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## Bid Limits Set to Increase under Uniform Public Construction Cost Accounting Act, Along with Expanded Commission Oversight

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Public project bid limits are set to increase for public agencies that have opted into the cost accounting procedures under the Uniform Public Construction Cost Accounting Act (UPCCAA). Assembly Bill (AB) 2192 has been signed by Governor Gavin Newsom and will take effect on January 1, 2025.

Lawmakers drafted the bill to address construction cost increases that have occurred since the limits were last increased in 2018. The bill also increases oversight for UPCCAA projects.

### Background

California law generally requires public agencies to competitively bid public works contracts for all construction projects subject to certain thresholds: \$4,000 for counties, \$5,000 for cities, and \$15,000 for school and sanitary districts. UPCCAA, codified in California Public Contract Code sections 22000 through 22045, was created in 1983 to provide public agencies with an alternative, streamlined procedure for executing smaller public works projects. In exchange for agreeing to follow the cost accounting procedures prescribed by the California Uniform Construction Cost Accounting Commission (Commission), the UPCCAA currently allows a public agency to perform public projects of \$60,000 or less with the agency's employees by force account, negotiated contract, or purchase order, and it allows an agency to let contracts of \$200,000 or less using informal bidding procedures (as opposed to formal bidding). Existing law also allows the informal process to be used even if bids received are as high as \$212,500, if the agency determines that its initial cost estimate was reasonable.

### Increased Bid Thresholds

AB 2192 will increase the above dollar limits for projects that may be performed without formal bidding pursuant to UPCCAA as follows:

- The force account/purchase order limit will be increased from \$60,000 to \$75,000.
- The informal bidding limit will be increased from \$200,000 to \$220,000.
- The upper limit for awarding informal bids will be increased from \$212,500 to \$235,000, following a determination that the original cost estimate of \$220,000 or less was reasonable.

## Expanded Oversight and Enforcement by the Commission

In addition to increasing the bid limits, AB 2192 significantly expands the scope of oversight responsibility of the Commission by requiring it to examine any public agency when evidence is provided that a project has been split into smaller projects to get under the bid limits in the law, exceeds the dollar thresholds, or otherwise does not meet the requirements of the UPCCAA.

Under current law, the enforcement authority of the Commission is limited to specific alleged violations of UPCCAA, such as exceeding the force account limit, and improperly classifying work as maintenance. With the enactment of this bill, the Commission may investigate and enforce virtually any alleged violation of UPCCAA. As a result, local agencies can expect to see an increase in public projects being subject to investigation or enforcement activities by the Commission.

## Takeaways

Public agencies, including cities, counties, school districts, and special districts, can voluntarily elect to participate in UPCCAA by adopting a resolution and filing a copy of the resolution with the State Controller's Office. Opting into UPCCAA may provide a public agency with time and cost savings and greater flexibility.

The increased bid limits in this bill may result in more public projects being eligible to be performed by an agency's own workforce, or according to the informal bidding process in the UPCCAA. Conversely, the Commission's expanded scope of review may result in local agencies being subject to additional investigation and enforcement proceedings regarding their UPCCAA projects.

For more information on UPCCAA and whether it could be a useful tool for your agency, or if you have any questions related to construction, bidding, or contracting in general, please contact the authors of this Client News Brief or any attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcasts](#), follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#) or download our [mobile app](#).

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