

BOARD OF DIRECTORS

December 5, 2023

SUBJECT

DISCUSSION AND POSSIBLE ACTION REGARDING OPTING INTO PARTICIPATION IN THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT AND UPDATING THE PROCUREMENT CODE TO COINCIDE WITH THE INCREASED THRESHOLDS

BACKGROUND

The California Uniform Public Construction Cost Accounting Act (CUPCCAA) was established in 1983 under PCC § 22000 et seq. It is governed by the California Uniform Construction Cost Accounting Commission (CUCCAC) which was created by PCC § 22010 to govern the Act.

DESCRIPTION

The CUPCCA provides alternative procedures for the bidding and awarding of public contracts. As provided in Public Contract Code Section 22003, these procedures may also be utilized for maintenance work and other work that does not fall within the definition of "public project". Any local California agency may opt into the Act and participation is voluntary. In a review of neighboring districts, all water districts looked up by staff in the database had opted in.

The benefits of the Act are that it allows participating agencies to raise bidding thresholds for informal & formal processes, simplify bidding processes for small projects or allow the project to be done with agency employees, and perform projects with agency employees up to set limits.

The code requires that districts follow the CUPCCA Cost Accounting Policies and Procedures Manual, which requires tracking projects separately and including employee time and overhead in the project cost. The District already follows these procedures with its capital project accounting.

Per the Act:

Small Purchases: no bids are required for projects up to \$60,000 and can be done with the agency's own workforce (by force account), negotiated contract, or by purchase order.

Informal Bids: project values between \$60,000 - \$200,000 can be completed using an informal bidding procedure (bidders list or trade journals and exchanges), award bids at staff level, and approve plans and specifications at staff level).

Formal Bids: applied when public projects are greater than \$200,000.

The District would still maintain the requirement for staff to obtain 3 quotes for items in excess of \$5,000; however, the threshold for formal bids would be raised from \$35,000 to \$200,000.

Informal bidding notification requires maintaining a list of qualified contractors according to categories of work and notifying them of bid and or notification to trade journals specified in section 22036.

If the Board chooses to adopt this resolution and opt into the Act, staff is required to notify the state controller's office in writing of its intent to opt into CUPCCAA. In addition, the District procurement code would need to be updated to coincide with the Act's limits.

ATTACHMENTS

Administrative Code Section 5.02.100 Quotations
Administrative Code Section 5.02.140 Formal Bids
CUPCCA Frequently Asked Questions

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

BOARD OPTIONS/FISCAL IMPACTS

Participation in CUPCCAA can significantly lower the cost of projects under \$200,000.

Board options include:

- Option 1: Approve participation in CUPCCAA and approve the changes to the Administrative Code Section 5.02 - Purchasing.
- Option 2: Deny participation in CUPCCAA and make no changes in the Administrative Code Section 5.02 - Purchasing.
- Option 3: Provide staff with other direction.

STAFF RECOMMENDATION

Staff recommends Option 1.


Tracy Largent, CPA
Finance Manager

December 5, 2023

Section 5.02.100 Quotations

Upon receipt of a Requisition for Purchase, the Purchasing Department shall review the source of supply. The bidder's list will be reviewed for firms that will give the best price, proper quality, and service.

When the total cost is less than \$5,000, or an emergency exists which will not permit the delay incidental to request for quotation, or the commodity is a "sole source" item, quotations will not be required. For purchases in excess of \$5,000, a minimum of three quotes is required.

Annual quotes will be kept on file for items that are purchased routinely throughout the year. Examples include asphalt, rental equipment and fuel.

The Purchasing Department will solicit quotations in one of two forms depending upon the equipment, supplies or service required. Telephone quotations will be used for lower dollar amounts for equipment and supplies when clear, open and competitive specifications are included with the requisition. Written requests for quotations are preferred for high dollar amounts and especially for any contracted services. The Purchasing Agent will determine which form will be used. Written or email requests for quotation will include the following instructions and information:

1. The quantity desired.
2. A full description requested of the materials and specifications or service.
3. Rainbow Municipal Water District reserves the right to accept or reject any or all quotes.
4. If a bidder does not wish to quote, the quotation form is to be returned and reason stated, otherwise the Purchasing Department has the option to remove the bidder's name from the bidder's list.
5. In the case of small Capital Improvement Projects (under \$5,000), or maintenance agreements, the contractor shall have the current and properly classified contractor's license.
6. A contractor performing work as in Item 7 shall be required to carry a minimum of \$1,000,000 in liability insurance in which the District is also named as "additional insured", as well as provide a signed agreement "holding the District harmless".
7. As in Capital Improvement Project contracts in excess of \$5,000 and at the discretion of the General Manager, the contractor may be required to post a 10% bid security as well as 100% performance bonds for performance, material, and labor.

See Formal Bids Section 5.02.140 for purchases in excess of \$~~200~~5,000.

Section 5.02.140 Formal Bids

For any non-inventory purchase which will exceed \$35200,000 in value, a formal bid is required and the following procedure shall be followed:

1. All formally bid items must be submitted to and be approved by the General Manager in concept before any formal action will be taken.
2. A draft copy of the specifications for suppliers, services, or equipment should be submitted to the Purchasing Department along with any other pertinent information.
3. The bid package for items other than Capital Improvement Projects will be prepared by the Purchasing Department and returned to the originating department for review.

Once the bid package has been reviewed, it must be returned to Purchasing along with a list, if available, of desired prospective bidders.

Upon completion of the final bid package the bid will be formally advertised and a notice to bidders will be sent to prospective bidders.

The Notice will include the following instructions and information:

1. Bids must be sealed.
2. The latest time, date, and place of receiving bids.
3. The time, date, and place of bid opening.
4. The quantity desired (if applicable).
5. A full description of the material and specifications.
6. Rainbow Municipal Water District reserves the right to accept or reject any or all bids.
7. Insurance and bonding requirements.

Sealed bids submitted pursuant to the above will be kept unopened until the hour set for the bid opening. The Board Secretary or designee will announce when the opening time has come. The bids will then be publicly opened by the Board Secretary or designee and the bid prices announced. Any bid received after the scheduled time of the bid opening shall be returned to the bidder unopened.

