



LOZANO SMITH ALERT

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LEGISLATURE CODIFIES INCREASES IN INFORMAL BID LIMITS UNDER THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

Effective July 1, 2011, the State Controller increased the informal bid limits under the Uniform Public Construction Cost Accounting Act (Act) from \$125,000 to \$175,000. (Please see [Client News Brief No. 17, May 2011](#).) Assembly Bill (AB) 943, signed by Governor Brown on July 25, 2011, confirms this increase in the Public Contract Code.

Currently, the Act provides that if all bids exceed the \$125,000 informal limit, the bid may be awarded to the lowest bidder up to a maximum of \$137,500. However, with the passage of AB 943, if all bids received exceed the new \$175,000 informal bid limit, the bid may be awarded to the lowest bidder up to a maximum of \$187,500. Note that AB 943 does not take effect until January 1, 2012. Therefore, if all bids exceed \$175,000, the agency may not award the bid to the lowest bidder up to the \$187,500 limit until January 1, 2012. AB 943 does not affect a local agency's ability to award bids up to the new \$175,000 informal bid limit between now and January 1, 2012.

The Act provides an alternative method for school districts, cities, and other public agencies to obtain bids for public works projects that can save agencies the time and expense required by the traditional bidding process. It does not apply to the purchases of equipment, materials, supplies, or services. As before, the limit for construction projects performed by force account or without bidding remains at \$30,000 under the Act.

Lozano Smith attorneys have assisted many public agency clients with adopting the required procedures and maintaining compliance with the Act. If you have any questions about this recent development, or about becoming a uniform construction cost accounting agency, please contact one of our [eight offices](#) located statewide or consult our [website](#).

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