

# CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

Presented by

Commissioner Clemens & Commissioner Clifford  
Calif. Uniform Construction Cost Accounting Commission  
State Controller's 69<sup>th</sup> Annual Fall Conference

**November 7, 2014**

## What is CUPCCAA?

- The Uniform Public Construction Cost Accounting Act (CUPCCAA, Act) was established in 1983 under Public Contract Code section 22000 et seq.
- The California Uniform Construction Cost Accounting Commission (CUCCAC) was created by Public Contract Code section 22010 to govern the Act.

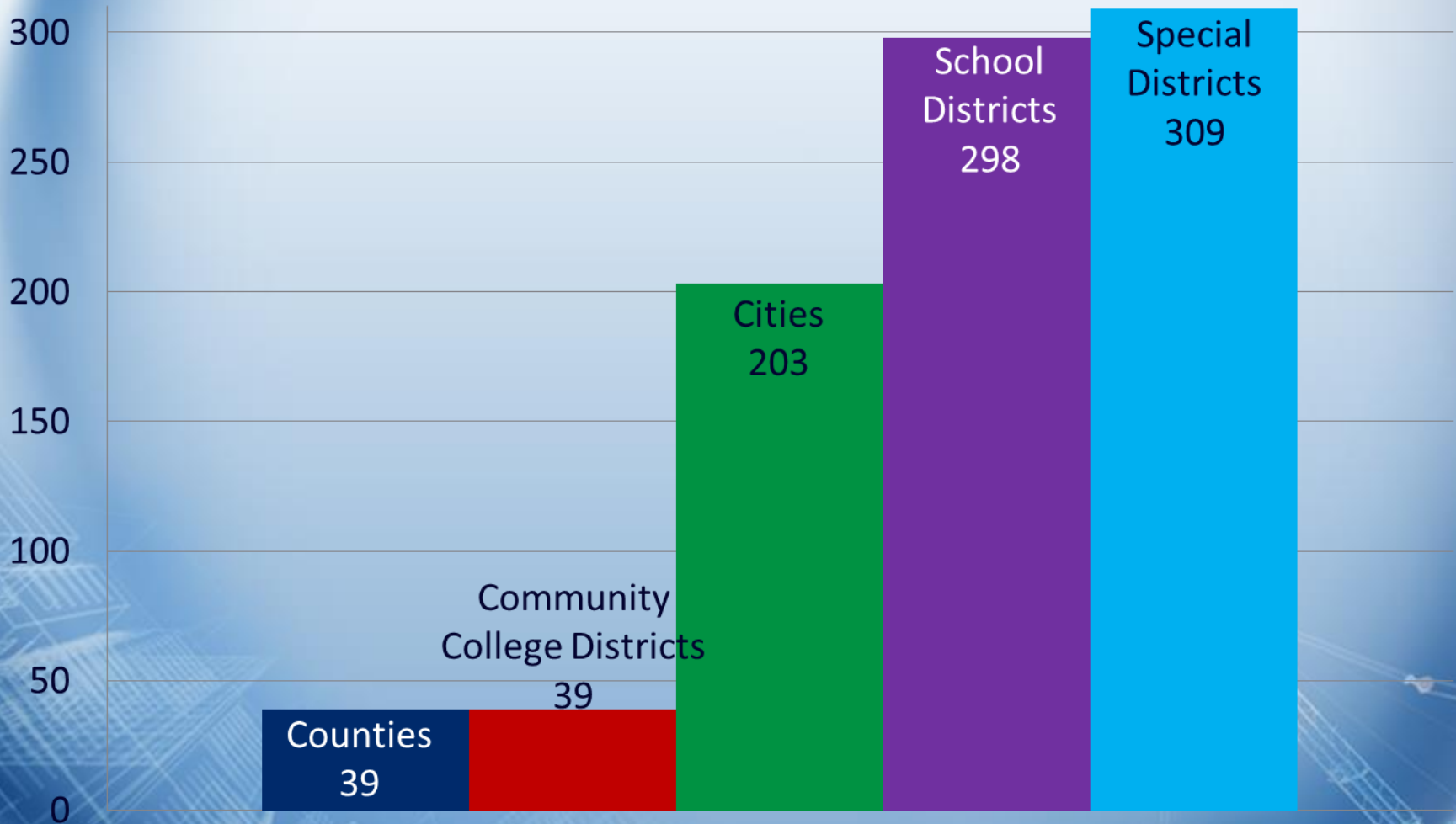


# Who May Participate?

- Any local agency may opt into the Act
  - Cities
  - Counties
  - Community College Districts
