Council Agenda # _____
Meeting of January 11, 2011

Staff Report

RESOLUTION ELECTING TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

Honorable Mayor and Council Members:

Summary

Adoption of the attached resolution will allow the City to become subject to the Uniform Public Construction Cost Accounting Procedures.

Background

In 2003, City Council amended a comprehensive revision and modernization to the City's procurement process which resulted in establishing a full set of financial controls with a corresponding increase of purchasing authority limits for goods and services. Subsequently in 2006, City Council set the authority limits for the Purchasing Officer alone to $10,000 (Open Market Level 1) and the combination of the Purchasing Officer and City Manager of $25,000 (Open Market Level 2).

Last April, citing concerns over the economic recession and potential impacts on the City's Budget, City Council gave direction for an interim six-month lowering of the purchasing authorization levels to $5,000 for non-recurring items, and on October 12th, extended those interim purchasing thresholds through the end of this fiscal year (June 30, 2011). In making itself subject to the Uniform Public Construction Cost Accounting Procedures (UPCCAA), the City would further amend the current procurement process, making certain procedures more efficient and streamlined.

As a general law City, the City of Belmont is currently subject to the provisions of the Public Contract Code ("Code"), which governs how contracts for a public construction project are to be advertised, bid and awarded. The Code requires cities to competitively bid public works contracts for all public projects over $5,000 and to contract with the lowest responsible bidder. The Code specifically forbids separating or splitting any public works project into smaller work orders for the purpose of evading the formal bidding requirements. The Code also stipulates the method of noticing and posting of invitations to bid, and the procedures for accepting bids and awarding contracts.

Compliance with these formal bidding procedures can require significant time and expense on the part of public agencies and contractors alike. In 1983 the State created a program to allow a more streamlined process for small public works construction contracts, called the Uniform Public Construction Cost Accounting Act (UPCCAA). Codified at Section 22000 *et seq*, of the Public Contract Code, UPCCAA allows cities and other public agencies to use certain less-formal bidding procedures for contracts under $125,000. For projects of $30,000 or less agencies may use their own workforce or proceed by a negotiated contract or by purchase order with a small contractor selected through a process other than the established formal or informal bidding procedures.

As of the last report issued by the California Uniform Construction Cost Accounting Commission in 2009, over 700 agencies in California have elected to become subject to the Uniform Cost Accounting Procedures, including 167 cities and 33 counties.

Discussion

The UPCCAA provides less-formal procedures for local agencies in letting small public projects, making the process more efficient and streamlined. Staff believes these less-formal procedures would allow for more efficient and cost effective administration of small routine public works projects. The City would benefit from the informal bidding procedures for the following reasons:

1. The informal bidding process stated in the Code involves soliciting bids from a list of City-approved, pre-qualified contractors on an annual basis and to selected contractors based on trade journals. Bid invitations need not be advertised in the newspaper.
2. Informal bids do not need to be detailed as formal bid packages. Certain types of work would allow staff to "design/build" smaller projects, reducing the cost of document preparation by specifying outcome in terms of performance standards rather than design details.
3. Less complex bid packages can also encourage smaller companies to compete for projects, resulting in more bids and better prices for the City.

Examples of City projects that could be streamlined under the UPCCAA procedures include the Sidewalk Repair Program project, City Building (minor) Improvement projects, and Park Improvements (minor) projects.

The UPCCAA offers alternative procedures for public agencies under $125,000. Public projects of $30,000 or less may be performed without any bidding by City staff, negotiated contract, or purchase order without a bid process. For public projects of more than $30,000, but less than or equal to $125,000, the City may choose to do informal bidding procedures as stated in the City's purchasing policy. For public projects exceeding $125,000, the formal bidding procedures currently performed by the City would apply.

Section 22030 of the Code provides that, in order to avail the City of the alternative procedures for bidding and contracting for public projects, the City Council must adopt the attached resolution to become subject to the Uniform Cost Accounting Procedures, and the City Clerk must file the resolution with the State Controller. All departments of the City would be included in this program. The City may discontinue participation in this program at any time by adopting a resolution to that effect and filing it with the State Controller.

Once the City elects to become subject to the UPCCAA, it must comply with numerous procedural obligations outlined in the applicable statutes. The City will be required to track certain cost elements for public projects, including personnel, equipment, materials, supplies, subcontracts, and overhead costs. The City is already performing most of these requirements.

General Plan/Vision Statement
No impact.

Fiscal Impact
The election to become subject to the UPCCAA procedures is anticipated to reduce staff time and associated costs. The actual savings will vary based on the number and size of projects undertaken each year.

Public Contact
Posting of City Council agenda.

Recommendation
Staff recommends approval of the attached resolution electing to become subject to the Uniform Public Construction Cost Accounting Procedures.

Alternatives
1. Direct staff to return for further discussion and direction.
2. Take no action.

Attachments
A. Resolution Electing to Become Subject to the Uniform Public Construct Cost Accounting Procedures.

Respectfully submitted,

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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT ELECTING TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, which added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and,

WHEREAS, Public Contract Code Section 22000 et seq., the Uniform Public Construction Cost Accounting Act, establishes such a uniform cost accounting standard; and,

WHEREAS, the Commission established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects.

NOW, THEREFORE, BE IT RESOLVED that the City of Belmont hereby elects under Public Contract Code Section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and directs that the City Clerk notify the State Controller forthwith of this election.

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