	FY 2014		FY 2015		FY 2016	
	# Awarded	Dollar Amount	# Awarded	Dollar Amount	# Awarded	Dollar Amount
African-American	9	\$ 1,919,565	5	\$ 1,295,951	6	\$ 1,048,560
Asian Pacific	27	\$ 523,632	9	\$ 351,993	5	\$ 609,616
Asian Subcontinent	3	\$ 364,197	6	\$ 929,872	2	\$ 307,580
Caucasian	492	\$ 125,663,342	498	\$ 170,328,054	746	\$ 389,001,517
Latino	150	\$ 59,724,116	121	\$ 50,281,328	134	\$ 46,193,061
Native American	10	\$ 614,230	9	\$ 5,123,361	10	\$ 2,927,632
<b>Total</b>	<b>691</b>	<b>\$ 188,809,082</b>	<b>648</b>	<b>\$ 228,310,559</b>	<b>903</b>	<b>\$ 440,087,966</b>

<sup>6</sup> Information on Construction contract awards is available in table format in Attachment 2.

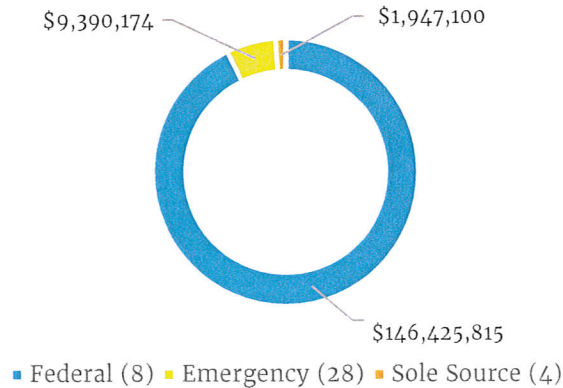
Participation by female-owned firms during fiscal year 2016 totaled \$10.8 million dollars. This is a significant drop from the last fiscal year in which \$22.1 million dollars went to female-owned firms on construction contracts.

### Construction Contracts Female-Owned Business, FY 2014 - FY 2016



During FY 2016, 40 Public Works contracts totaling \$157.7 million were awarded with requirements other than SLBE subcontracting participation. Contracts may be exempt from SLBE requirements if there is an additional funding source (State and/or Federal) or if the contract is considered an Emergency or Sole Source. The breakdown of the 40 projects that were not subject to SLBE program requirements is shown below.

### Non-SLBE Public Works Contracts, FY 2016



The Federal and/or State funding agencies utilized for Public Works projects during this fiscal year include:

1. Department of Transportation (DOT) - Federal Highway Administration (FHWA);

2. California State Water Resource Control Board (SWRCB) – Safe Drinking Water State Revolving Fund (SDWSRF) and Clean Water State Revolving Fund (CWSRF);
3. Department of Housing & Urban Development (HUD) – Community Development Block Grant (CDBG); and
4. Department of Transportation (DOT) – Federal Aviation Administration (FAA)

Each of the agencies above requires their own subcontractor participation program, which precludes the City's ability to incorporate the SLBE Program and mandatory SLBE subcontracting goals. The subcontracting requirements for each of the agencies is as follows:

1. Federal Highway Administration (FHWA) – Mandatory DBE goal established based on availability by work category code. Bidder is required to meet the goal or submit good faith effort documentation (GFE).
2. Safe Drinking Water State Revolving Fund (SDSRF) – 11 percent MBE; 4 percent WBE subcontracting fair share goal established by Environmental Protection Agency (EPA) for Region 9<sup>7</sup>. Bidder is to submit GFE documentation regardless if subcontracting goal has been met.
3. Clean Water Safe Revolving Fund (CWSRF) – 2percent MBE; 1percent WBE subcontracting fair share goal established by EPA for Region 9. Bidder is to submit GFE documentation regardless if subcontracting goal has been met.
4. Community Development Block Grant (CDBG) – 5 percent Small Disadvantaged Business (SDB); 5 percent Women-Owned Small Business (WoSB); 3 percent HUBZone Small Business (HubZone); 3 percent Service Disabled Veteran-Owned Small Business (SDVoSB) subcontracting fair share goal established by HUD and the U.S. Small Business Administration (SBA). Bidder is to submit GFE documentation regardless if subcontracting goal has been met.
5. Federal Aviation Administration – Mandatory DBE goal established based on availability by North American Industry Classification System (NAICS)<sup>8</sup> code. Bidder is required to meet the goal or submit good faith effort documentation.

The remaining 119 Public Works contracts awarded during this fiscal year included 86 major contracts totaling \$275.3 million and 33 minor contracts totaling \$6.9 million dollars. The 86 major contracts identified contained mandatory SLBE subcontractor participation requirements, while the minor 33 minor contracts were restricted to SLBE/ELBE bidders only.

Below is a breakdown of the distribution of contract dollars to City-certified SLBE or ELBE firms, as well as non-SLBE/ELBE<sup>9</sup> firms with respect to these contracts for the last three

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<sup>7</sup> EPA Region 9 consists of the following states: California, Nevada, Arizona, and Hawaii.