  - School Districts
  - Special Districts
- Participation is voluntary

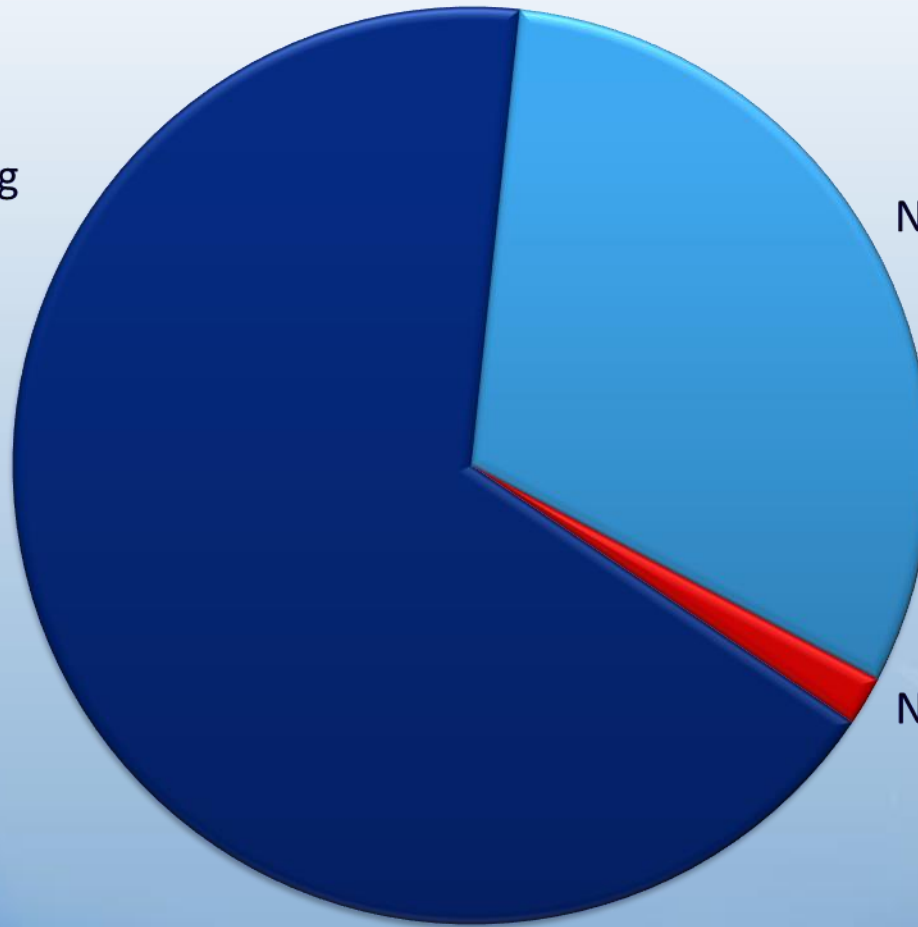


# Participating Agencies



# Participating Agencies

Participating  
Counties  
67%



Non-participating  
31%

Newest Member:  
San Joaquin  
County

# Participating Counties

Alpine

Butte

Calaveras

Contra Costa

Del Norte

El Dorado

Fresno

Glenn

Humboldt

Imperial

Kern

Kings

Lake

Madera

Marin

Mariposa

Mendocino

Mono

Napa

Orange

Riverside

Sacramento

San Bernardino

San Joaquin

San Luis Obispo

San Mateo

Santa Barbara

Santa Clara

Shasta

Siskiyou

Solano

Sonoma

Stanislaus

Trinity

Tulare

Tuolumne

Ventura

Yolo

Yuba



# Benefits of the Act

Allows participating local agencies to:

