

What's the Real Difference Between Negotiated, Informal and Formal?

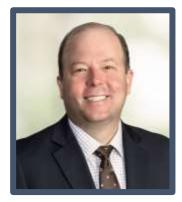
California Uniform Public Construction Cost Accounting Act (CUPCCAA)

Today's Panel



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Today

- 1: A Quick Basic Overview
- 2: The Levels & the Differences
- 3: Costing & Scoping Tricks
- 4: Walk Through an Under \$60k Proposal Process Together



Disclaimer



Handouts

Handouts, including SAMPLE contract documents, have been reviewed by legal counsel, not necessarily all by today's presenter.

Use of them without your legal counsel's review is at your own risk.

Note the year at the beginning of the file name and remember to update your template contracts regularly (every year or 2 at the most) to stay compliant.

We hope they are helpful.

1. CUPCCAA Basics



What is CUPCCAA (the Act)? Enacted in 1983 under section 22000 et seq. Public Contract Code

Allows public agencies to use "Force Account" labor to perform public projects (a.k.a. public works) to a <u>different</u> maximum value

Provides alternative bid <u>limits</u> (with estimating requirements) & modifies bid <u>methods</u> for public works projects

Simplifies procedures for authorization of <u>emergency</u> work

Does not have to change bid limits for maintenance work, so that definition matters!

Bid Law for Schools in CA

- ☑ General Bid Limits. California school districts must formally and publicly bid contracts for construction projects over \$15,000, <u>unless there is an exception</u>. (Public Contract Code (PCC) § 20111)
- CUPCCAA is an exception to this general rule for school districts and other local agencies that elect to be subject to CUPCCAA or the "Act" (*PCC §§ 22000 22045*)

Bid Limits

& Other Things that Change (& things that don't)



Bid Limit Comparison

Public Works* No CUPCCAA

- Under \$15k (PCC § 20111)
 - informal quotes or use internal forces based on standard force account limits
 - Use District's policy rules for quotes
 - example of common policy:
 "Over \$3k requires 3 written quotes"
- Over \$15K formal procurement
 - hard bid typical for smaller, non-complex jobs
 - Lease/Leaseback and other methods available
 - Project specific ad in newspaper of general circulation

Public Works* w/ CUPCCAA

- Under \$60k (PCC §§ 22000 22045)
 - Informal quotes (District's policy) or use internal forces based on this CUPCCAA force limit

⊡ Over \$60k but under \$200k

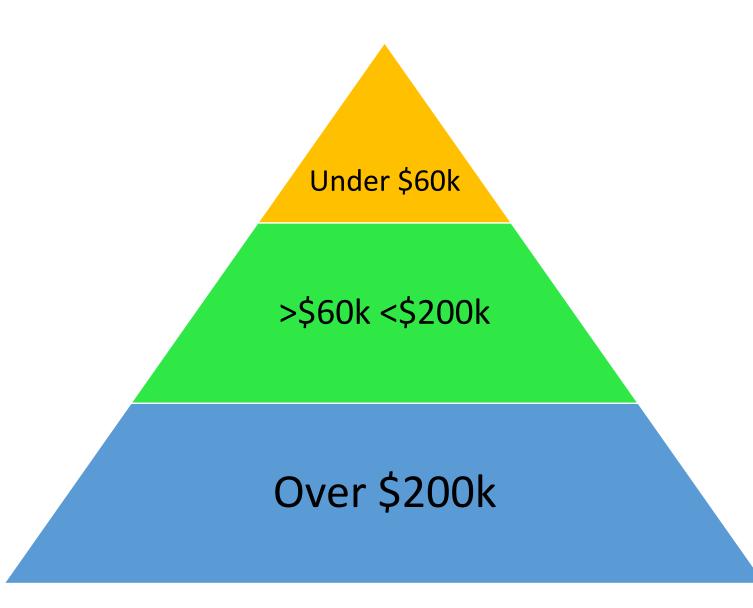
- informal bidding required
- Over \$200k formal procurement
- District specific contractor list recommended
 - open year-round & advertised every November in papers approved by the CUPCCAA Commission

* Use code defined definition of public works/public project vs. maintenance to determine if the work is

a "public work". Once project is defined as a public work you can apply this rubric.

