



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: July 24, 2002 REPORT NO. 02-169

ATTENTION: Honorable Mayor and City Council
Docket of July 29, 2002

SUBJECT: PILOT PRE-QUALIFICATION PROGRAM for CONSTRUCTION
CONTRACTS and PROTEST PROCEDURES; CONSIDERATION OF
CHARTER SECTION 94, the DEBARMENT ORDINANCE, MINOR
CONSTRUCTION PROGRAM AND SCOPE PROGRAM

REFERENCE: City Manager's Report 01-039
City Manager's Report 01-118
City Manager's Report 01-161
City Manager's Report 01-238
City Manager's Report 02-046
City Manager's Report 02-101

SUMMARY

Issues

How should the City address concerns related to Equal Opportunity Contracting, only contracting with qualified contractors, debarring contractors, and awarding construction contracts expeditiously?

Manager's Recommendation

Address concerns related to Equal Opportunity Contracting, only contracting with qualified contractors, debarring contractors, and awarding construction contracts expeditiously by:

1. Directing the Manager to implement a one year pilot Pre-Qualification Program for all projects over \$250,000 and modifications to the Council Policy and Ordinance on Protest Hearings.
2. Authorizing modifications to the Debarment Ordinance.

3. Adopting the necessary changes to the Minor Construction Program to establish two tiered program supporting Emerging Businesses and Small Businesses.
4. Adopting necessary changes to the Minor Construction Program's Income Cap.
5. Directing the necessary changes to the Minor Construction Program to increase the contract level from under \$100,000 to up to and including \$250,000. Directing the necessary changes to rescind SCOPE requirements for contracts between \$100,000 - \$250,000.

Other Recommendations

City Council. On March 18, 2002 Council unanimously supported the recommendations related to the Minor Construction Program.

Land Use and Housing Committee. On May 1, 2002 the committee unanimously approved the Manager's recommendation to implement a focused, pilot Pre-qualification Program for highly technical and specialized projects with the direction that a workforce report be included in the pre-qualification process. LU&H also approved modifications to the Debarment Ordinance.

Representatives of the Contracting Industry. Subsequent to the hearing at the Land Use and Housing Committee, representatives of the contracting industry requested that the proposed Debarment Ordinance be modified to allow contractors to voluntarily agree not to bid on City public works and other contracts for one year in lieu of the one year debarment. This would be at the Manager's discretion.

Public Safety and Neighborhood Services Committee. On May 8, 2002, the committee unanimously voted to forward the proposed modifications to Charter Section 94 to Committee on Rules, Finance and Intergovernmental Relations.

Committee on Rules, Finance and Intergovernmental Relations. On July 10, 2002, the committee voted unanimously to forward the proposed modifications to Charter Section 94 to the full City Council, without a recommendation, for further consideration.

Citizen's Equal Opportunity Commission. On July 17, 2002, CEOC in a special meeting, voted to recommend that the Charter 94 language be referred back to them for additional analysis, refinement and community input.

Fiscal Impact

The implementation of a pre-qualification program for all contractors would require the addition of 3.00 limited positions and nonpersonnel expense totaling \$298,461 (FY03 partial year) and \$361,164 annually. Departments that utilize the pre-qualification process will fund the program.

BACKGROUND

Several discussions have occurred at City Council Meetings, Council Committee meetings, the Equal Opportunity Contracting Program and construction industry advisory groups, such as the Public Works Advisory Committee, relating to the advertisement, award and construction of Capital Improvement Program (CIP) projects. The following issues have been raised:

- I. Contractor selection** - How to ensure only qualified and competent contractors are selected thus reducing chances of default or debarment after the project begins.
- II. Minor Contracting Program** - How to ensure that emerging businesses and Disadvantaged Business Enterprises participate in the City's Capital Improvement Program.
- III. Contractor performance** - How to ensure that contractors construct City projects in accordance with the plans and specifications with minimal negative impact to the community.
- IV. Contractor debarment** - How to modify the debarment ordinance to ensure clarity of the various grounds for debarment and a streamlined process for debarment of contractors with time limits for filing of documentation.
- V. The Bid and Award process** - How to expedite the award of construction contracts in order to reduce the time required to complete capital improvements.