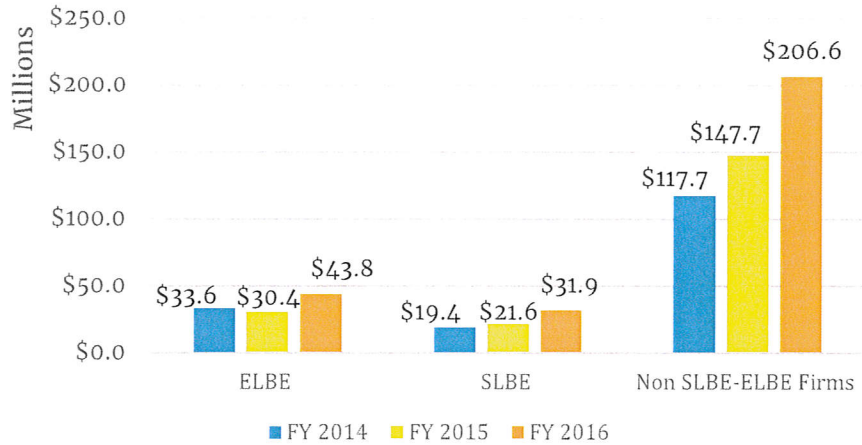
<sup>8</sup> NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Further information can be found here: <http://www.census.gov/eos/www/naics/>

<sup>9</sup> Non SLBE/ELBE firms include non-certified and other City recognized certified firms.



fiscal years. During FY 2016, total contract dollars to SLBE certified firms was \$75.6 million dollars,<sup>10</sup> an increase of \$23.6 million from the previous fiscal year.

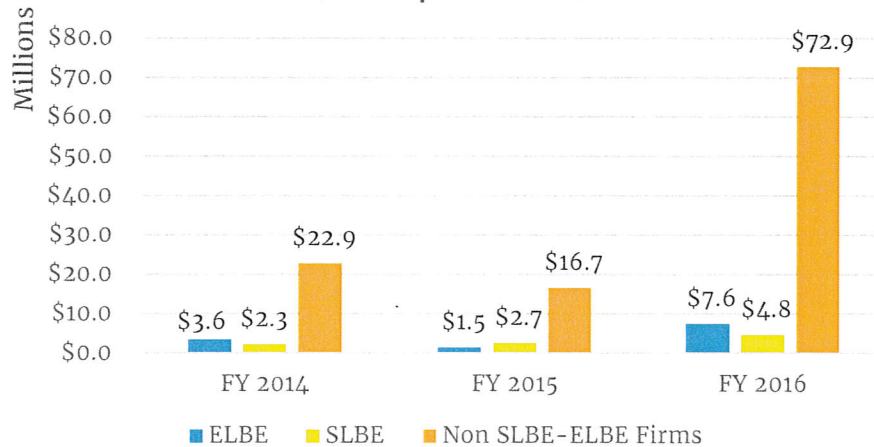
### SLBE Program - Construction, FY 2014 - FY 2016



### Architectural & Engineering (A&E) Consultant Contracts – Awards to Certified Firms Have Increased

The Public Works Department awarded \$85.2 million<sup>11</sup> in A&E consultant contracts during FY 2016, of which \$12.3 million<sup>12</sup> went to certified SLBE or ELBE primes or subconsultants.<sup>13</sup>

### SLBE Program - A&E Consultant, FY 2014 - FY 2016



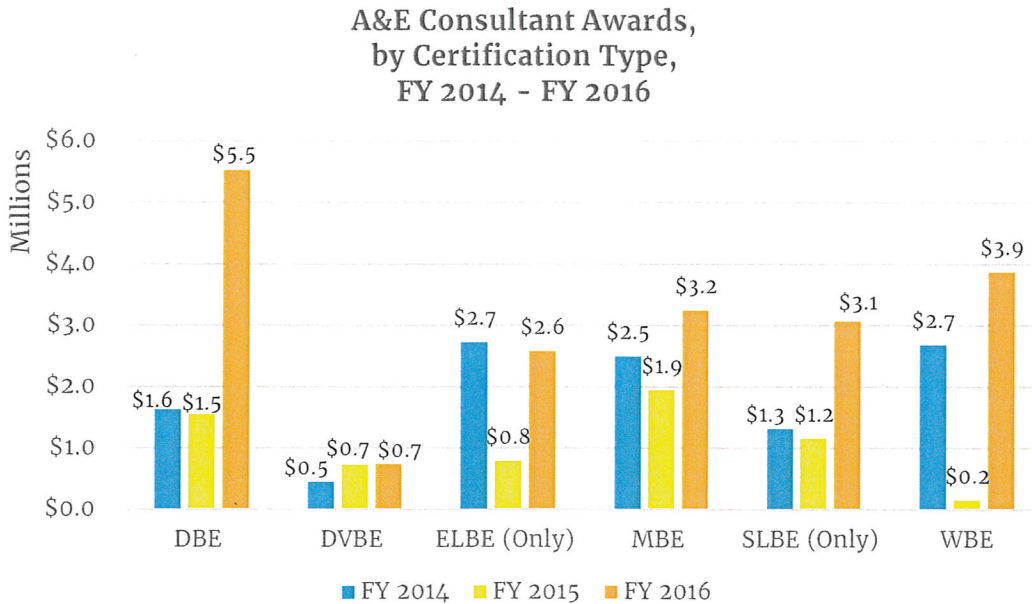
<sup>10</sup> Amount includes awards to both SLBE and ELBE firms.

<sup>11</sup> Total award amount includes stand-alone contract awards, tasks issued under As-Needed contracts, and amendments to contracts awarded previously.

<sup>12</sup> Amount includes awards to both SLBE and ELBE firms.

<sup>13</sup> Information on A&E Consultant contract awards is available in table format in Attachment 3.

The following chart show the distribution of A&E Consultant contract awards based on certification type for the last three fiscal years.



The following table shows the distribution of A&E Consultant contract awards based on ethnicity for the last three fiscal years.