If maintenance work, the limit (currently \$99,100) is the trigger to formally procure.

2. The Levels





CUPCCAA – What Changes?

Rule: Unless modified by CUPCCAA, all codes for the project apply. If in doubt, please seek legal counsel!

Public Works: Negotiated <60k, Informal >60k <200k, Formal >200k

| | <60k | >60k <200k | >200k |
|---|------|---------------|-------|
| THINGS THAT CHANGE WITH CUPCCAA & BY SIZE OF PROJECT | _ | <200K | _ |
| Must our agency have an informal bidding policy/ordinance? PCC22034 | Y | Y | Y |
| Do our force account limits change and when estimating an in-house project do we | Y | Y | Y |
| have to add 30% (or calculated) overhead to determine if we can stay in-house? | | | |
| (Manual starting on pg. 53, Chapters. 3-7) | | | |
| Can I use CUPCCAA bid limits for code-defined Maintenance work? (PCC22003 – | Y | Y | Y |
| Only if maintenance is included in your resolution & be consistent) | | | |
| Can I negotiate the contract and price if that is allowed by my agency's policy? | Y | N | N |
| Can I get quotes instead of bidding following my agency's policy? | Y | N | N |
| Are plans & specifications required by code? (*Y if needed for clarity/contracting) | *N | *N | Y |
| Must we email our CUPCCAA list or use Trade Journal at least once to notify contractors | N | Y | *γ |
| & leave the bid period open for at least 10 days? (*Min. 15 days + gen circ newspaper) | | | |
| Is the usual language required in invitations for bids/notices for code compliance? | N | Y | Y |
| Is a Bid Bond required by code? | N | Y | Y |
| Is there a date and time certain for receipt of bids? (*Due date for proposals okay.) | *N | Y | Y |
| Must we hold a public bid opening? | N | N | Y |
| Does CUPCCAA have a special law allowing me to proceed with work if no bids are | Y | Y | Y |
| received that aren't available to non-CUPCCAA agencies? (PCC22038(c)) | | | |
| Are bid protests allowed? | N | Y | Y |
| Are "Interested party" claims allowed – even people who did not submit a price or were | Y | Y | Y |
| not noticed? PCC22042 & Manual pg. 18/1.09 | | | |
| Can proposal / bid overages be waived? (*Over \$200k <\$212,500 by 4/5th board vote.) | N | *Lmtd | N/A |
| Do we still have to go to the County Superintendent for emergency resolutions? | N | N | N |
| PCC22035 – agency's board handles. | | | |

See Handout

Negotiated (or Proposals) under \$60k

It's still a public project...

- Most Districts have existing procedures requiring proposals
- Under \$60k is not a "bid", but...
 - Prevailing wage Y
 - <u>Payment</u> bond over \$25k Y
 - Register & report to DIR Y
 - Other stuff Y *See Handout*
- Because of this & more a form of contract is highly advised

Very few things change...

- Can negotiate post-proposal if District doesn't preclude it
- Proposals are not time sensitive
- No bid bond (because it's not a "bid")
- Must "notice" trade journals or list
- No public bid opening
- No "bid protest" period You can always choose to informally or formally bid. Bidding is always a safe thing to do! It brings

>\$60k <\$200k

Procedures for Informal Bidding



- District e-mails notice inviting bids at least 10 days before bids due to:
 - All contractors on list for category of work; or
 - Specified trade journals; or
 - Both
- ☑ Notice should describe project in general terms with information for how to obtain detailed information and time and place for submission of bids
- ☑ Will often include site walk, where appropriate
- It is <u>highly</u> recommended District use standard bid documents
 - Remove the public bid opening if you wish or just do it and leave the language in
 - You don't have to advertise in a "Newspaper of General Circulation" like a full formal bid