How we conduct these processes affects the City's aggressive plan to update San Diego's aging water, sewer and transportation infrastructure, and construct or renovate parks and buildings. In an effort to improve these processes, staff in several departments, Advisory Committees and industry representatives have proposed solutions, many of which have been forwarded to various Council Committees. They are as follows:

Pre-qualification of Contractors. Staff proposed a contractor "Pre-qualification Program" to the Land Use & Housing Committee on February 28, 2001 and August 1, 2001 (City Manager Report 01-039 and Report 01-161 respectively). Staff was directed to return to the Committee with further refinement. On May 1, 2002, staff presented a revised one year pilot "Pre-qualification Program" that would apply to only highly technical or specialized projects (City Manager Report 02-101). It was unanimously approved by the Committee with the direction that a workforce report be included in the pre-qualification process.

Minor Contracting Program. On March 18, 2002, the City Council received the Equal Opportunity Contracting Biannual Report for the Second Half of Fiscal Year 2001 (CMR 02-046). Included in the report were three (3) program recommendations intended to increase outreach to and utilization of historically underutilized construction contractors. The program recommendations - creation of a minor construction and contractor assistance program, and the mandated usage of apprentices on City funded projects-were brought forward by staff. The City Council unanimously accepted the report and the recommendations contained therein. Among the actions taken by the City Council was direction to the Office of the City Attorney to draft an ordinance enacting amendments to the Municipal Code to accommodate the provisions of the Minor Construction Program.

Modified Language to Charter Section 94. City Charter Section 94 currently requires that a public works contract be awarded to the “lowest responsible and reliable bidder.” Section 94 does not define the terms “responsible” and “reliable.” On November 17, 2001, the Citizen’s Equal Opportunity Commission (CEOC) began a discussion to review Section 94 as part of their on-going effort to assist staff of the Office of Equal Opportunity Contracting (EOC) in fulfilling its mission of providing equal opportunity in construction contracting within the current constraints imposed by State of California law. On January 16, 2002, a taskforce of CEOC Commissioners was formed to review Section 94 after community input wherein concerns were raised regarding the City of San Diego’s perceived lack of diversity in construction contracting. During the presentation, it was suggested that Section 94 be modified to include definitions of “responsible” and “reliable,” based on some broader socio-economic criteria.

Working with EOC staff and the Office of the City Attorney, a CEOC taskforce began to craft new language for Section 94. Multiple versions of modified Charter language were developed during the course of this process. The language in Attachment 5 represents a compromise of those versions. The proposed changes included definitions for “responsible” and “reliable” and “responsive, as follows:

“Responsible” was defined as the bidder whose offer best responds in quality, fitness and capacity to perform the particular requirements of the proposed work.

“Reliable” was defined to mean that the bidder has the necessary skill, experience and business judgment to complete the project in the most efficient and economical manner and has previously performed work in accordance with the plans and specifications. In those instances where the bidder has previously completed contracts for the City or other public agencies, “reliable” bidder also means the bidder has shown dependability of judgement, character, and performance.

And finally, “responsive” was defined to mean the bidder has fully complied with all the requirements of the invitation to bid, the equal opportunity policies and procedures of the City and any other ordinances or written policies adopted by the City Council or City Manager to ensure equal opportunity in the award of public contracts.

The proposed language went before the full Citizens Equal Opportunity Commission. The action called for was to forward the language to the City Council for consideration for the November, 2002 ballot. After some discussion, the matter failed for lack of a motion. However, while review of the proposed modifications to Section 94 was not a docketed matter, on May 8, 2002, while hearing EOC’s biannual report on the status of contracting for the City, and hearing concerns from various segments of the contracting community on the perceived lack of diversity in contracting, and having known that the CEOC had drafted a revision to Section 94, the Public Safety and Neighborhood Services Committee recommended, motioned and unanimously voted to forward the proposed Section 94 language to the Committee on Rules, Finance and Intergovernmental Relations to be considered for placement on the November, 2002 ballot. At the meeting in July, 2002, the Committee reviewed the proposed revisions and voted to forward the proposed Section 94 language for full Council consideration without a recommendation. To assist the Council in evaluating the merits and potential liabilities resulting from implementation

of the proposed Section 94 revisions, the City Attorney's Office has prepared a separate report to supplement this section.

Home Town Plan. At the Public Services and Safety Committee meeting on May 8, 2002, as part of the EOC biannual report, a construction industry coalition representing the Association of Subcontractors, the Black Contractors Association, the Engineering and General Contractors Association and Women Construction Owners and Executives presented the "Home Town Plan". The goals of the Home Town Plan were to increase bid participation by small and emerging businesses, ensure fair bidding practices and administrative procedures which work with minimal intrusion. Their suggestions include modifications to our bidding, financial and administrative practices.

