

COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL

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|---|---|---|----------------------|
| (1) DEPARTMENT General Services | (2) MEETING DATE 12/16/2014 | (3) CONTACT/PHONE Cody VanDorn, 781-5059 | |
| (4) SUBJECT Hearing to consider approval of ordinances to amend the County Code Title 2, Chapter 2.36 (Purchasing Agent) and adding Chapter 2.37 (Informal Bidding) of the County Code to increase the contracting authority of the County Purchasing Agent and delegating authority to the County Purchasing Agent to issue notices inviting informal bids for public projects and to award contracts let by the informal bidding procedures as set forth in the California Uniform Public Construction Cost Accounting Act. All Districts. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board: 1. Adopt and waive the reading of the following ordinances: <ul style="list-style-type: none"> • Amend Chapter 2.36 (Purchasing Agent) related to automatic updates as adjustments are made to the monetary limits prescribed by Public Contract Code Section 22032 • Add Chapter 2.37 (Informal Bidding) of the County Code increasing the contracting authority of the County Purchasing Agent and delegating authority to the County Purchasing Agent to issue notices inviting informal bids for public projects and to award contracts let by the informal bidding procedures as set forth in the Uniform Public Construction Cost Accounting Act (Public Contracts Code Sections 22000 through 22045); 2. Amend the Board Approved Contracting for Services Policy section 4.2 Construction Contracts. | | | |
| (6) FUNDING SOURCE(S) N/A | (7) CURRENT YEAR FINANCIAL IMPACT Savings \$60,000 | (8) ANNUAL FINANCIAL IMPACT Savings \$80,000 | (9) BUDGETED? N/A |
| (10) AGENDA PLACEMENT { } Consent { } Presentation {X} Hearing (Time Est. <u>15 min</u>) { } Board Business (Time Est. <u> </u>) | | | |
| (11) EXECUTED DOCUMENTS { } Resolutions { } Contracts {X} Ordinances { } N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: {X} 4/5 Vote Required { } N/A | |
| (14) LOCATION MAP N/A | (15) BUSINESS IMPACT STATEMENT? N/A | (16) AGENDA ITEM HISTORY { } N/A Date: _____ | |
| (17) ADMINISTRATIVE OFFICE REVIEW | | | |
| (18) SUPERVISOR DISTRICT(S) All Districts | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Cody VanDorn 781-5059

DATE: 12/16/2014

SUBJECT: Hearing to consider approval of ordinances to amend the County Code Title 2, Chapter 2.36 (Purchasing Agent) and adding Chapter 2.37 (Informal Bidding) of the County Code to increase the contracting authority of the County Purchasing Agent and delegating authority to the County Purchasing Agent to issue notices inviting informal bids for public projects and to award contracts let by the informal bidding procedures as set forth in the California Uniform Public Construction Cost Accounting Act. All Districts.

RECOMMENDATION

It is recommend that the Board:

1. Adopt and waive the reading of the following ordinances:
 - Amend Chapter 2.36 (Purchasing Agent) related to automatic updates as adjustments are made to the monetary limits prescribed by Public Contract Code Section 22032
 - Add Chapter 2.37 (Informal Bidding) of the County Code increasing the contracting authority of the County Purchasing Agent and delegating authority to the County Purchasing Agent to issue notices inviting informal bids for public projects and to award contracts let by the informal bidding procedures as set forth in the Uniform Public Construction Cost Accounting Act (Public Contracts Code Sections 22000 through 22045);
2. Amend the Board Approved Contracting for Services Policy section 4.2 Construction Contracts.

DISCUSSION

The County elected in the late 1980's 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 construction 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 the Act, for projects with an estimated construction cost between \$45,000 and \$175,000, the County establishes an annual list of qualified contractors, identified according to categories of work. The County is required to send a notice inviting informal bids to all contractors on the list for that category of work needed. The County is also required to notify a mandated list of construction trade journals, as determined by the Commission.

Over 800 public agencies, including 30 counties, have adopted the Act with most having ordinances aligned to automatically update as adjustments are made to the monetary limits prescribed by Public Contract Code Section 22032; providing the authority to the County Purchasing Agent. Staff recommends that the Board approve increasing the authority delegated to the Purchasing Agent to match the authorized limits described above by amending County Code 2.36 (Purchasing Agent), adding 2.37 (Informal Bidding), and amending the Board approved Contracting for Services Policy section 4.2 Construction Contracts.

County Code and Policy Summary of Changes:

| Code Section / Policy | Summary of Changes |
|--|---|
| 2.36 | Amending Title 2, Chapter 2.36 (Purchasing Agent) of the County Code will allow automatic updates as adjustments are made to the monetary limits prescribed by Public Contract Code Section 22032. Under Section 22032, public projects of \$45,000 (currently \$30,000) or less may be performed by the County's own forces, negotiated contract, or by purchase order; and allows public projects of \$175,000 (currently \$125,000) or less to be authorized and awarded by the informal bidding procedures. |
| 2.37 | Adding Chapter 2.37 (Informal Bidding) and proposed changes will result in delegating authority to the Purchasing Agent, or their designee, the authority to issue and award informal bids up to \$175,000. Historically, public projects over \$30,000 have been delivered through Job Order Contracting or have been authorized and awarded by the Board of Supervisors. |
| Contracting for Services Policy | Amending the Contracting for Services Policy, Section 4.2 is to align with the updated ordinances and monetary limits in County Code 2.36 and 2.37. |

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 County 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.

It should be noted that the Board may discontinue the County'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.

OTHER AGENCY INVOLVEMENT/IMPACT

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

FINANCIAL CONSIDERATIONS

By adopting the proposed ordinance and amending the existing ordinance and policy, the informal bid amount is increased from \$125,000 to \$175,000, and thus fewer projects will have to be formally bid. This should result in savings to the County, in the form of reduced costs and efficiencies for many public construction projects under \$175,000. Public projects over \$175,000 will continue to be bid through the formal bidding process as required by Public Contract Code.

It is anticipated in FY 2014-15 there are 8 to 10 public construction projects that could be delivered through informal bidding and if adopted would save approximately \$7,000 to \$12,000 per project and 1-1/2 to 2 months saved for time required to bid and award a contract

RESULTS

Approval by the Board to update the alternative bidding procedures found in the Act will provide a Well Governed Community by reducing costs and time to deliver public construction projects to County departments and the public

ATTACHMENTS

- 1 Strike Out Ordinance Chapter 2.36
- 2 Clean Copy Ordinance Chapter 2.36
- 3 Ordinance Chapter 2.37
- 4 Amended Contracting for Services Policy