Procedures for Informal Bidding -*Cont'd.*

- ☑ Notice need not include drawings, plans, etc., unless required for preparing bid
- Governing Board may delegate authority to award informal contracts to specific staff members*
- ☑ If all bids received exceed \$200,000, Governing Board may pass a resolution by a four-fifths majority awarding contract at \$212,500 or less to lowest responsible bidder if it determines District's cost estimate was reasonable

*Note: EC 17605 requires all delegated transaction be approved or ratified within 60 days

Procedures for Formal Bidding



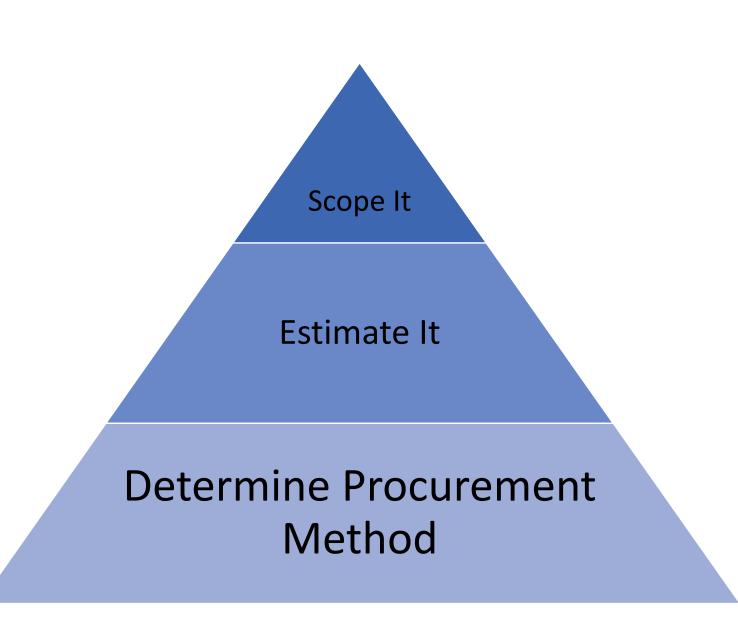
- Public projects of more than \$200,000 shall be let to contract by formal bidding procedures, including:
 - Detailed architectural plans, bid and contract documents
 - Newspaper advertising for 14 days (2 weeks + 1 day) before bid opening plus



 Notice in trade journals 15 days (+1 day) before bid opening

CUPCCAA Difference/Benefit Note: Public Contract Code 22038(c) states that if no bids are received through the formal or informal procedure, the project may be performed by the employees of the public agency by force account or negotiated contract without further complying with this article.

Non-CUPCCAA agencies don't have this language and must take other legal means if no bids are received – seek legal counsel. 3. Costing& ScopingTricks



What tricks might help with scope and cost? while avoiding "design by vendor" & the potential conflict of interest that may create

- Past history with similar work (escalated)
 - Learn, update scope post-project and keep updating your library of scopes/ specifications
- Previous similar proposals/bids/quotes from vendors (inclusions, exclusions, detailed scope, etc.)
- Peers/other agency bids & knowledge
- Cost estimating guides
- Right-sized (likely small) architect firm ready to help





Another trick to consider to help with scope and cost...

- 1. Scope & price as best you can and get it published
 - If even CLOSE to a level, always use the higher level
- 2. Do at least a 3-week bid (or proposal) period and a mandatory job walk
 - Ask them questions on-site, encourage feedback & listen
 - If they don't want to share their secrets/approach, ask them to email you their ideas/concerns/recommendations after the walk
- 3. Take all info, make your own decisions and do an addendum
 - Change scope & specifications based on the feedback (<u>not</u> the basic type/location of work)
 - Extend the bid period if you changed things a lot
 - If you've added more subcontractor types, facilitate a date/time for all to see the site again (not a 2nd mandatory walk – hold to the original attendees as the sole prime bidders)

There are creative aspects to this.

Feel free to contact J. Branch to discuss further, & always seek legal counsel when doing something new/different!

