

CLIENT NEWS BRIEF

Legislature Increases Bid Limits under Uniform Public Construction Cost Accounting Act

Public project bid limits are set to increase for public agencies that have opted into uniform cost accounting under the California Uniform Public Construction Cost Accounting Act (CUPCCAA). Assembly Bill (AB) 2249 has been signed by Governor Jerry Brown and is set to take effect on January 1, 2019.

Lawmakers drafted the bill to address construction cost increases that have occurred since the limits were last increased, in 2011.

Background

California law generally requires public agencies to competitively bid public works contracts for all construction projects subject to certain thresholds: over \$4,000 for counties, \$5,000 for cities, and \$15,000 for school and sanitary districts. CUPCCAA, codified in California Public Contract Code sections 22000 through 22045, was created in 1983 to provide public agencies with an alternative, streamlined process for executing public works projects. In exchange for agreeing to follow the cost accounting procedures prescribed by the California Uniform Construction Code Account Commission (CUCCAC), the Act currently allows a public agency to use its own workforce to perform public projects of \$45,000 or less by the agency's force account, negotiated contract, or purchase order, and allows agencies to let contracts of \$175,000 or less without submitting the projects to formal bid. Existing law also allows the informal process to be used even if bids received are as high as \$187,500, if it determines that the agency's cost estimate was reasonable.

AB 2249 will increase the above dollar limits for projects that may be performed without bid pursuant to CUPCCAA as follows:

- The force account limit will be increased from \$45,000 to \$60,000.
- The informal bid limit will be increased from \$175,000 to \$200,000.
- Informal bids can be awarded upon a determination that the cost estimate was reasonable up to a total of \$212,500 instead of \$187,500.

Takeaways

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

For more information on CUPCCAA and whether it could be a useful tool for your agency, or on bidding in general, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#) or download our [Client News Brief App](#).

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