Upon hearing the report, PS & NS referred the Plan in its entirety to the City Manager's Public Works Advisory Committee for further review. Staff, the Home Town Coalition and the Public Works Advisory Committee have been working jointly to reach agreement and develop solutions to these issues. It is anticipated that a full report on the status of this Plan will be provided to PS & NS in the Fall of 2002.

Proposed New Division. Also related to this issue is a new strategy for accomplishing some public works projects. As part of the Fiscal Year 2003 Proposed Budget, the City Manager recommended that a new Utilities Construction Division be created. This was due to staff's concern that the number of bidders on water and sewer group jobs had decreased markedly and costs for those types of projects were therefore increasing. The City Council, during its budget deliberations, referred the proposal to the newly formed Public Utilities Advisory Commission (PUAC). Staff made a presentation to the PUAC at their June meeting. It was referred to one of its subcommittees for a focused analysis. After the PUAC's analysis, the matter will be returned to the City Council for their review.

DISCUSSION

As previously stated, the effort to modify Charter Section 94 began as an approach to give consideration to socio-economic criteria that is not currently considered in the award of construction contracts. While the Charter language brought forward contains elements of that initial goal, it is not apparent that there are significant advantages to be gained from the language as drafted given the potential legal issues that may arise if the charter modifications are implemented as discussed in the City Attorney's accompanying report. On July 17, 2002, in a special meeting, the CEOC voted to recommend that the Charter 94 language be referred back to them for additional analysis, refinement and community input.

In the meantime, City staff is actively engaged in a number of initiatives to address several concerns that have arisen related to contracting. While equal opportunity is certainly an important issue and is a priority, there are other issues that are being addressed as well. In fact, recent discussions with various segments of the contracting community have indicated that many of the other issues under review can be correlated with the diminished pool of diverse bidders the City is currently experiencing. In an attempt to coordinate the many efforts being forwarded to Council, we have taken a holistic approach. We are recommending solutions that would

compliment each effort and support the goal of a quality Capital Improvement Program. The proposed solutions are to implement a pilot pre-qualification program for all projects greater than \$250,000, modify the Debarment Ordinance, modify the Ordinance and Council Policy for protest hearings, modify the Minor Contracting Program and implement a thorough performance evaluation program for contractors.

I. Contractor Selection

A. Pre-qualification

The State Assembly passed a bill granting public agencies the authority to pre-qualify public works contractors. The bill further offers a model pre-qualification program, which was designed by the Department of Industrial Relations. Using said model as a framework, staff has developed a pre-qualification process designed to assess a firm's past performance and its capacity to responsibly execute a given project. Input was solicited and received from the Association of Building Contractors (ABC), the Association of General Contractors (AGC), the Black Contractors Association (BCA), the Engineering and General Contractors Association (EGCA), Latino Builders, National Electrical Contractors Association (NECA), the Public Works Advisory Committee (PWAC) and Women Construction Owners and Executives as well as representatives of the surety industry.

Opposition and/or concern over the use of a pre-qualification process was raised by some of the groups solicited including BCA, EGCA, and PWAC. The concerns expressed have been as follows: contractors are already pre-qualified by virtue of their contractor's license and bonding, pre-qualification serves as an artificial barrier for small/emerging businesses that have a more limited track record of performance upon which to be rated and/or will be economically disincentivized to compete due to the cost associated with preparing a reviewed or audited financial statement; and it is not clear that such a pre-qualification process will eliminate or significantly decrease the default rate.

In response to those stated concerns, efforts have been taken to minimize the impact on small/emerging businesses. For example, a financial statement shall not be required from a contractor who has qualified as a "small business" pursuant to California Government Code section 14837 (i.e., with 100 or fewer employees and average annual gross receipts of \$10,000,000 or less over the previous three years). Pre-qualification, when applied appropriately, is also a protection for bidders as well as the City because the bonding and financial statements minimize the likelihood of contractors overextending themselves by assuming too many jobs at one time, a problem seen with firms of all sizes, but mainly with small firms. Additionally, the rating system is such that, where appropriate, the size of the firm is taken into consideration, allowing small contractors equal opportunity to compete. And, while pre-qualification does not guarantee a decrease in the default rate, it may act as a deterrent with less viable contractors self-screening themselves from consideration. Further, it is the City's responsibility to be fiscally prudent and take available steps to prevent or decrease the likelihood of default. The proposed changes to Charter Section 94 would be an expansion of our responsibility. In an effort to address what CEOC was striving to accomplish with modified language, we propose expanding pre-qualification pilot from a focused program for highly

technical and specialized projects to all projects.