Ethnicity	FY 2014		FY 2015		FY 2015	
	# Awarded	Dollar Amount	# Awarded	Dollar Amount	# Awarded	Dollar Amount
African-American	5	\$ 276,826	6	\$ 35,550	6	\$ 431,677
Asian Pacific	21	\$ 2,935,976	33	\$ 1,065,035	28	\$ 6,795,996
Asian Subcontinent	4	\$ 384,100	5	\$ 226,967	0	\$ 0
Caucasian	199	\$ 23,706,866	249	\$ 17,578,046	250	\$ 75,293,957
Latino	25	\$ 1,420,866	36	\$ 1,963,214	34	\$ 2,127,941
Native American	0	\$ 0	1	\$ 15,180	0	\$ 0
<b>Total</b>	<b>254</b>	<b>\$ 28,724,635</b>	<b>330</b>	<b>\$ 20,883,993</b>	<b>318</b>	<b>\$ 85,279,572</b>

**SLBE in Goods and Services Contracts**

During FY 2016, the Economic Development and Intergovernmental Relations (ED&IR) Committee requested that EOC conduct an analysis of Council Policy 100-10 (CP 100-10), “Small and Local Business Preference for Goods, Services, and Consultants Contracts,” to determine if the policy was in line with industry standards. Staff conducted an extensive study and benchmarking against the various vendor preference programs across the State of California. It was found that the Council Policy was not meeting industry standards, as most of the California agencies reviewed had, at a minimum, a 5 percent bid discount within their local preference program. After compiling supporting data, EOC returned to ED&IR reporting the findings and recommending improvements to the policy. The most significant changes

included increasing the bid discount from 2 percent to 5 percent, thereby increasing the maximum dollar discount cap to \$50,000 from \$10,000. The preference points awarded on consultant contracts was changed to a percentage instead of a fixed point preference in order to ensure preference was relative to the total possible points noted in the Request for Proposal (RFP). Changes to CP 100-10 were implemented in January 2016 and will be monitored by staff accordingly to determine the effectiveness of the implemented changes.

The Purchasing & Contracting Department issued purchase orders totaling \$282.9 million for goods & services contracts that were formally advertised<sup>14</sup> during FY 2016. Of this amount, \$8.5 million or 3.0 percent was awarded to certified DBE/DVBE/ELBE/MBE/SLBE/WBE firms. This is a decrease from FY 2015 in which \$19.1 million was awarded to certified firms.

The table below depicts the distribution of formally solicited goods & services contracts based on certification type for the past three fiscal years.

Certification	FY 2014		FY 2015		FY 2016	
	# Awarded	Dollar Amount	# Awarded	Dollar Amount	# Awarded	Dollar Amount
DBE	28	\$ 1,798,492	26	\$ 1,308,046	6	\$ 478,167
DVBE	84	\$ 1,198,386	52	\$ 2,727,539	55	\$ 2,820,212
ELBE (Only)	5	\$ 460,507	0	\$ 0	15	\$ 1,106,882
MBE	21	\$ 905,713	78	\$ 4,165,463	15	\$ 712,400
SLBE (Only)	4	\$ 642,043	16	\$ 1,418,979	14	\$ 692,117
WBE	197	\$ 3,055,842	156	\$ 9,518,360	184	\$ 2,704,194
Non-Certified	7,650	\$ 158,434,977	8,509	\$ 191,031,843	9,514	\$ 274,413,671
<b>Total</b>	<b>7,989</b>	<b>\$ 166,495,961</b>	<b>8,837</b>	<b>\$ 210,170,231</b>	<b>9,803</b>	<b>\$ 282,927,645</b>

### Vendor Success Stories Highlight the Effectiveness of City Efforts

As the City strives to afford opportunities to the small business sector of the community, it is important to highlight some of the SLBE and ELBE firms that have been awarded contracts, either in the prime or subcontractor capacity, of City procurement; including a brief statement of the services they provide and their feedback on the SLBE program.

#### Allied Geotechnical Engineers, Inc.

Allied Geotechnical Engineers, Inc. (Allied Geotechnical) is a certified SLBE, DBE, and MBE firm that provides professional geotechnical engineering and engineering geology consulting. In business for over 37 years, Allied Geotechnical has been in business with the City since 1981 and has participated on more than 175 projects, including several high profile projects like the Balboa Park Activity Center, New Central Library, San Ysidro Community Plan Update/San Ysidro Historic Village Specific Plan, and the Miramar Clearwell Improvements project. As a subconsultant to larger consulting firms, Allied Geotechnical credits the SLBE Program and certification for helping to assist with the opportunity to team with various prime consultants they previously did not have working relationships with. This

<sup>14</sup> Only contracts in which the Purchasing Agent is required to advertise for sealed bids or proposals in the City's official newspaper shall incorporate a 20 percent Voluntary SLBE Goal and 5 percent bid discount for bids OR up to an additional 12percent of the total possible evaluation points for proposals based on SLBE participation. Refer to Council Policy 100-10 for SLBE Program applicability.

fiscal year, Allied Geotechnical as awarded \$371,518 in subcontract awards in construction and A&E consultant contracts.

*“Based on our 35 year history of successfully completing a broad spectrum of large projects for the City, being SLBE certified, and having understanding and knowledge of the City’s engineering design standards, we have been successful in approaching and marketing ourselves to prime consultants. Prime consultants see us as a desirable and versatile partner as they pursue City projects.”*

*– Tiong J. Liem, President*

A-1 Fire Protection, Inc.

A-1 Fire Protection, Inc. (A-1 Fire) is a female owned ELBE firm that provides installation of automatic fire sprinklers. A-1 Fire began working with the City in April 1999, performing work on the Children’s Museum. Since then, A-1 Fire has completed over 2,452 projects with its most significant project to date being the Skyline Library. A-1 Fire is proud to be a part of the SLBE Program as it has steadily helped them experience new growth and meaningful business opportunities. During this fiscal year, A-1 Fire was awarded \$162,700 in subcontracts on construction projects.

*“I appreciate the fact that the City has actually required SLBE participation goals to be achieved on a per project basis. That requirement put everyone on notice that small businesses would be included to a certain degree on each project. There are a lot of certifications to be had industry wide, but without the participation goals, they mean nothing.”*

*– Jill E. McCarty, Owner*

Cats Excavating, Inc.

Cats Excavating, Inc. (Cats) is an ELBE firm that has been in business for 23 years providing grading services. Cats started doing business with the City in 2015 and since has been awarded 3 sub contracts for projects Fire Station 17, Fire Station 22, and Alta La Jolla Drainage Repair. During the fiscal year, Cats was awarded \$391,602.

