

# Uniform Public Construction Cost Accounting Act Review

## City of Commerce

### 2021

#### Procedures/Thresholds:

The following compares key provisions of the UPCCAA<sup>1</sup> with current City of Commerce Municipal Code (C.M.C.) requirements in contracting for construction work:

Current City Procedures	UPCCAA
<p>Formal bidding procedures <u>generally required</u> for contracts for supplies, equipment and contractual services (C.M.C. Chapter 3.16):</p> <ul style="list-style-type: none"> <li>• More than \$5,000</li> </ul>	<p>No specific bidding requirements for public projects<sup>2</sup>:</p> <ul style="list-style-type: none"> <li>• \$60,000 or less</li> </ul>
<p><u>Informal</u> bidding procedures carved out for certain public works projects<sup>3</sup> (C.M.C. Chapter 3.18):</p> <ul style="list-style-type: none"> <li>• \$15,000 to \$50,000</li> </ul>	<p><u>Informal</u> bidding procedures required for public projects:</p> <ul style="list-style-type: none"> <li>• \$60,000 to \$200,000</li> </ul>
<p><u>Formal</u> bidding procedures required for public projects:</p> <ul style="list-style-type: none"> <li>• More than \$50,000</li> </ul>	<p><u>Formal</u> bidding procedures required for public projects:</p> <ul style="list-style-type: none"> <li>• More than \$200,000</li> </ul>

#### Informal vs. Formal Procedures (in detail):

In 1986, the City adopted informal bidding procedures for certain public projects (Chapter 3.18), which resembles the requirements under the UPCCAA. As shown below, the major difference is the threshold amount. The proposed ordinance reconciles the C.M.C. with current UPCCAA terms/language and the threshold amounts.

Informal Procedures		
	Current City Requirements	UPCCAA
<b>Applies to Projects of:</b>	\$15,000 to \$50,000	\$60,000 to \$200,000
<b>Notice Inviting Informal Bids</b>	10 days – to be mailed to list of qualified contractors and trade journals.	10 days - to be mailed, faxed, or emailed to list of qualified contractors and trade journals.

<sup>1</sup> Public Contract Code 22000, *et seq.*

<sup>2</sup> Note that per the UPCCAA, agencies may also implement the alternative bidding procedures on “maintenance work” as defined by Public Contract Code section 22002.

<sup>3</sup> As currently written, the C.M.C. does not include maintenance work within the informal procedures outlined in Chapter 3.18, thus any maintenance work over \$5,000 is subject to formal bidding procedures.

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<ul style="list-style-type: none"> <li>• Describes project, time/date/place for the submission of bids</li> </ul>		
<b>Required to Maintain List of Qualified Contractors?</b>	Yes	Yes
<b>Award of Informal Contract</b>	Authority granted to Public Works Director.	An agency may grant authority to public works director, general manager, purchasing agent, or other “appropriate person.”

<b>Formal Procedures</b>		
	Current City Requirements	UPCCAA
<b>Applies to Projects of:</b>	More than \$50,000	More than \$200,000
<b>Notice</b>	Published 10 days before date of opening in newspaper or by posting in 3 public places	Published 14 days before date of opening in newspaper; and mailed <u>and</u> emailed or faxed to UPCCAA approved-trade journals at least 15 days before date of opening.
<b>Required to Maintain List of Qualified Contractors?</b>	City to maintain a Bidder’s List from all responsible, prospective, contractors.	Not required. However, in addition to Notice requirement above, notice may be given as agency deems proper.
<ul style="list-style-type: none"> <li>• Bidder’s Security</li> <li>• Bid Opening Procedure</li> <li>• Rejection of Bids</li> <li>• Award of Contracts</li> <li>• Tie Bids</li> <li>• Performance Bonds</li> <li>• Etc.</li> </ul>	See section 3.16.100 “Formal contract procedure,” of Chapter 3.16 “Purchasing System” of the C.M.C.	The agency’s “formal” bidding procedures will apply. Here, for any project over \$200,000, City will apply current formal bidding procedures.

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#### Advantages and Disadvantages

Below is a brief summary of some of the advantages and disadvantages reported by some agencies who adopted the UPCCAA. It should also be noted that an agency who opts-in, can opt-out as well by implementing the similar formal procedure done when it opted in.

Advantages	Disadvantages
<p>Participating agencies report that informal bidding procedures result in:</p> <ul style="list-style-type: none"> <li>• Expedited contracting for small projects, including maintenance work.</li> <li>• Faster award process.</li> <li>• Improved timeliness of project completion.</li> <li>• Elimination of considerable red tape and cumbersome paperwork relative to advertising and filing of reports.</li> <li>• Simplified administration.</li> </ul> <p>With simpler informal bid procedures for contractors: potential for lower construction costs.</p>	<ul style="list-style-type: none"> <li>• Implementing new informal bidding procedures may take some getting used to—i.e., time, training for staff to become familiar.</li> <li>• Minor extension of formal bid notice from ten days to 14 days.</li> </ul>
<p>Use of in-house staff means greater flexibility for use compared with existing policy.</p>	<ul style="list-style-type: none"> <li>• Making use of the added flexibility to use in-house staff (“force account”) would require revised procedures.</li> <li>• Implementing cost accounting requirements may pose initial administrative burdens.</li> </ul>