

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 12/16/2014	(3) CONTACT/PHONE Will Clemens, Department Administrator (805) 781-5299	
(4) SUBJECT Hearing to consider a proposed ordinance of the San Luis Obispo County Flood Control and Water Conservation District to provide informal bidding procedures under the California Uniform Public Construction Cost Accounting Act. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District: 1. Waive the reading of the ordinance and approve the Ordinance of the San Luis Obispo County Flood Control and Water Conservation District (District) to provide informal bidding procedures under the California Uniform Public Construction Cost Accounting Act (Public Contracts Code Sections 22000 through 22045). 2. Designate the County Clerk to publish the ordinance in a newspaper of general circulation, in its entirety, within 15 days after adoption.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>5 min.</u> ) <input type="checkbox"/> Board Business (Time Est. <u>    </u> )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: 11/25/14, #1	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

Reference: 14DEC16-H-1

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works  
Will Clemens, Department Administrator

VIA: Dave Flynn, Deputy Director

DATE: 12/16/2014

SUBJECT: Hearing to consider a proposed ordinance of the San Luis Obispo County Flood Control and Water Conservation District to provide informal bidding procedures under the California Uniform Public Construction Cost Accounting Act. All Districts.

## **RECOMMENDATION**

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District:

1. Waive the reading of the ordinance and approve the ordinance of the San Luis Obispo County Flood Control and Water Conservation District (District) to provide informal bidding procedures under the California Uniform Public Construction Cost Accounting Act (Public Contracts Code Sections 22000 through 22045).
2. Designate the County Clerk to publish the ordinance in a newspaper of general circulation, in its entirety, within 15 days after adoption.

## **DISCUSSION**

The District elected on November 7, 2000 to become subject to the alternative bidding procedures under the California Uniform Public Construction Cost Accounting Act (the "Act"). The Act was passed to promote uniformity of bidding procedures and cost accounting standards for minor construction and maintenance projects performed or contracted by public agencies in California. The Act specifies certain procedures and dollar thresholds for the execution of particular public construction projects, as defined in Public Contract Code Section 22002. Each public agency that elects to become subject to the uniform construction accounting procedures set forth in the Act are required to enact an informal bidding ordinance to govern the selection of contractors to perform public projects let to contract by the informal bidding procedures set for in the Act.

The County Purchasing Agent is authorized by ordinance (Chapter 2.36.030, Subsection 15 of the County Code) to use the informal bidding procedures under the Act for projects between \$25,000 and \$99,000 and formal bidding procedures for public construction projects costing \$100,000 or more. In 2010, the Board increased those limits when it adopted the Contracting for Services Policy. Under this Policy, the Purchasing Agent is authorized to use the informal bidding procedures set forth in the

Act for public projects between \$30,000 and \$125,000, and formal bidding procedures for public works projects costing over \$125,000.

In April, 2011, the California State Controller informed those public agencies subject to the terms of the Act that the Uniform Construction Cost Accounting Commission (the "Commission") had recommended an increase to the limits for the alternative bidding procedures under Public Contract Code Section 22032. In October of 2011, the Governor signed into law AB 720 which officially amended the relevant sections of the Public Contract Code to recognize the action by the Commission to increase the monetary limits of work performed by force account (employees of the public agency), and let by informal and formal bidding procedures. The Act now provides for the following:

1. Public projects of \$45,000 (previously \$30,000) or less may be performed by the County's own forces, negotiated contract, or by purchase order (PCC 22032(a)).
2. Public projects estimated at \$175,000 (previously \$125,000) or less may be let to contract by the informal procedures set forth in the Act (PCC 22032(b)); however if all bids received are in excess of the estimated \$175,000 (previously \$125,000), the Board may, by adoption of a resolution by a four-fifths vote, award the contract, at \$187,500 (previously \$137,500) or less, to the lowest responsible bidder, if the Board determines the cost estimate was reasonable (PCC 22034(f)).
3. Public projects estimated at more than \$175,000 (previously \$125,000) shall be let to contract by formal bidding procedures (PCC 22032(c)) except as otherwise provided in PCC 22034(f).

Under this ordinance, the Purchasing Agent is authorized to use the informal bidding procedures set forth in the Act for public projects between \$45,000 and \$175,000 and formal bidding procedures for public works projects costing over \$175,000. There are many benefits to using the Act's alternative bidding procedures, including:

1. A less complex acquisition method saving time and money to the District and its contractors on smaller projects.
2. Plans and specifications are not required for projects costing less than \$175,000.
3. Staff time preparing reports to both authorize and award bids are not required since Board action is not required for projects costing less than \$175,000.

The General Services Department is proposing a similar ordinance on behalf of the County. Because the District is a separate agency, it must also adopt an informal bidding ordinance to comply with the Act.

Approval of contract documents would be under the Director of Public Works or his designee and would provide for agency approval of the proposed project work. It should be noted that the Board may discontinue the District's participation under the Act at any time by adopting a resolution of withdrawal. A copy of the resolution would then be filed with the Office of the State Controller. This ordinance was introduced on November 25, 2014.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

The Public Works Department and the General Services Department have worked in partnership on the recommendations. County Counsel has reviewed the ordinance for legal effect.

## **FINANCIAL CONSIDERATIONS**

By adopting the proposed ordinance, fewer projects will have to be formally bid. This should result in savings to the District, in the form of reduced costs and efficiencies for many public construction current projects under \$175,000. It is estimated that projects bid informally will save \$10,000 - \$15,000 as opposed to projects bid formally. In addition, projects bid informally can be delivered 1 – 2 months sooner than formally bid projects. Public projects over \$175,000 will continue to be bid through the formal bidding process as required by the Public Contract Code. The informal bid limit may increase over time based on revision to the limits in Public Contract Code 22032.

How many projects will be impacted is unknown at this time, therefore an accurate dollar estimate is not possible.

## **RESULTS**

Approval by the Board will provide a Well Governed Community by reducing costs and time to deliver public construction projects and ensuring the District complies with the Act.

File: CF 340.10.02 General (& Basic Data)

Reference: 14DEC16-H-1

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## **ATTACHMENTS**

1. Ordinance