*“The SLBE Program is a GREAT program and by being certified as an ELBE we are given more opportunities to bid and participate on City projects.”*

*– Stephen H. Groves, President*

Estrada Land Planning

Estrada Land Planning (ELP) is a certified SLBE, DBE, MBE, and WBE firm that provides landscape architecture. Estrada Land Planning has been in business for 31 years and first started working with the City in 1986. ELP has been a prime consultant on 80 projects and has participated as a subconsultant to other large firms as well. Notable projects under Estrada Land Planning’s portfolio include the Balboa Park Master Plan & Central Mesa Precise Plan, the Barrio Logan Community Gateway Sign, Cortez Hill Park, and the Centre City Streetscape Manual. Estrada Land Planning was awarded \$779,489 in contracts during this fiscal year.

*“The City of San Diego’s SLBE program has helped our firm immensely. The design and engineering local environment is frequently dominated by large International firms and these firms end up with the many of the large local projects. As a result of the SLBE program, our*

*firm is frequently selected to become a member of the larger firm's design teams. I have had many women of color come up to me after a community meeting on one these large projects and thank me for showing them that there is a role for women in the male dominated design world. Yes, the program does help our office but the positive impact on the affected communities is the real value of the program."*

*- Vicki Estrada, President*

RAP Engineering, Inc.

RAP Engineering, Inc. (RAP) is a certified SLBE, DBE, and MBE firm that provides asphalt paving and grading work. Having been in business since 2009, RAP first started working with the City in 2011 by providing asphalt paving. Since then, RAP has been awarded at least 26 contracts with the City, some of which include the New Central Library, Sewer & Water Group projects 940 and 1004, Upas Street Pipeline, and the Skyline Branch Library. RAP has been awarded \$6,849,902 during FY 2016.

*"Since obtaining our SLBE certification, we have had the opportunity to bid on more projects as well as participate on more substantial projects built for the City of San Diego."*

*- Robert Perez, Jr., President*

Montgomery Construction Services, Inc.

Montgomery Construction Services, Inc. (MCSI) is a certified SLBE and DBE firm that specializes in site grading, site concrete, structural concrete, and masonry. MCSI has been in business since 2007 and began performing work for the City in 2014. They have been awarded three contracts which include the Skyline Temporary Fire Station, San Diego Fire Station #45, and Horton Plaza 4<sup>th</sup> Street. During FY 2016, MCSI was awarded \$158,140.

*"Under the SLBE program we have been able to apply for and receive contracts, employ people in the community, participate in the beautification and efficiency of the City of San Diego and learn the systems in place to help manage a successful project."*

*- Patricia Montgomery, Owner*

San Dieguito Engineering, Inc.

San Dieguito Engineering, Inc. (SDE) is a SLBE, DBE, and WBE certified firm that provides Civil Engineering services for sewer, storm, water improvement plans, road improvements, grading plans, and land surveying services. SDE has been in business for 42 years and first started working with the City in 2013. Since then, SDE has been awarded 11 contracts with the City performing subconsultant work on projects including San Vicente Pipeline, Otay Mesa Storm Drain Upgrade, Pure Water Program, Sewer Group 949 and 946, and the Lake Hodges Bathymetry Study.

*"The E/SLBE Program is a great program to promote small local businesses. Since the recession, the amount of work in San Diego County has reduced greatly in the private sector, therefore there has been more competition in the public industry with the influx on private development engineering companies. Small businesses are still in business because of these types of programs, until we have enough projects for all the engineering companies in San Diego County. It is critical that programs like the City of San Diego E/SLBE Programs continue to promote small local businesses to ensure our local economy stays strong. I truly appreciate*

*the City's work in this endeavor. The MACC program was a huge win and an opportunity for us to perform work for the City."*

*– Annie Aguilar, President*

**Contract Compliance: Pre-Award Activities Are Increasing**

EOC staff continues to ensure vendors awarded contracts are in compliance with various Municipal Code and Council Policy requirements the division is tasked with overseeing.

The pre-award team of EOC is responsible for handling review of all action related documents (Mayoral & Council driven); analyzing work force reports, equal employment opportunity (EEO) plans, and verifying non-discrimination in contracting. During the advertisement phase of procurement, the pre-award team is involved in participating in pre-bid/pre-proposal meetings, addressing questions related to EOC and/or SLBE requirements via addendum, and conducting bid evaluations to ensure compliance with required subcontractor participation requirements.

The information below shows the number of compliance related activities pre-award staff engaged in during the fiscal year.

<b>Compliance Activity</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
Bid Evaluations	230	116	83
City Good Faith Effort (GFE) Reviews	23	24	19
Federal GFE Reviews	12	7	0
Pre-Bid/Pre-Proposal Meetings	143	122	106
Proposal Evaluations	49	95	150
Proposal Interview Panels	12	3	8
Action Documents Processed			
PA2625 (Mayoral Action)	280	262	275
1544 (Mayoral Action)	105	75	89
E1472 (Council Action)	241	211	252
Equal Employment Opportunity (EEO) Plan <sup>15</sup>	51	46	28

**Contract Compliance: Post-Award Activities Are Increasing**

The post-award team of EOC is responsible for contract compliance monitoring after the award of a contract which includes attending pre-construction/pre-job meetings, conducting site visits/employee interviews, monitoring subcontractor participation levels, monitoring payment of prevailing wages, and monitoring apprenticeship utilization.

Prevailing Wage Ordinance 0-20299 was passed by City Council on September 10, 2013, and requires that all contracts and task orders awarded, entered into, or extended on or after January 1, 2014, utilizing City funds, must comply with California Labor Code and the payment of prevailing wages. This specifically applies to any construction work over \$25,000 or alteration, demolition, repair or maintenance work over \$15,000.