- Raise bidding thresholds
- Simplify the bidding process for small projects
- Increase the likelihood bids received from responsible contractors
- Perform larger projects with agency employees



## No Bids Required

- Projects below \$45,000 may be performed by:
  - Agency's own workforce, by force account, as defined by the Public Contract Code
  - Negotiated Contract
  - Purchase Order





## Informal Bids

- Project value \$45,000 - \$175,000
- Competitive bids using informal bidding procedures
  - Bidders list
  - Trade journals and exchanges
- Award bids at staff level



## Formal Bids

- Public projects greater than \$175,000
- Competitive bids, unless otherwise specified



# What Does CUCCAC Do?

- Ensures an even-handed application of the Act as intended when it was established in 1983
- Responsible for ensuring compliance with the Act
- Conducts cost accounting reviews with independent accounting consultants when complaints are filed
- Makes recommendations to SCO on force account limits and bidding thresholds
- Works with the legislature to continue to adapt the Public Contract Code to changing times and challenges, keeping pace with today's demands and technology
- Regularly updates the *Cost Accounting Policies and Procedures Manual*
- Maintains the web page on the SCO web site for easy access to the rules, FAQs and sample templates



# Who are the Commissioners?

CUCCAC is comprised of 14 commissioners:

- Thirteen are appointed by the State Controller
  - 7 represent public agencies
    - Includes 1 County Auditor-Controller or his/her designee
  - 6 represent trades and contractors
- One Commissioner is appointed by the Contractor's State License Board



# Who are the Commissioners?

## Public Agency Representatives

George R. Hicks, Chair	Director of Public Works, City of Fairfield	Cities
Guiselle Carreon, Secretary	Commercial Warrants and Accounts Payable Manager, San Diego County Office of Education	School Districts (ADA <25,000)
Robert Campbell	Auditor-Controller, County of Contra Costa	County Auditor or Designee
Will Clemens	Public Works Department Administrator, County of San Luis Obispo	Counties
Lisa Ekers	Port Director, Santa Cruz Harbor	Special Districts
Steven L. Hartwig	Director of Public Works, City of Vacaville	Cities
Nathaniel Holt	Director of Purchasing and Contracts, Pomona Unified School District	School Districts (ADA >25,000)

# Who are the Commissioners?

## Trades and Contractor Representatives

Jeff Armstrong	Apprenticeship Director, Northern California Laborers' Union	Labor
Eddie Bernacchi	President, Politico Group	Subcontractors
Cesar Diaz	Legislative Director, State Building and Construction Trades Council	Labor
David McCosker	Chairman of the Board, Independent Construction Co.	General Contractors
<i>Vacant</i>		General Contractors
<i>Vacant</i>		Subcontractors

## Contractor's State License Board Appointee

Linda Clifford, Vice Chair	Chief Financial Officer, C.C. Myers, Inc.	CSLB Appointed
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# What is a Project?

- A “**Public Project**” is defined by the Act as the construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated facility. Painting or repainting of any publicly owned, leased or operated facility.
  - **Maintenance, as defined by PCC Section 22002 (d) is excluded from the definition of a Public Project.**
- All cost elements -- personnel, materials, supplies, subcontracts, equipment and overhead -- associated with a project must be recorded and reported at the project level.



# What is Force Account?

- Force Account
  - “**Force Account**” refers to work performed on public projects using internal resources, including but not limited to labor, equipment, materials, supplies, and subcontracts of the public agency. Project costs for force account work include the following:
    - Direct Costs:
      - Labor including all benefit costs
      - Equipment charged on an hourly rate including depreciation, insurance, maint./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, temporary fencing, etc.
    - Overhead Costs:
      - Either the agencies actual calculated overhead rate; or
      - 30% for counties, special districts, school districts, and cities with a population over 75,000; or
      - 20% for cities with populations less than 75,000.



