



Legislation Text

File #: 19-597, **Version:** 1

A report regarding an ordinance amending Title 4, Chapter 4.04 of the South San Francisco Municipal Code pertaining to monetary limits for public contract procurement methods. (*Jason Rosenberg, City Attorney*)

RECOMMENDATION

Staff recommends the City Council introduce an ordinance amending Title 4, Chapter 4.04 of the South San Francisco Municipal Code to reflect increased monetary limits for public construction cost accounting procedures set forth in the Uniform Public Construction Cost Accounting Act by Assembly Bill 2249 (AB 2249), and waive further reading.

BACKGROUND/DISCUSSION

The California Public Contract Code generally require municipalities to competitively bid public works projects in excess of \$5,000. This process requires that each project valued in excess of \$5,000 have plans and specifications prepared by an engineer, be advertised, follow a formal bid process laid out in the Public Contract Code, and projects awarded by Council go to the lowest responsive and responsible bidder.

The Uniform Public Construction Cost Accounting Act ("the Act"), enacted in 1983 and codified under Public Contract Code section 22000 et seq., provides an alternative means for municipalities to streamline public works contract procurements. Cities that adopt the accounting procedures set forth under the Act may perform public projects within certain dollar thresholds with its own workforce or by informal bidding procedures.

Prior to January 1, 2019, the Act authorized public projects of \$45,000 or less to be let without competitive bidding and be performed by force account, authorized public projects of \$175,000 or less to be let by informal bidding procedures, and required public projects of more than \$175,000 to be procured through formal bidding. Additionally, the Act permits participating public agencies, in the event all bids solicited informally for the performance of a public project are in excess of \$175,000, to award the contract at \$187,500 or less to the lowest responsible bidder if the agency determines its cost estimate was reasonable.

Assembly Bill 2249 ("AB 2249"), signed into law in 2018 and became effective on January 1, 2019, increased these bid limits under the Act. AB 2249 amended Sections 22020, 22032, and 22034 of the Public Contract Code to state: (1) public projects of \$60,000 or less do not require bidding, (2) public projects between \$60,001-\$200,000 require informal bidding, and (3) public projects over \$200,000 require formal bidding. Additionally, if all informal bids received for the performance of a public project exceeded \$200,000, AB 2249 permits participating public agencies to award the contract at \$212,500 or less to the lowest responsible bidder if it determines its cost estimate was reasonable.

These changes are summarized below:

Alternate Bidding Procedure	Before AB 2249	After AB 2249
Amount of contract where no competitive bidding is required	\$45,000 or less	\$60,000 or less

Amount of contract where Informal Bidding is required	\$45,001- \$175,000	\$60,001-\$200,000
Amount of contract where Formal Bidding is required	\$175,001+	\$200,001 +
Amount of contract that may be awarded if all bids received are over \$200,000	\$187,500	\$212,500

The City of South San Francisco (City) has previously opted to adopt the accounting procedures set forth under the Act and has adopted an informal bidding ordinance under Chapter 4.04 of the Municipal Code to utilize the alternate bidding procedures set forth under the Act. As AB 2249 has adjusted the dollar thresholds, staff recommends that Chapter 4.04 be modified to be consistent with this change in state law.

FISCAL IMPACT

Updating the City's purchasing ordinance to conform with changes set by AB 2249 would continue to give the City alternative options relative to performing, bidding, or negotiating public works projects that would ultimately lead to more cost effective use of public funds.

CONCLUSION

Staff recommends the City Council introduce an ordinance amending Title 4, Chapter 4.04 of the South San Francisco Municipal Code pertaining to monetary limits for public contract procurement methods, and waive further reading.