Senate Bill 7, approved by the Governor of California on October 7, 2013, added Section 1782 to the California Labor Code which contains language the prohibits a charter city from receiving state funding or financial assistance for a construction project if the city has a

<sup>15</sup> Compliance activity for EEO plan includes request, review, and approval or denial of plan submitted.

charter provision or ordinance that authorizes a contractor to not comply with prevailing wage requirements on any public works project. Further, Labor Code §1782 provides that a charter city may receive or use state funding or financial assistance for its construction projects if the charter city has a local Prevailing Wage Ordinance for all its public works contracts that includes requirements that in all respects are equal to or greater than the requirements imposed by the provisions of existing law governing prevailing wage requirements for public works and that do not authorize a contractor to not comply with existing law governing prevailing wage requirements for public works.

Staff actively monitors all construction and service related contracts that include prevailing wage requirements and will report any work to resolve any issues including under payments, misclassification of employees or apprenticeship violations prior to engaging the Division of Labor and Standards Enforcement (DLSE). Detailed information on prevailing wage monitoring activities for the fiscal year can be found in Report No. 17-005 issued February 2, 2017.

The information below depicts the compliance related activities conducted by the post-award team:

<b>Compliance Activity</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Pre-Construction/Pre-Job Meeting	133	154	290
Certified Payroll Reviews	3,022	8,185	9,387
Delinquency Notices Sent	0	82	45
Labor Code Violations			
Labor Code Violations Sent	0	69	40
Labor Code Monies Received	0	\$62,969	\$28,443
Project Site Visits			
Site Visits Conducted	178	421	167
Employee Interviews Conducted	222	556	238
Monthly Invoicing Reports Reviewed	1,380	2,336	1,313
Monthly Employment Reports Reviewed		5,035	2,549
Final Summary Report (FSR)			
Number of FSRs Received	91	70	85
Number of Verifications Sent	0	334	422
Subcontractor Substitution Requests		18	24
Public Contract Code Violations	0	2	5

### **State and Federal Project Audits Resulted in No Findings**

The Davis-Bacon and Related Acts apply to contractors and subcontractors performing on federally funded or assisted contract in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Like state prevailing wage requirements, Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area.<sup>16</sup> Davis-Bacon wage determinations are established by the Department of Labor. When a project utilizes federal monies or state monies derived from a federal

<sup>16</sup> Information on Davis-Bacon and Related Acts can be found here: <https://www.dol.gov/whd/govcontracts/dbra.htm>

agency, Davis-Bacon requirements will apply to the project. If there is a conflict on a wage determination for a particular craft between the state and federal agencies, the contractor or subcontractor must pay the higher of the two wages.

Agencies that award grants or provide financial assistance may conduct audits to determine whether the City complied with Davis-Bacon and Related Act requirements. Some of these requirements include: noticing and incorporating the appropriate DOL wage decision in contract documents, reviewing certified payroll records, and review of apprentice participation on projects.

During this fiscal year, audits were conducted on two projects with grant funding from federal and state agencies. Information on the audit and findings is shown below.

Date	Agency	Project	Findings
7/21/15	Federal Highway Administration (FHWA)	Florida Drive Median Barriers (K-14-6014-DBB-3)	No findings – Davis Bacon Audit.
10/15/15	State of California Water Resources Control Board (SCWRCB)	Harbor Drive Pipeline Replacement & Lindberg Field 16” Cast Iron Main Replacement Projects	No findings – Davis Bacon Audit.

**Training Opportunities Provided by EOC**

Due to the implementation of the Prevailing Wage Ordinance, EOC set about offering training to both internal and external stakeholders. Internally, staff visited several City departments to help bring understanding and create procedures for implementing the prevailing wage requirements for both formal and informal solicitations.

Staff also provides training to Vendors awarded contracts with prevailing wage who may not understand the requirements or that may be new to using the City’s labor and contract compliance software, PRISM©. Trainings are held bi-weekly at the computer lab located at the Metropolitan Operations Center (MOC) where vendors are able to participate interactively during the session. Information on the trainings provided to both internal and external stakeholders since the implementation of the Ordinance can be found in Attachment 1 of this report.

**Citizen's Equal Opportunity Commission (CEOC)**

Equal Opportunity Contracting continues to facilitate the monthly meetings of the CEOC on the first Wednesday of each month at 6:00 p.m. on the 12<sup>th</sup> floor of the City Administration Building. The Commission is active in the promotion and support of Equal Opportunity in contracting and continue to provide valuable input with regards to critical policy decisions that impact equal opportunity.



Duties of the Commission include:

1. Monitor and/or evaluate the City's Equal Opportunity Program;
2. Advise the Mayor, City Council, Civil Service Commission and other appropriate agencies of City government on a continuous basis;
3. Submit written reports to the Rules Committee and City Council for review;
4. Assist in the recruitment of competent historically under represented individuals and/or businesses, women and persons with disabilities, and
5. Promote the City as an Equal Opportunity Employer to individuals and firms desiring to contract with the City.

During this fiscal year the commission continued to pursue its efforts to achieve the following:

1. Request to amend Municipal Code §26.16. The Commission met with Mayoral staff to request two additional commission representatives; one for the advocacy of women and the other for disabled veterans. This request will be completed during FY 2017.
2. Review of City bid and contracting practices. The Commission continues to look for ways to assist the City resolving contracting issues and barriers that may impact SLBE certified and other recognized certified firms.

The Commission will prepare their comprehensive annual report and submit to the Mayor and City Council for review during FY 2017.

### **Conclusion**

EOC is proud of the progress that has been made during this fiscal year. We will continue to work closely with all vendors (construction, consultant, and goods & services) to promote and ensure equal opportunity, economic development, and inclusionary practices via outreach and education.

### CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal # 3: Create and sustain a resilient and economically prosperous City.

Objective # 3: Diversify and grow the local economy.