# ALTERNATIVE LIMITS

- Public projects of **\$45,000** or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.
- Public projects **between \$45,000 and \$175,000** may be let to contract by informal procedures as set forth in the Act.
- Public projects of more than **\$175,000** shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.



# CONTRACTING PROCEDURES

- \$45,000 or less: Work may be done by internal forces or by contract/purchase order in accordance with the individual agencies own bidding/procurement requirements.
- \$45,000 to \$175,000: Project must be let by competitive bid utilizing informal, streamlined procedures utilizing one of two options.
  - Advertisement by bidders list: All contractors on the list for the category of work being bid as specified in Section 22036,
  - Advertisement through trade journals and exchanges: All construction trade journals specified in Section 22036
- \$175,000 and up: Projects must be let by competitive bid using the formal competitive process.



## Force Account / Work Done by Purchase Order/Contract

- When estimating for a project up to \$45,000; keep in mind that all standard public contract and labor code requirements must be met including but not limited to the requirement to call for prevailing wages, payment bond for projects in excess of \$25,000, fingerprinting, certifications, etc.
- Change orders are only permitted to a maximum contract total of \$45,000.
  - **Note: Any non-emergency, non-Road Commissioner work done by force account in excess of \$45,000 is a violation of the Act.**
- Best practices would include ensuring that you are getting the required scope of work for the best price; therefore, obtaining multiple quotes is desirable.
- When internal forces are also bidding on the work; keep in mind that the cost includes labor, materials, supplies, equipment, and overhead.

# List of Qualified Contractors

- During November each year, each Public Agency which has elected to become subject to the Uniform Public Construction Cost Accounting Procedures shall mail a written notice to all construction trade journals designated for that Agency under Section 22036, inviting all licensed contractors to submit the name of their firm to the Agency for inclusion on the Agency's list of qualified bidders for the following calendar year.
- The notice should require the following information:
  - Company name
  - Contact name and mailing address
  - Contact phone number, fax number, and email address
  - Type of work contractor is interested in performing
  - Type of work contractor is licensed to perform
  - Contractor's license class and number
- Agencies are encouraged to include contractors that have submitted a bid in the 12 months prior to the effective date of the list. Contractors may also be added on an ongoing basis.
- This is the minimum requirements, agencies may include additional objective requirements to establish a “qualified” bidders list for the agency.