Under the proposed pre-qualification program, all contractors interested in bidding on City of San Diego construction projects will be required to complete a Phase I Pre-qualification process annually (Attachment 1), which shall be offered once each quarter.

Interested bidders will be required to fill out a standardized questionnaire and financial statement, which will be verified under oath by the bidder in the manner in which civil actions are verified. Staff will verify the information submitted in each questionnaire, including the bidder's organizational structure, bonding capacity, insurance, disputes/claims, the history of the firm's performance, and compliance with safety, workers compensation, prevailing wage, apprenticeship laws and EEO. City staff members will then conduct standardized interviews of the bidder's previous clients. The information will then be evaluated using standardized rating criteria. The questionnaires and financial statements shall not be public records and shall not be open to public inspection; however, records of the names of contractors applying for pre-qualification status shall be public records subject to disclosure under the Public Records Act.

Firms will be evaluated and scored in two large categories through the use of a standardized questionnaire to be completed by the firm and through interviews of previous clients using standardized rating criteria. A passing score is required in both areas.

Contractors with the required passing scores will be qualified to bid up to a certain dollar capacity for a period of one year. Capacity limits will be established based upon a review of the required financial documents.

Only pre-qualified contractors will be solicited to bid on projects with an estimated cost of over \$250,000. The City will reserve the right to re-evaluate a firm during that year for cause such as in cases of default, findings of discriminatory business practices, findings of criminal activity, or significant changes in the firm's principal or partner composition. Contractors will be afforded the opportunity to appeal the denial of pre-qualification status. Upon request of the appellant, the City shall provide notification to the appellant, in writing, of the basis for disqualification and any supporting evidence that has been received from others or obtained as a result of the review process. The appellant shall be given the opportunity to rebut any evidence used as the basis for disqualification, following the hearing procedures in Council Policy 000-29 as currently proposed for revision. The Manager is also proposing modifications to San Diego Municipal Code, Section 22.3029 to reflect case law requiring a hearing for designations of non-responsibility. A firm may also request a new review of its capacity during any open pre-qualification period, based upon changed circumstances.

The Phase II Pre-qualification (Phase II) process shall be reserved for projects requiring highly specific technical skills and capabilities. In such cases, a project specific pre-qualification process will be held for interested firms that have successfully completed Phase I. Phase II will be used to assess a firm's technical experience in performing equivalent scopes of work through an evaluation of past projects of a similar nature and interviews with contacts from randomly selected past projects. The scoring system for previous experience shall be tailored to the

specific requirements of each project, but shall be applied uniformly to all applicants for that project. The interview portion shall be worth a total of 120 points. A score of 72 points or higher on at least two interviews is required to pre-qualify.

Phase II Pre-qualification shall only be required upon the concurrence of the City Engineer that such a process is appropriate and necessary for the safe and successful completion of any given project.

The pre-qualification processes, as described above, will be administered for a period of one year after which time staff shall return to LU&H with a recommendation to either continue the program or discontinue its use.

The use of a pre-qualification process is becoming more prevalent within the industry as an extra level of assurance for agencies seeking truly responsible bidders. And, as stated above, the California Assembly has acknowledged pre-qualification as an acceptable practice for local municipalities. Given the current level of public works construction activity in the City, a one year pilot pre-qualification program is a prudent measure.

B. Minor Construction Program

As delineated in CMR 02-046, the Minor Construction Program (MCP) was developed in response to perceived inequities in the allocation of contracting dollars. In addition to addressing perceived inequities, MCP also derives impetus from an economic perspective. MCP is structured to assist small, emerging, and disadvantaged contractors in gaining expertise and growing their capacity in a controlled environment. Specific benefits to these businesses are 1) a leveled playing field; 2) lower contract amounts to allow development of bond and credit levels; and 3) accumulation of business and technical experience. MCP applies to construction contracts under \$100,000 using a two- tiered approach. A Minor Construction Availability list will be developed and maintained. For contracts under \$50,000, on a rotational basis, bids will be solicited from five (5) eligible contractors for each project with the award given to the lowest responsible bidder. Bidding for contracts in the \$50,000 - \$99,999 range will be open to the entire minor construction bidder list through an open, competitive bid process. Any business receiving, within a fiscal year, more than \$1,000,000 in City contracts will be removed from the Availability List with reinstatement the following year. With both components, eligible bidders are limited to those firms certified as economically small. A streamlined certification process consisting of basic summary information about the business, and license and certification status (Small Business/Disabled Veteran Business Enterprise certification) will be required. An aggregate three-year income cap (based on an emerging business program developed by the City of Sacramento) is a further criterion to qualify for MCP (Attachment 6).