### FISCAL CONSIDERATIONS:

N/A

### EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):

N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

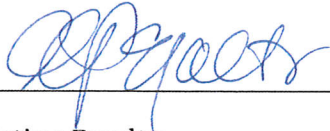
N/A

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS:

N/A

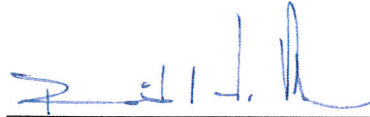
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

N/A



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Kristina Peralta  
Director, Purchasing & Contracting



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Ronald H. Villa  
Deputy Chief Operating Officer

### Outreach Events

<b>Date</b>	<b>Name of Event</b>	<b>Location</b>	<b>Purpose of Event</b>	<b>Attendance</b>
7/7/2015	Elite SDVOB Monthly Chapter Meeting	2115 Park Blvd San Diego, CA 92101	Small business networking event	20
7/16/2015	Public Works - SLBE/ELBE Meeting	2131 Pan American Plaza San Diego, CA 92101	Receive and discuss programmatic input from construction industry	40
7/17/2015	North San Diego SBDC Meet the Buyers Event	3030 University Avenue San Diego, CA 92104	Small business networking event	50
7/22/2015	SDUSD Construction Expo	1954 Komet Way San Diego, CA 92111	Small business networking event	100
8/5/2015	Minority Construction Industry Coalition Huddle	6125 Imperial Avenue San Diego, CA 92114	Receive and discuss programmatic input from construction industry	50
8/11/2015	UCSD Outreach Event	9500 Gilman Drive San Diego, CA 92093	Small business networking event	50
8/25/15 - 8/26/15	Navy Gold Coast Small Business Procurement Event	111 W. Harbor Drive San Diego, CA 92101	Small business networking event	1000
9/22/15	Turner School of Construction Management	3225 N. Harbor Drive San Diego, CA 92101	SLBE Program Presentation	
9/24/2015	Small Biz Workshop	5395 Napa Street San Diego, CA 92110	Small business networking event	50
12/9/2015	Public Agency Consortium Meeting	4050 Taylor Street San Diego, CA 92110	Meet with other agencies to discuss upcoming projects, industry standards, and outreach events	15
2/4/2016	Swinerton Builders & San Diego International Airport - Terminal 2 Parking Plaza Kick-off Event	2863 Historic Decatur Road San Diego, CA 92103	Small business networking event	100
2/19/2016	North San Diego SBDC - Meet the Buyers Networking Event	239 S. Kalmia Street Escondido, CA 92025	Small business networking event	75
2/29/2016	2016 MACC Outreach Networking Event	2131 Pan American Plaza San Diego, CA 92101	Small business networking event	100

<b>Date</b>	<b>Name of Event</b>	<b>Location</b>	<b>Purpose of Event</b>	<b>Attendance</b>
3/23/2016	San Diego Contracting Opportunities Center (SDCOC): Contract Connections Speed Partnering Event (1st Annual Event)	2131 Pan American Plaza San Diego, CA 92101	Small business networking event	40
4/13/2016	PureWater - Small Business Outreach Forum #1	567 S. 28 <sup>th</sup> Street San Diego, CA 92113	Small business networking event	21
4/15/2016	North San Diego SBDC - California Procurement Event	4760 Clairemont Mesa Blvd San Diego, CA 92117	Small business networking event	160
4/20/2016	Public Agency Consortium Meeting	4007 Camino del Rio Suite 210 San Diego, CA 92108	Meet with other agencies to discuss upcoming projects, industry standards, and outreach events	20
4/21/2016	OPEN for Government Contracting: Success Series (American Express)	7450 Hazard Center Drive San Diego, CA 92108	Small business networking event	350
4/26/2016	Turner School of Construction Management	3225 N. Harbor Drive San Diego, CA 92101	SLBE Program Presentation	40
4/28/2016	Pure Water - Small Business Outreach Forum #2	9192 Topaz Way San Diego, CA 92123	Small business networking event	25
5/9/2016	Terminal 2 Parking Plaza - Opportunity Awareness Events	365 F Street Chula Vista, CA 91910	Small business networking event	40
5/25/2016	Terminal 2 Parking Plaza - Opportunity Awareness Events	9841 Vine Street Lakeside, CA 92040	Small business networking event	34
6/10/2016	Coalition Construction Expo - Parking Lot Block Party	6125 Imperial Avenue San Diego, CA 92114	Small business networking event	125
6/15/2016	Public Agency Consortium Meeting	4677 Overland Avenue San Diego, CA 92123	Meet with other agencies to discuss upcoming projects, industry standards, and outreach events	20
6/22/2016	Terminal 2 Parking Plaza - Opportunity Awareness Events	404 Euclid Avenue San Diego, CA 92114	Small business networking event	150
6/29/2016	Huddle News - Minority Construction Industry Coalition	6125 Imperial Avenue San Diego, CA 92114	Receive and discuss programmatic input from construction industry	30

**Prevailing Wage Ordinance Training**

Date	Department/Division	Number of Participants
6/13/14		
6/16/14		
6/20/14	Park & Recreation	168
6/25/14		
7/9/14		
7/14/14		
6/27/14	Purchasing & Contracting	30
7/24/14	Public Utilities	40
8/4/14	Public Utilities (Deputy Directors Only)	8
10/28/14	Public Works	12
10/29/14	Public Works	5
11/6/14	Real Estate Assets	18
2/25/15	SD Fire Rescue	9
3/12/15	SD Fire Rescue	4
3/24/15	SD Police	6
4/1/15	Wastewater Treatment Facilities	10
4/2/15		11
7/22/15	Economic Development	16

**Prevailing Wage & PRISM Workshop Training**

Date	Audience	Number of Participants
12/4/15	Vendors	17
12/17/15	Vendors	14
1/15/16	Vendors	13
1/29/16	Vendors	14
2/12/16	Vendors	12
2/26/16	Vendor	18
3/11/16	Vendors	18
3/25/16	Vendors	14
4/15/16	Vendors	18
4/29/16	Vendors	13
5/13/16	Vendors	16
5/27/16	Vendors	7
6/10/16	Vendors	7
6/24/16	Vendors	7