# Notification of Contractors

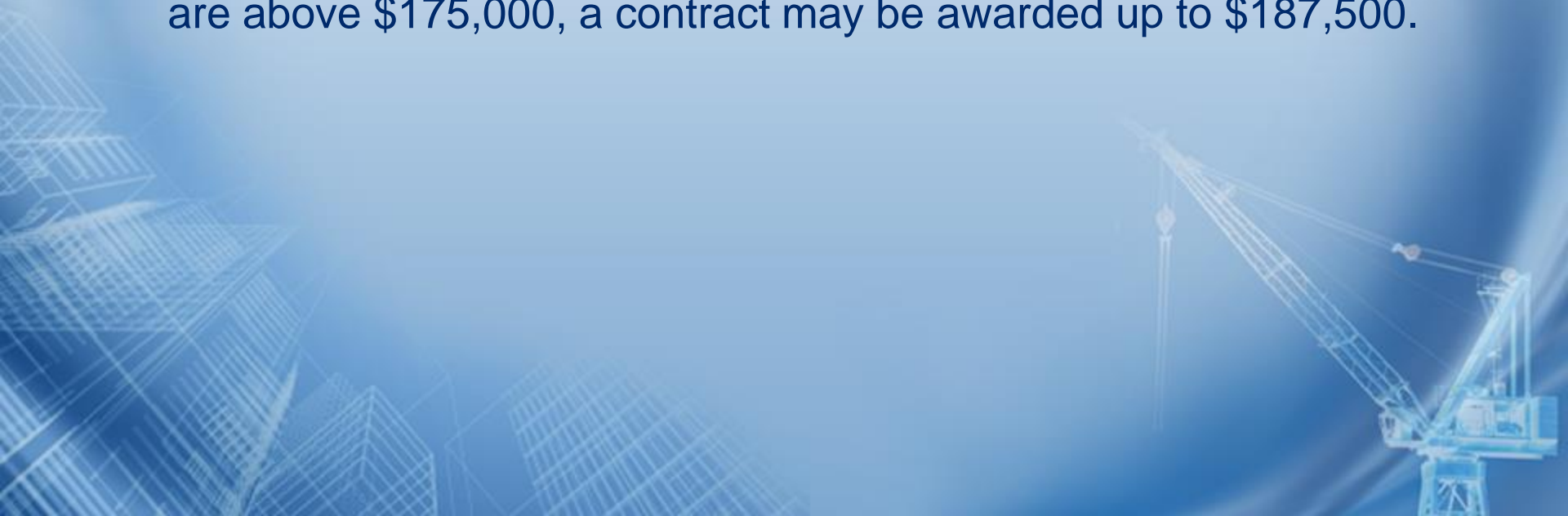
- **Informal Bids:** All contractors on the list for the category of work being bid OR all construction trade journals specified in Section 22036, or both, shall be mailed\* a notice inviting informal bids unless the product or service is proprietary. Notification must be made at least 10 days prior to the bid opening.
- **Formal Bids:** The notice inviting formal bids shall be mailed to all construction trade journals specified in Section 22036. The notice shall be mailed at least 15 calendar days before the date of opening the bids. In addition to the notice required by this section, the public agency may give such other notice as it deems proper.

\*Notices sent by fax or email are permitted.



# INFORMAL BIDDING

- Projects between \$45,000 and \$175,000 shall be let as follows:
  - Informal bidding notice as stated above
  - All standard public contract and labor code requirements must be met including but not limited to prevailing wages, payment bond, fingerprinting, escrow agreement, DVBE, labor compliance, etc.
  - The authority to award informal contracts may be delegated to staff by the agency board.
  - Contracts may be awarded up to \$175,000. When all bids received are above \$175,000, a contract may be awarded up to \$187,500.



# Formal Bids

- Formal bids are let using the standard bid process as outlined in Public Contract Code.



# Emergency Contracts

- In cases of emergency when repair or replacements are necessary, the governing board may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing board, by contractor, or by a combination of the two.
- By a four-fifths vote of the governing board, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.
- By a four-fifths vote of the governing board, the authority to enter emergency contracts may be delegated as long as the designee takes the action to the governing board within 7 days or at its next regularly scheduled meeting which shall be no more than 14 days after the action was taken. The designee must report at each following meeting until the action is terminated (contract completed). Code is in conflict with boards that meet on a monthly basis.



## Opting in to the CUPCCAA

- The governing board must elect by resolution to become subject to the California Uniform Public Construction Cost Accounting Act.
- The agency must notify the State Controller in writing of its election to become subject to the uniform cost accounting procedures and forward a copy of the resolution.
- Agencies must elect to follow the procedures set forth in the *Cost Accounting Policies and Procedures Manual* of the California Uniform Construction Cost Accounting Commission.
- The district must adopt a policy outlining informal bidding procedures.

## Opting in to the CUPCCAA

- Once an agency has opted in, it must conform to the uniform cost accounting procedures until the agency opts out of the Act by adopting a resolution opting out and forwarding said resolution to the State Controller.



# QUESTIONS?

- **FOR FUTURE REFERENCE PLEASE REFER TO:**
  - **Website:**  
**[http://www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html)**
    - For the CUCCAC manual
    - For answers to Frequently Asked Questions
    - For references and resources
    - For past meeting minutes and reports
    - For access to SCO staff and CUCCAC commissioners