

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees

FROM: Gari Browning

DATE: June 10, 2009

SUBJECT: Approve Resolutions No. 24/08-09 & 25/08-09 to Adopt the Uniform Public Construction Cost Accounting Act

When contracting for public works construction, the District is currently subject to Public Contract Code 20651, which states that “The Governing Board shall let any contract for a public project...involving an expenditure of fifteen thousand dollars (\$15,000) or more to the lowest responsible bidder...” This dollar limit has not been changed in decades and presents significant challenges to the District for several reasons:

- The bid threshold of \$15,000 is so low that it significantly limits the ability of the Facilities department to perform minor work on campus in a timely manner.
- Projects that are formally bid require that a detailed list of specifications be written. Typically an architect or consultant expert must be hired to create these documents. This adds significant cost and time to smaller projects with little incremental benefit to the District.
- The bid process for small projects is the same as large: about 12-14 weeks.
- The Board of Trustees meets once per month for business items; therefore, work on smaller public works projects can be delayed significantly waiting for formal Board award, as required by law and district policy. This can appreciably impact students and faculty as projects targeted for minimum student disruption are typically scheduled for completion during the short summer or vacation periods.
- Subjecting projects to the formal bidding process limits the ability of the District to contract with local or highly qualified vendors on smaller projects since a public bid is open to all contractors regardless of where they are domiciled. The District is required to take the low bid, no matter what quality of contractor submits a bid.

However, there is a provision of the Public Contract Code (Section 22003) that enables the District to adopt a more informal bidding process through the use of Uniform Public Construction Cost Accounting (UPCCA) procedures. These procedures allow the District to utilize a much higher (\$125,000.00) formal bid limit and a more flexible “informal” bid process below that level.

As part of adopting the UPCCA procedures, to safeguard the integrity of the process for awarding smaller projects, the District would be required to maintain a list of *qualified* contractors according to the categories (trades) of work they perform. The District would send a written notice to construction trade journals inviting all licensed contractors to submit their

names and qualifications for consideration and inclusion in the District's list of qualified bidders for the following calendar year. Qualified contractors from this list would be solicited on informal bids between \$30,000 and \$125,000.

Adopting these procedures will enable the District to more efficiently and effectively manage small to medium sized projects. It would also potentially benefit local contractors who are deemed qualified bidders for Projects let by the informal bidding process. Many of these local contractors are strong supporters of the District; and, the additional contracting opportunities afforded through the informal bidding process should serve to strengthen the ties between the local contracting community and the District. It will also help them by reducing the cumbersome and costly paperwork required to submit a formal bid.

Project bidding limits would be processed as follows:

- \$0-\$30,000 - No Bid Required. Projects in this range will usually be performed by negotiated standard contract allowing for a fast response time, typically with known contractors.
- \$30,000 - \$125,000 - Informal Bid. Proposals would be solicited from the qualified contractors. The District would select the lowest quote through this more informal process. The District would still reserve the right to formally bid a project in this range, if desired. Bonds, insurance, and prevailing wages would continue to be required of all contractors doing work under these provisions. Contracts would be ratified by the Board for quick turn-around.
- Over \$125,000 - Formal Bid. Similar to existing procedures. Requires advertisement in a local newspaper with 14-day advance notice. Trade Journals are notified 30 days in advance. Requires Board approval to award.
- If no bids are received through the informal or formal bidding procedures, the District is authorized by Section 22038(c) to have the Project completed by negotiated contract. Currently, such projects would need to be rebid, requiring an additional 12-14 weeks of time.

To participate in this program, the Board of Trustees must adopt the two resolutions attached. The District will then transmit notification to the State Controller. Fiscal impact: significant cost savings to the District and considerably less staff time required to execute a contract.

RECOMMENDATION

The President/Superintendent recommends that the Board of Trustees approve the following two resolutions to adopt the Uniform Public Construction Cost Accounting Act:

- Resolution No. 24/08-09 - Election to Become Subject to the Uniform Public Construction Cost Accounting Procedures
- Resolution No. 25/08-09 - Enacting Informal Bidding Procedures under the Uniform Public Construction Cost Accounting Act