

CLIENT NEWS BRIEF

REMINDER: School Districts Must Prequalify Contractors on Certain Projects Beginning 2014

Adding to the complexity of shepherding a project through public bidding, school districts will soon be required to prequalify bidders on many projects. Lozano Smith has prepared the tools to navigate the impact of this new law. More details and additional guidelines on prequalification rules will be discussed during Lozano Smith's [free webinar](#) on Thursday, September 19, 2013 at 10:00 a.m.

School districts with an average daily attendance of 2,500 or more awarding a construction project of \$1,000,000 or more on or after January 1, 2014, will be required to prequalify contractors, if the project is funded in whole or in part with state bond funds. The intent behind Public Contract Code section 20111.6 added by Assembly Bill 1565, is to ensure that the bidding pool is comprised of experienced, qualified and financially sound contractors in order to increase the quality of public school construction and decrease delays and costs associated with unsatisfactory contractors. School districts that are not required to use prequalification under the new law may still elect to do so, as was previously the law.

Contractors who must prequalify for such projects include general contractors, as well as mechanical, electrical and plumbing subcontractors. Districts may elect to prequalify contractors on a project-by-project basis, or establish a process for prequalifying prospective bidders on a quarterly or annual basis, in which case contractors that satisfactorily prequalify will remain prequalified for one year.

Contractor prequalification must include the submission of a standardized prequalification questionnaire and financial statement verified under oath, and a uniform system for rating the bidders on the basis of the questionnaire and financial statement. The questionnaire, financial statement, and bidder rating system must at a minimum include the issues covered by the standardized questionnaire and model guidelines for rating bidders developed by the Department of Industrial Relations.

A district must also provide prospective bidders with a standardized proposal form, which must be submitted as the bid. A school district cannot accept a proposal form from a contractor if the contractor or any of the contractor's listed subcontractors who are required to prequalify has failed to submit a completed standardized questionnaire and financial statement within ten business days prior to the bid opening date, or has not been prequalified for at least five business days prior to the bid opening date. A school district must also make available to all bidders a list of district prequalified general contractors and electrical, mechanical, and plumbing subcontractors, at least five business days prior to the bid opening date.

The board of the school district must adopt a uniform system for rating bidders based on the standardized questionnaire and financial statement. Districts should start preparing and processing these documents now in order to be ready for projects in 2014. Lozano Smith is developing prequalification

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documents which may be used to meet the requirements of this new law.

If you have any questions regarding the prequalification documents or the process, please feel free to contact one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#), or download our [Client News Brief App](#).

[Register](#) for Lozano Smith's upcoming free webinar on Thursday, September 19, 2013 at 10:00 a.m.