4. Walkthrough of an Under \$60k Proposal Using a Form & Contract



Proposal Form with Attached Small Project Construction Contract

PROPOSAL FORM

Thank you for your interest in proposing on this project. Please fill out, sign and return this form as your proposal. Due on or before: Wednesday, February 14, 2024 Email your proposal to: JoeSmith@xyzschools.org

Project Name: {Put the name of the project here – what you would call it if you are talking about it}

Short Description of Project: {Put the scope here}

Note: The project scope, schedule, terms and conditions of the Contract Package apply to this proposal without exclusions or exceptions. Prevailing wages apply. Projects over \$25k must include Payment Bond. By submitting a proposal, you are agreeing to enter into an agreement to perform the work as provided therein, including providing all certifications, proof of insurance, Payment and Performance Bonds if so indicated, within 5 working days of request. Contact the District via the email above with any questions at least 3 working days prior to the

proposal submission due date.

<u>Do not fill out the proposed Contract Package</u>. It is for reference only during this proposal period. If you are selected to do the work a contract will be forwarded to you for finalization.

(See Handout for the rest of the form...)

Attach the blank Contract you will ask them to sign

CONTRACT FOR REPAIRS, MAINTENANCE OR CONSTRUCTION SERVICES UNDER \$60,000 AWARDED PURSUANT TO CUPCCAA

THIS CONTRACT is made and entered into as of the last date of signature hereto ("Contract"), by and between Town & Country Flooring Co. DBA W2W Sport ("Contractor") and XYZ School District ("District"). Contractor and District may be referred to herein individually as a "Party" or collectively as the "Parties."

1. Contract Price & Services.

a. After the District has issued a Notice to Proceed, the Contractor shall furnish to the District the repairs, maintenance or construction services identified below and as more fully described in Exhibit A attached hereto ("Services" or "Work") subject to the conditions below and for the price indicated below ("Contract Price"):

<u>Project:</u> Summerset Elementary School Artificial turf playfield safety repairs Short Description of Project: Artificial turf field seam repairs – Summerset ES: Approximately 850 lineal feet of longitudinal seams and 50' of end seams. Area of

60' x 165' at the north end of the field. Longitudinal seams are 12' apart. End seams are 12' in 5 locations. Includes approximately 900' of seam tape replacement.

Replace approximately 900 linear feet of artificial turf seams to provide a 1- year guarantee of the replacement seams. Scope includes all necessary work, labor and materials including seam tape and glue down per manufacturer of heat welded seam adhesive tape and as appropriate to the turf type.

Work address: Summerset Elementary School - 3825 Summerset Ln, XYZ, CA 92110. Site visit by appointment only - JoeSmith@xyzSchools.org

See Handout for the rest of the Contract.

Their price needs to take into consideration the scope of the work and agreement, so they need to know what you require.

Copy & paste from your proposal form

Best Practices for Under \$60k

- Use a Proposal Form (Must at min. provide bond form if over \$25k)
- Use a small project construction contract
- Use your email list to send to multiple contractors (even though not mandated)
- Set a date for getting the proposals (no time certain – consider "proposal is due by or before June 30, 2024" or similar)
- Obtain board authority for entering the contract followed by ratification

- Since it is not a "bid" Yes, you can...
 - Normalize the proposals (talk to them about inclusions/exclusions
 - Ask them to revise their proposal(s) with your required inclusions (or proper exclusions)
 - Ask them for a commitment in writing for start and end of the project
 - Make sure their proposal states that prevailing wage (and bond if over \$25k) is included if you don't use a proposal form that already has that

Secrets to Success

- Consider using a Project Intake form (See sample handout)
- Per CUPCCAA, you need to issue a <u>unique project identifier</u> for each "Project" you do and use that for all estimating, expenditures and proposal/bid/contract items.
- <u>Document your decisions</u> as to why this is not "bid splitting", or any other nonusual things and why the Agency decided what they decided at the time (or legal opinion).
 Don't leave it in an email – PDF & put it in a project record.

(Avoid post-inquiry documentation!)