PROGRAM CHANGES

Increase of the Contract level from under \$100,000 to \$250,000: While working with the Office of the City Attorney to draft the necessary ordinance, MCP began introducing the program to City departments and the contracting community. Along the course of these two efforts, it became clear that refinements to the program were necessary in order to maximize

opportunity for small, emerging and disadvantaged contractors and to meet the operational needs of the City departments. After discussions with various groups, it was determined that \$250,000 would be a more appropriate threshold for minor contracts. The current dollar threshold of under \$100,000 excludes many projects that would be advantageous for emerging and small contractors. Further, raising the threshold would provide opportunities for emerging and small contractors to perform as prime contractors managing subcontracts. These subcontracting opportunities would in turn provide more work experience for the specialty contractor licenses on the Minor Construction Availability List.

Approval from City Council is needed to increase the contract level from under \$100,000 to up to, and including, \$250,000.

Income Cap: As of April 25, 2002, at the end of the initial MCP certification period, thirty-six percent (36%) of the contractors applying for inclusion on the minor construction contractor list were denied due to income exceeding the program's stated income caps. Furthermore, fifty percent (50%) of the firms denied, were Disadvantaged Business Enterprises (DBE). The denied DBE firm incomes were only twenty percent (20%) higher, on average, than the program's established income caps. The stated income caps were derived from a similar program used by the City of Sacramento with the caps established in 1998. The twenty percent (20%) delta between denied firms and the income cap is well within cost of living increases since 1998. The Federal Small Business Guidelines increased two hundred and eighty percent (280%) in the same time period.

EOC began examining the MCP income caps to determine a new allocation basis. Data indicates that the original caps were established at forty percent (40%) of the Federal Small Business Guidelines. As stated above, the Federal guidelines have increased. Therefore, EOC, upon advice from the Small Business Advisory Board, proposes that the MCP emerging business income caps be established as forty percent (40%) of the current Federal Small Business caps.

Approval from City Council is needed to revise the MCP income caps to allow greater participation.

Two-Tier Program: In addition to establishing new income caps for emerging businesses, EOC, is proposing a two-tiered economic size standard for MCP contractors. Examination of MCP applications, and discussions with contractors, has indicated that there is a second *small* contractor market in San Diego. Creation of a small business income tier would allow the emerging businesses to grow to small business status, within the MCP program. In addition, MCP has not been able to certify all contractor license types typically utilized by the City from the emerging business market. All bid opportunities will be offered to emerging certified contractors first. If no bid is forthcoming from an emerging contractor on a project, the bid opportunity will be made available to the MCP certified small business list. Both lists will follow the established parameters of bid offerings (under \$50,000 offered to 5 bidders on a rotational basis; projects \$50,000 - \$250,000 would be open to bid by the whole list).

Approval from City Council is necessary to add a second tier to the MCP to allow certified

emerging businesses growth potential in the program and to disburse project opportunities to small businesses.

SCOPE Requirements for contracts \$100,000-\$250,000: The City of San Diego initiated SCOPE in March, 2000 in an effort to create opportunities for a broad base of qualified subcontractors and achieve a mandatory minimum subcontractor participation level as identified for each project. However, SCOPE contractor administrative requirements may act as a barrier for some small businesses seeking contracting opportunities with the City of San Diego.

The Construction Industry Coalition (the Association of Subcontractors, the Black Contractors Association, the Engineering and General Contractors Association, Latino Builders and Women Construction Owners and Executives), in its Home Town Plan states as two of its mutual goals: "...increasing bid participation by small and emerging businesses..." and "reducing the administrative burden on small businesses." In discussing the topic of what doesn't work, the Home Town Plan cites "...Scaring off small and emerging businesses with onerous and complicated procedures" and recommends that the City of San Diego exempt emerging prime contractors from mandatory subcontracting goals, stating that these requirements may actually retard development of small business prime contractors.

EOC proposes that the City Council rescind SCOPE requirements for contracts estimated in value between \$100,000-\$250,000 and further proposes to work with the Construction Industry Coalition and interested partners to develop an alternative plan to increase subcontractor participation on City of San Diego contracts.

Approval from City Council is necessary to rescind SCOPE requirements for contracts \$100,000-\$250,000 in estimated value.

