



National Association of Surety Bond Producers

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BY ELECTRONIC TRANSMISSION (Patty.Merino@iusd.org)

May 1, 2015

Patty Merino, Construction Services Technician
Irvine Unified School District
100 Nightmist
Irvine, CA 92618

**Re: NASBP Comments on Irvine Unified School District Annual
Prequalification Questionnaire**

Dear Ms. Merino:

I am contacting you on behalf of the National Association of Surety Bond Producers (NASBP), a national trade association of companies employing licensed surety bond producers in all jurisdictions, including those licensed resident and non-resident bond producers in the State of California. NASBP recently became aware that the Irvine Unified School District (IUSD) has an annual Contractor's Prequalification Questionnaire (Questionnaire) that artificially precludes certain contractors from bidding on IUSD projects, with no concomitant benefit to the IUSD. This Questionnaire and its limiting effect on competition give NASBP significant cause for concern.

Specifically, the Questionnaire provides that no contractor will be permitted to perform a IUSD project that is more than half of the contractor's total aggregate bonding capacity. In addition, the Questionnaire artificially precludes a contractor from bidding to perform work if it answers "incorrectly" to one of several questions, such as those under F.1., Evaluation Criteria, Essential Criteria.

NASBP agrees that it is reasonable for an owner to desire to find out the experience and level of experience of a contractor on such contracts, but to make an arbitrary decision on the ability of a contractor to bid on projects creates a highly subjective universe and it significantly reduces the bidding pool. Questions such as those in F.1. should be factors in the process but not single and arbitrary disqualifiers of a contractor who might very well be qualified to perform the work. As you know, limiting the number of contractors permitted to bid on a project almost certainly increases the cost of the project to the owner.

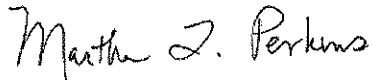
While NASBP understands the IUSD wants to ensure that a contractor that performs IUSD projects is qualified, remember that surety companies perform prequalification of a contractor prior to determining that they will back a contractor with surety credit. Surety companies only issue bonds for those contractors whom they believe, after the prequalification process, will be

capable of performing the contract in accordance with the contract documents. And, in the event the contractor does fail, the bonds are available to back the contractor's performance and payment obligations.

We respectfully request that the IUSD reconsider its arbitrary and competition-limiting prequalification approach so that the public bidding process has a robust and transparent competition for projects and so that IUSD doesn't achieve an arbitrary result. Indeed, the criteria should be just that—criteria, factors to be considered in the process, not single-question disqualifiers. The IUSD receives no benefit from such a practice; on the contrary, it precludes certain qualified firms from bidding on its projects. The effect is to limit competition and likely to increase the cost of contracts for IUSD projects.

Please feel free to contact me should you wish to discuss this matter further. We appreciate your prompt consideration of NASBP's concerns.

Yours sincerely,

A handwritten signature in black ink that reads "Martha L. Perkins". The signature is written in a cursive, flowing style.

Martha L. Perkins
General Counsel

cc: Mark. H. McCallum, CEO