• Use a **CONSTRUCTION CONTRACT** every time! Don't hire a contractor with only a P.O. and their proposal as your contract. You won't have the language needed when things go south and may have language in their proposal you don't want!



CA Public Agency Procurement

Free Peer-to-Peer Group

No Sales! Check it out!



https://www.colbitech.com/ppwg

A Few Extras...

(See slides at end of this presentation)

- Maintenance vs. Public Works defined
- What is "Force Account"?
- The "Accounting" part
- Common CUPCCAA Mistakes
- What is "Bid Splitting"?
- Compliant Advertising
- Is your District in CUPCCAA?
- Scope of work and Specification Tips & Resources

Thank you!





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Determine What Type of Project

(Manual pg. 46)

Public Project/Work PCC § 22002(c)

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work
- Painting or repainting non-minor
- Don't forget about projects initiated outside of M&O or Facilities – like Technology – a public work is a public work no matter the department!

Maintenance

- PCC §20114)(a)(3) minor painting
- PCC §20115 craft work to preserve in continual operation including cleaning & maintaining permanently attached equipment (NO ADDING NEW THINGS)
- PCC §22002(d)
 - Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility
 - Minor repainting
 - Resurfacing of streets less than 1 inch
 - Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems



What is a "Repair"?

- Court Cases Defining Repair:
 - "The word 'repair' in its ordinary sense relates to the preservation of property in its original condition, and does not carry the connotation that a new thing should be made or a distinct entity created. (2) Minor repainting."
 (Whalen v. Ruiz (1953) 40 Cal.2d 294, 300-301, 253 P.2d 457.)
 - "To repair means to mend an old thing, not to make a new thing; to restore to a sound state something which has become partially dilapidated, not to create something which has no existence." (Id., 40 Cal.2d at p. 300, 253 P.2d 457.)

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NOT Maintenance or Repair

- **Does not include,** among other types of work; janitorial, or custodial services and protection of the sort provided by guards and other security forces.
- Does not include, painting, repainting, or decorating other than touchup...it is the intent of the Legislature that such activities be controlled directly by the provisions of PCC Section 20114



| PUBLIC PROJECT | | MAINTENANCE WORK |
|--|-----------------------------------|--|
| Painting an entire school | | Painting over graffiti; repainting a portion of a damaged school |
| Replacing multiple HVAC units at a site | < GREY > <u>< AREA ></u> | Replacing one failing HVAC unit at a site |
| Replacing all fencing at a site | Any variations | Replacing a portion of a site's aged cyclone fence |
| Replacing all plumbing fixtures in the bathrooms at a site | between the examples | Replacing rusted components of plumbing fixtures in one bathroom |
| Building a "snack shack" at a field | within these two categories | Patching the roof of a snack shack at one field |
| Installing bleachers at a field | must be evaluated on | Re-finishing portions of wooden seats some bleachers at one field. |
| Re-paving a parking lot if depth is greater than 1 inch | a case-by- case basis. | Re-paving a parking lot if depth is less than 1 inch |
| Replacing multiple windows at a site | < GREY > < AREA > | Fixing a few single cracked windows at a site |
| Installing new grass at a field | | Mowing, trimming, planting |
| Replacing a portion of a sprinkler system at a site | | Inspecting/fixing a few parts of a sprinkler system at a site |

Copied from a CASH presentation in 2019

Maintenance - A bit of pain and some gain, or status quo? The District can choose to include maintenance work under the CUPCCAA exception.

If you opt in that would mean you use the negotiation/proposal process for under \$60k but must informally bid for maintenance work within the "donut hole" for projects from \$60,000 - \$114,500.

It is not recommended to hop in and out the CUPCCAA rules for maintenance work. Pick "in" or "out" and stick with it for a while and document your choice to be in our back out. Also, don't forget to make sure you board makes that choice officially as a best practice.

(If in doubt about what your resolution said, take a fresh resolution to the Board. Seek legal counsel on this, please.)

What is Force Account with CUPCCAA?