City of San Diego Construction Contract Awards

FY 16

GENDER	# of Award	Dollar Amount	Percent
Male	799	\$429,206,449	98%
Female	104	\$10,881,517	2%
<b>Total</b>	<b>903</b>	<b>\$440,087,966</b>	<b>100%</b>

CERTIFICATIONS	# of Award	Dollar Amount	Percent
DVBE	44	\$13,694,518	3%
ELBE (Only)	163	\$44,015,472	10%
DBE	114	\$20,407,987	5%
MBE	19	\$2,933,113	1%
SLBE (Only)	102	\$13,248,347	3%
WBE	39	\$3,004,242	1%
<b>Sub Total (Certified Firms)</b>	<b>481</b>	<b>\$97,303,679</b>	<b>22%</b>
Non Certified	422	\$342,784,287	78%
<b>Total</b>	<b>903</b>	<b>\$440,087,966</b>	<b>100%</b>
African-American	6	\$1,048,560	0%
Asian Pacific	5	\$609,616	0%
Asian Subcontinent	2	\$307,580	0%
Caucasian	746	\$389,001,517	88%
Latino	134	\$46,193,061	11%
Native American	10	\$2,927,632	1%
<b>Total</b>	<b>903</b>	<b>\$440,087,966</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>	# of Award	Dollar Amount	Percent
ELBE	198	\$43,838,280	16%
SLBE	182	\$31,860,398	11%
<b>Sub Total (SLBE-ELBE)</b>	<b>380</b>	<b>\$75,698,677</b>	<b>27%</b>
Non SLBE-ELBE Firms	397	\$206,626,200	73%
<b>Total</b>	<b>777</b>	<b>\$282,324,877</b>	<b>100%</b>
African-American	4	\$549,682	1%
Asian Pacific	0	\$0	0%
Asian Subcontinent	2	\$307,580	0%
Caucasian	283	\$54,165,317	72%
Latino	82	\$17,823,466	24%
Native American	9	\$2,852,632	4%
<b>Total</b>	<b>380</b>	<b>\$75,698,677</b>	<b>100%</b>

FY 15

GENDER	# of Award	Dollar Amount	Percent
Male	545	\$206,205,197	90%
Female	103	\$22,105,363	10%
<b>Total</b>	<b>648</b>	<b>\$228,310,559</b>	<b>100%</b>

CERTIFICATIONS	# of Award	Dollar Amount	Percent
DVBE	29	\$5,103,971	2%
ELBE (Only)	137	\$23,690,912	10%
DBE	106	\$16,204,806	7%
MBE	1	\$29,200	0%
SLBE (Only)	85	\$13,749,240	6%
WBE	27	\$2,978,983	1%
<b>Sub Total (Certified Firms)</b>	<b>385</b>	<b>\$61,757,112</b>	<b>27%</b>
Non Certified	263	\$166,553,448	73%
<b>Total</b>	<b>648</b>	<b>\$228,310,559</b>	<b>100%</b>
African-American	5	\$1,295,951	1%
Asian Pacific	9	\$351,993	0%
Asian Subcontinent	6	\$929,872	0%
Caucasian	498	\$170,328,054	75%
Latino	121	\$50,281,328	22%
Native American	9	\$5,123,361	2%
<b>Total</b>	<b>648</b>	<b>\$228,310,559</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>	# of Award	Dollar Amount	Percent
ELBE	190	\$30,447,704	15%
SLBE	148	\$21,621,951	11%
<b>Sub Total (SLBE-ELBE)</b>	<b>338</b>	<b>\$52,069,655</b>	<b>26%</b>
Non SLBE-ELBE Firms	275	\$147,711,664	74%
<b>Total</b>	<b>613</b>	<b>\$199,781,319</b>	<b>100%</b>
African-American	4	\$1,095,951	2%
Asian Pacific	6	\$243,500	0%
Asian Subcontinent	6	\$929,872	2%
Caucasian	234	\$33,093,834	64%
Latino	80	\$11,601,698	22%
Native American	8	\$5,104,800	10%
<b>Total</b>	<b>338</b>	<b>\$52,069,655</b>	<b>100%</b>

FY 14

GENDER	# of Award	Dollar Amount	Percent
Male	611	172,222,101	91.21%
Female	80	16,586,980	8.79%
<b>Total</b>	<b>691</b>	<b>188,809,081</b>	<b>100%</b>

CERTIFICATIONS	# of Award	Dollar Amount	Percent
DVBE	17	5,447,581	3%
ELBE (Only)	159	28,070,522	15%
DBE	84	7,536,681	4%
MBE	9	3,275,677	2%
SLBE (Only)	98	16,050,104	9%
WBE	19	2,224,888	1%
<b>Sub Total (Certified Firms)</b>	<b>382</b>	<b>58,486,580</b>	<b>31%</b>
Non Certified	305	126,203,628	67%
<b>Total</b>	<b>691</b>	<b>188,809,081</b>	<b>100%</b>
African-American	9	1,919,565	1%
Asian Pacific	27	523,632	0%
Asian Subcontinent	3	364,197	0%
Caucasian	492	125,663,342	67%
Latino	150	59,724,116	32%
Native American	10	614,230	0%
<b>Total</b>	<b>691</b>	<b>188,809,081</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>	# of Award	Dollar Amount	Percent
ELBE	197	33,582,509	20%
SLBE	137	19,386,843	11%
<b>Sub Total (SLBE-ELBE)</b>	<b>334</b>	<b>52,969,352</b>	<b>31%</b>
Non SLBE-ELBE Firms	306	117,663,513	69%
<b>Total</b>	<b>640</b>	<b>170,632,865</b>	<b>100%</b>
African-American	7	1,918,465	4%
Asian Pacific	25	354,883	1%
Asian Subcontinent	3	364,197	1%
Caucasian	199	29,649,467	56%
Latino	90	20,068,110	38%
Native American	10	614,230	1%
<b>Total</b>	<b>334</b>	<b>52,969,352</b>	<b>100%</b>

<sup>1</sup>Federally funded, emergency and sole source contracts are not included in the SLBE/ELBE totals as these contracts have different requirements from the City of San Diego's SLBE Program.