II. Contractor Performance

Field Division staff who are responsible for the construction phase of the City's CIP, have revised the "Contractor Performance Evaluation Form" and process to ensure construction of the highest quality projects (Attachment 2). The Contractor Performance Evaluation Form has been revised to include much broader contractor performance measures which more accurately indicate a project's success. These measures will also provide valuable objective documentation of a contractor's performance which could be used for rewards, recognition and disciplinary actions. In addition, the frequency of contractor evaluations will be increased. This will allow for problems to be addressed on a more timely basis. Changes can be made to resolve problems more effectively without negatively impacting the outcome of the projects. For example, items will be addressed such as delays and/or claims based on information requests from the contractor to the City which hinge on or otherwise rely on information contained in construction documents, applicable referenced specifications, contract documents, or are within the industry standard of knowledge and expertise for the general and/or sub-contractor licensing requirements for the work involved.

III. Contractor Debarment

We have reviewed the current debarment ordinance in conjunction with the City Attorney's Office. We recommend changes to the City's Debarment Ordinance (Attachment 3). Changes include creating a Debarment Hearing Board. This Board would administer a tiered structure for debarments including one year, three year and permanent debarments of which only the permanent debarments would be appealable to City Council. For example, one provision of the proposed ordinance allows the Debarment Hearing Board the authority to debar a contractor for one year if the contractor receives two unsatisfactory "Partial" Contractor Performance Evaluations or one unsatisfactory "Final" Contractor Performance Evaluation. Additionally, if a contractor is the lowest apparent bidder and fails to submit SCOPE documents on two occasions in two years, a recommendation would be made to the Debarment Hearing Board that the contractor be debarred for one year. Additional provisions of the Debarment Ordinance include clarity of the various grounds for debarment and time limits for filing of documentation.

Subsequent to the unanimous endorsement of these changes in the debarment ordinance by the Land Use and Housing Committee, industry representatives requested that we consider allowing contractors to voluntarily agree not to bid on City public works and other contracts for one year in lieu of a one year debarment. This allowance would be at the Manager's discretion.

In addition to the aforementioned recommendations, revisions to the Municipal Code on Protests of Contract Award and Council Policy 000-29, Hearing Procedures for Protests of Contract Selection or Non-Responsibility Designation are recommended (Attachment 4a and 4b). We have modified the bid protest ordinance and council policy to accommodate the new pre-qualification program since California case law requires public agencies to notify bidders and provide them with an opportunity to protest any designation of non-responsibility. There currently is no reference to responsibility or protests of non-responsibility designations in the existing ordinance and council policy. In addition, we added new definitions and procedures to conform to definitions and procedures established by case law that were not fully addressed in the current versions.

Fiscal Requirements

The implementation of a pre-qualification program for all contractors would require the addition of 3.00 limited positions and non-personnel expense totaling \$298,461 (partial year) and \$361,164 annually. Departments that utilize the pre-qualification process will fund the program.

SUMMARY

This package of recommendations is designed to improve the overall quality and quantity of contractors who respond to the city's request for public works contracts and services. They are also designed to reduce the time required to construct capital projects and ensure that those projects are constructed per the contract. The recommendations provide for disciplinary action against those contractors who do not perform as specified within the contract and a process whereby a contractor can protest actions taken by the city that they feel are not in compliance with existing policy. We believe that Council's approval of this entire package will significantly improve the City's current processes.

ALTERNATIVE

1. Authorize the City Manager to implement a one year focused pilot Pre-Qualification Program for highly technical and specialized projects, changes to the Debarment Ordinance, Council Policy and Ordinance on Protest Hearings, implement a contractor Performance Evaluation and changes to the Minor Construction Program.

Respectfully submitted,

Frank Belock Jr.
Director
Engineering and Capital Projects

George I. Loveland
Senior Deputy City Manager

Stacey Stevenson
Deputy Director
Equal Opportunity Contracting

Note: The attachments are not available in electronic format. Copies of the attachments are available for review in the Office of the City Clerk.

- Attachments:
1. City of San Diego Pre-Qualification Application
 2. Contractor Performance Evaluation Form
 3. Debarment Ordinance
 4. a. Ordinance relating to Protests of Contract Award
b. Council Policy No. 000-29, Hearing Procedures for Protests of Contract Selection or Non-responsibility Designation
 5. Charter Section 94, modified language
 6. Minor Construction Program Small and Emerging Business Size Standards
 7. City Manager's Equal Opportunity Contracting Status Report for the Second half of Fiscal Year 2001