- Force Account Limits apply when you use your internal workforce to do work – With or without CUPCCAA!
- CUPCCAA modifies your Force Account definition & refers to work performed on public projects using internal resources under \$60k.
- ☑ Project costs to include in your analysis to determine if it fits into the under \$60k limit (PCC 22032)
- Direct Costs:
 - Labor including all benefit costs
 - Equipment charged on an hourly rate including depreciation, insurance, maintenance/repair, fuel and oil, tires and grease, etc.
 - Cost of materials and supplies with a total unit value of \$25 or more including discounts, tax, and shipping
- Indirect Costs:
 - Other labor including inspection, clerical, and supervision
 - Other expenses including utilities, telephone, temp. fencing, etc.
 - Overhead Costs:
 - ✤ Either the agency's actual calculated overhead rate or 30% of direct costs



Non-CUPCCAA: *PCC 20114*: For maintenance per PCC 20115 NTE 350 hrs. If over 35k ADA then 750 hrs or materials over \$21k



CALIFORNIA SCHOOL ACCOUNTING MANUAL

NOLLIGA FOLLION

Accounting Procedures Under CUPCCAA

- Detailed accounting procedures for direct and indirect costs must be followed
- ☑ The Commission has determined that compliance with the California Schools Accounting Manual (CSAM) meets the requirements of the Act
- The Commission feels that all cost elements -personnel, materials, supplies and subcontracts, equipment and overhead -- associated with a project must be recorded and reported <u>at the</u> <u>project level</u>

Using the Standard Accounting Code Structure to Track Projects

The tracking of projects completed by Force Account may be much less daunting than it appears. Since SACS allows districts to account by fund, resource, function, goal, and object code; tracking can be done using standard accounting practices

| | Labor: | | | | | | | | | |
|---|-----------------------|----------|------|----------|---------|------|----|--|--|--|
| | FUND-SUB | RESOURCE | GOAL | FUNCTION | OBJECT | SITE | PY | | | |
| | 0100 | XXXX-XXX | 8100 | 2200100 | 6200000 | XXX | | | | |
| | Equipment: | | | | | | | | | |
| 1 | FUND-SUB | RESOURCE | GOAL | FUNCTION | OBJECT | SITE | PY | | | |
| | 0100 | XXXX-XXX | 8100 | 2200100 | 5800000 | XXX | | | | |
| | Materials & Supplies: | | | | | | | | | |
| | FUND-SUB | RESOURCE | GOAL | FUNCTION | OBJECT | SITE | PY | | | |
| | 0100 | XXXX-XXX | 8100 | 2200100 | 4300000 | XXX | | | | |

Contracted work requires no special accounting unless a mix of force and contracted is used

Unique # required for each discrete project/work order

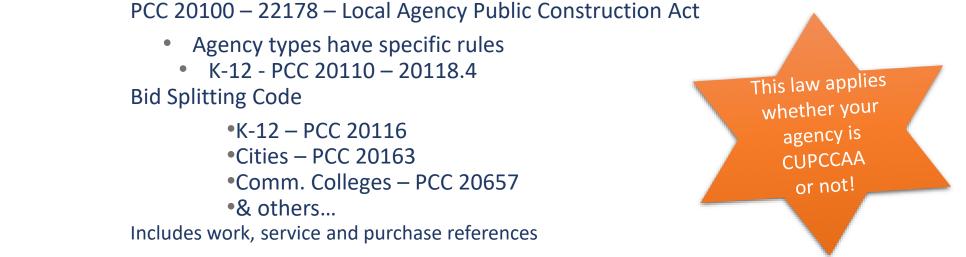
Some Common Mistakes



K-12 (For instance) Public contract code – No bid splitting:

20116. It shall be unlawful to split or separate into smaller work orders or projects any work, project, service, or purchase for the purpose of evading the provisions of this article requiring contracting after competitive bidding.

The district shall maintain job orders or similar records indicating the total cost expended on each project in accordance with the procedures established in the most recent edition of the California School Accounting Manual for a period of not less than three years after completion of the project.





Part 1 – Bid splitting – Look for the Duck!