City of San Diego A&E Consultant Contract Awards

FY 16

GENDER			
	# of Award	Dollar Amount	Percent
Male	257	\$75,861,644	89%
Female	61	\$9,417,928	11%
<b>Total</b>	<b>318</b>	<b>\$85,279,572</b>	<b>100%</b>

FY 15

GENDER			
	# of Award	Dollar Amount	Percent
	268	\$19,201,582	92%
	62	\$1,682,411	8%
<b>Total</b>	<b>330</b>	<b>\$20,883,993</b>	<b>100%</b>

FY 14

GENDER			
	# of Award	Dollar Amount	Percent
	217	\$24,438,160	85%
	37	\$4,286,475	15%
<b>Total</b>	<b>254</b>	<b>\$28,724,635</b>	<b>100%</b>

CERTIFICATIONS			
DVBE	11	\$740,917	1%
ELBE (Only)	21	\$2,578,370	3%
DBE	57	\$5,526,283	6%
MBE	15	\$3,248,217	4%
SLBE (Only)	34	\$3,069,423	4%
WBE	14	\$3,875,480	5%
<b>Sub Total (Certified Firms)</b>	<b>152</b>	<b>\$19,038,689</b>	<b>22%</b>
Non Certified	166	\$66,240,882	78%
<b>Total</b>	<b>318</b>	<b>\$85,279,572</b>	<b>100%</b>
African-American	6	\$431,677	1%
Asian Pacific	28	\$6,795,996	8%
Asian Subcontinent	0	\$0	0%
Caucasian	250	\$75,923,957	89%
Latino	34	\$2,127,941	3%
Native American	0	\$0	0%
<b>Total</b>	<b>318</b>	<b>\$85,279,572</b>	<b>100%</b>

CERTIFICATIONS			
	14	\$723,656	3%
	30	\$785,226	4%
	54	\$1,549,017	7%
	34	\$1,948,516	9%
	34	\$1,158,453	6%
	12	\$151,570	1%
<b>Total</b>	<b>178</b>	<b>\$6,316,438</b>	<b>30%</b>
	152	\$14,567,554	70%
<b>Total</b>	<b>330</b>	<b>\$20,883,993</b>	<b>100%</b>
	6	\$35,550	0%
	33	\$1,065,035	5%
	5	\$226,967	1%
	249	\$17,578,046	84%
	36	\$1,963,214	9%
	1	\$15,180	0%
<b>Total</b>	<b>330</b>	<b>\$20,883,993</b>	<b>100%</b>

CERTIFICATIONS			
	40	\$452,666	2%
	10	\$2,728,696	10%
	13	\$1,631,950	6%
	21	\$2,499,889	9%
	16	\$1,324,763	5%
	12	\$2,687,012	9%
<b>Total</b>	<b>112</b>	<b>\$11,324,976</b>	<b>40%</b>
	142	\$17,399,659	61%
<b>Total</b>	<b>254</b>	<b>\$28,724,635</b>	<b>100%</b>
	5	\$276,826	1%
	21	\$2,935,976	10%
	4	\$384,100	1%
	199	\$23,706,866	83%
	25	\$1,420,866	5%
	0	\$0	0%
<b>Total</b>	<b>254</b>	<b>\$28,724,635</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>			
ELBE	55	\$7,563,867	9%
SLBE	68	\$4,820,518	6%
<b>Sub Total (SLBE-ELBE)</b>	<b>123</b>	<b>\$12,384,385</b>	<b>15%</b>
Non SLBE-ELBE Firms	195	\$72,895,187	85%
<b>Total</b>	<b>318</b>	<b>\$85,279,572</b>	<b>100%</b>
African-American	4	\$342,554	3%
Asian Pacific	18	\$4,533,718	37%
Asian Subcontinent	0	\$0	0%
Caucasian	77	\$6,020,870	49%
Latino	24	\$1,487,243	12%
Native American	0	\$0	0%
<b>Total</b>	<b>123</b>	<b>\$12,384,385</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>			
	64	\$1,530,489	7%
	67	\$2,688,565	13%
<b>Total</b>	<b>131</b>	<b>\$4,219,053</b>	<b>20%</b>
	199	\$16,664,940	80%
<b>Total</b>	<b>330</b>	<b>\$20,883,993</b>	<b>100%</b>
	5	\$33,900	1%
	12	\$169,541	4%
	4	\$226,967	5%
	88	\$2,993,955	71%
	22	\$794,690	19%
	0	\$0	0%
<b>Total</b>	<b>131</b>	<b>\$4,219,053</b>	<b>100%</b>

SLBE-ELBE PROGRAM <sup>1</sup>			
	40	\$3,559,702	12%
	41	\$2,304,006	8%
<b>Total</b>	<b>81</b>	<b>\$5,863,707</b>	<b>20%</b>
	173	\$22,860,928	80%
<b>Total</b>	<b>254</b>	<b>\$28,724,635</b>	<b>100%</b>
	1	\$51,750	1%
	13	\$606,060	10%
	3	\$120,574	2%
	50	\$4,217,731	72%
	14	\$867,592	15%
	0	\$0	0%
<b>Total</b>	<b>81</b>	<b>\$5,863,707</b>	<b>100%</b>

<sup>1</sup>Federally funded, emergency and sole source contracts are not included in the SLBE/ELBE totals as these contracts have different requirements from the City of San Diego's SLBE Program.