If it looks like a project, feels like a project and is treated as a project, it's a **project**!

- Same work, multiple sites, same time - probably one project.
 Things that can change that are funding unavailability and construction timing.
- Ask WHY! If you are dividing work to keep each contract under a bid limit to not bother with bidding or to keep going back to the same contractor(s), you are not doing so for the right reason & likely bid splitting or other non-compliance! This practice harms the agency in the long run, too!

Of the 6 Recent commission hearings – 50% were bid splitting claims...

Commission Meetings

Meeting - May 12, 2023

- » Meeting Notice and Agenda
- » Item 3A Draft Meeting Minutes of January 13, 2023
- ->> Item 4A Participating Agencies Update
- » Item 4B Commission Funding Update
- » Item 4C Inquiry Update
- ->> Item 11A Accounting Review Conejo Valley Unified School District) 🏗
- ->> Item 11B Accounting Review (Turlock Unified School District)
- » Item 11C Accounting Review (Vacaville Unified School District)
- » Item 11D Proposed Changes to CUPCCAA

Turlock – Using Minnesota Sourcewell Vacaville – No list notice + Tuolomne – Not "Maintenance"/ over bid limint

2024 - J. Branch – COLBI

Meeting - January 13, 2023

- » Meeting Notice and Agenda
- » Item 4A Participating Agencies Update
- » Item 4B Commission Funding Update
- » Item 4C Inquiry Update
- » Item 10A Accounting Review (Tuolumne County)
- » Item 10B Accounting Review I ancaster School District
- Item 11A Accounting Review City of Claremont Distance
- ->> Item 11B 2022 CUCCAC Legislative Report (DRAFT)

How to get the word out about work

- 1. CUPCCAA required trade journals when using informal or formal bidding (*They change so review regularly*)
 - State Controllers handbook

https://www.sco.ca.gov/Files-ARD-Local/cuccac_manual_2021_edition.pdf

- Pages 14 & 15 indicate which journals to be utilized for each county
- Pages 16-22 provide names and contact for trade journals & exchanges
- Local Advertising short and simple anywhere you want or required full typical hard bid Legal Notice if Over \$200k (Make sure if doing a formal hard bid that your local paper has a "Newspaper of General Circulation" certificate.)
- 3. Agency's <u>website</u> (*Bid* documents must be provided on (or from) the Agency's website for free per code)
- 4. <u>Email</u> contractors on your CUPCCAA list if you've opted to keep one (please opt for an email list & use it!)
- Consider more:
 - Trade association's & other <u>E-bid boards</u>
 - Attend networking events and tell them you need them: International Facility Management Association (IFMA) Building Owners and Managers Association (BOMA), other...

Is your agency CUPCCAA? Check at the State Controller's website:

- <u>https://www.sco.ca.gov/Files-ARD-Local/participating_agencies_general.pdf</u>
- Other resources:
 - Department of Industrial Relations (Prevailing Wages +) <u>https://www.dir.ca.gov/</u>
 - CUPCCAA Commission (*Rules/Code, FAQs and Public Meeting records*): <u>https://www.sco.ca.gov/ard_cuccac.html</u>

Scope of work and Specification Tips & Resources

- Develop Agency standards for facility components (finishes, doors, cabinets, paint, etc.) and use them/modify them as you learn things.
- Get a Small architect firm on retainer to assist District standards and scoping, along with code compliance including ADA and permitting/DSA requirements.
- More Resources
 - CUPCCAA Manual (See also those FAQs!) <u>https://www.sco.ca.gov/Files-ARD-Local/cuccac manual 2021 edition.pdf</u>
 - Page 25 Public Contract Code info begins
 - Cal State sample forms, standards and info (*nice site, but make sure you modify for your agency type*) <u>https://www.calstate.edu/csu-system/doing-business-with-the-csu/capital-planning-design-construction/project-center/academic-project/Construction/Pages/Design-Bid-Build-Minor/E1.aspx
 </u>
 - County of San Diego <u>https://www.sandiegocounty.gov/content/sdc/dpw/standards.html</u>