



December 20, 2024

TO: Business and Accounting Administrators
Purchasing and Contract Officers
Los Angeles County K-12 Schools and Community College Districts

FROM: Gabriel Leung, Assistant Director
Accounting and Financial Services
Division of School Financial Services

SUBJECT: Competitive Bid Limit Increase to \$114,800

Public Contract Code (PCC) Section 20111(a) for school districts and Section 20651(a) for community college districts, respectively, require district governing boards to competitively bid before awarding any contract involving an expenditure of more than \$50,000 for:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in PCC Section 20115, that are not public projects as defined in PCC Section 22002(c).

The State Superintendent of Public Instruction (SSPI) is required to annually adjust the \$50,000 amount to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services. The inflation amount is rounded to the nearest one hundred dollars (\$100).

Pursuant to the above calculation, effective January 1, 2025, the SSPI has determined that the inflation adjusted bid threshold will increase by \$300, from \$114,500 to \$114,800. Shown below are the inflation adjusted bid thresholds for the current and two prior years:

| <u>Calendar Year</u> | <u>Bid Threshold</u> | <u>Percent Change in Implicit Price Deflator</u> |
|------------------------|----------------------|--|
| January 1, 2023 | \$109,300 | 10.32% |
| January 1, 2024 | \$114,500 | 4.79% |
| January 1, 2025 | \$114,800 | 0.259% |

Competitive Bid Limit Increase to \$114,800

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The \$15,000 threshold for construction contracts under the PCC remains unchanged. The link to the CDE correspondence is <https://www.cde.ca.gov/fg/ac/co/bidthreshold2024.asp>.

For districts that adopted the CUPCCAA (California Uniform Public Construction Cost Accounting Act), limits are as follows, effective January 1, 2025, as amended by Assembly Bill 2192:

| Code Section | Requirement | Limit |
|---------------------|---|-------------------|
| PCC 22032(a) | No bid requirements. May be performed by employees of a public agency | \$75,000 or less |
| PCC 22032(b) | Informal bid procedures (PCC 22034) | \$220,000 or less |
| PCC 22032(c) | Formal bidding procedure | Over \$220,000 |

Please contact Jenny Zermeno at (562) 922-8874 or e-mail Zermeno_Jenny@laoe.edu if you have any questions regarding this bulletin.

Approved:

Nkeiruka Benson, Director

Division of School Financial Services

GL:ei

SFS-A34-2024-2025

CALIFORNIA CODES
Public Contract Codes

Section 20111

20111.

- a) The governing board of any school district, in accordance with any requirement established by that governing board pursuant to subdivision (a) of Section 2000, shall let any contracts involving an expenditure of more than fifty thousand dollars (\$50,000) for any of the following:
- 1) The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.
 - 2) Services, except construction services.
 - 3) Repairs, including maintenance as defined in Section 20115, that are not a public project as defined in subdivision (c) of Section 22002.

The contract shall be let to the lowest responsible bidder who shall give security as the board requires, or else reject all bids.

- b) The governing board shall let any contract for a public project, as defined in subdivision (c) Section 22002, involving an expenditure of fifteen thousand dollars (\$15,000) or more, to the lowest responsible bidder who shall give security as the board requires, or else reject all bids. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:
- 1) Cash.
 - 2) A cashier's check made payable to the school district.
 - 3) A certified check made payable to the school district.
 - 4) A bidder's bond executed by an admitted surety insurer, made payable to the school district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the school district beyond 60 days from the time the award is made.

- c) This section applies to all equipment, materials, or supplies, whether patented or otherwise, and to contracts awarded pursuant to subdivision (a) of Section 2000. This section shall not apply to professional services or advice, insurance services, or any other purchase or service otherwise exempt from this section, or to any work done by day labor or by force account pursuant to Section 20114.
- d) Commencing January 1, 1997, the Superintendent of Public Instruction shall annually adjust the dollar amounts specified in subdivision (a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustments shall be rounded to the nearest one hundred dollars (\$100).

CALIFORNIA CODES
Public Contract Codes

Section 20651

20651.

- a) The governing board of any community college district shall let any contracts involving an expenditure of more than fifty thousand dollars (\$50,000) for any of the following:
 - 1) The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.
 - 2) Services, except construction services.
 - 3) Repairs, including maintenance as defined in Section 20656, that are not a public project as defined in subdivision (c) of Section 22002.

The contract shall be let to the lowest responsible bidder who shall give security as the board requires, or else reject all bids.

- b) The governing board shall let any contract for a public project, as defined in subdivision (c) of Section 22002, involving an expenditure of fifteen thousand dollars (\$15,000) or more to the lowest responsible bidder who shall give security as the board requires, or else reject all bids. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:
 - 1) Cash.
 - 2) A cashier's check made payable to the community college district.
 - 3) A certified check made payable to the community college district.
 - 4) A bidder's bond executed by an admitted surety insurer, made payable to the community college district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the district beyond 60 days from the time the award is made.

- c) This section applies to all equipment, materials, or supplies, whether patented or otherwise. This section shall not apply to professional services or advice, insurance services, or any other purchase or service otherwise exempt from this section, or to any works done by force account pursuant to Section 20655.
- d) Commencing January 1, 1997, the Board of Governors of the California Community Colleges shall annually adjust the dollar amounts specified in subdivision (a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustments shall be rounded to the nearest one hundred dollars (\$100).



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**California Department of Education
Official Letter**

December 6, 2024

Dear County and District Superintendents, County and District Chief Business Officials, and Charter School Administrators:

**Annual Adjustment to Bid Threshold for Contracts
Awarded by School Districts**

Public Contract Code (PCC) Section 20111(a) requires school district governing boards to competitively bid and award any contracts involving an expenditure of more than \$50,000, adjusted for inflation, to the lowest responsible bidder. Contracts subject to competitive bidding include:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in *PCC* Section 20115, that are not public projects as defined in *PCC* Section 22002(c).

The State Superintendent of Public Instruction (State Superintendent) is required to annually adjust the \$50,000 amount specified in *PCC* Section 20111(a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce, Bureau of Economic Analyst (BEA) for the 12-month period ending in the prior fiscal year. The inflation adjustment is rounded to the nearest one hundred dollars (\$100).

Pursuant to the above calculation, and effective January 1, 2025, the State Superintendent has determined that the inflation adjusted bid threshold will increase from \$114,500 to \$114,800. Shown below are the inflation adjusted bid thresholds for the current and two prior years.

| Calendar Year | Bid Threshold | Percentage Change in Implicit Price Deflator |
|----------------------|----------------------|---|
| 2023 | \$109,300 | 10.32% |
| 2024 | \$114,500 | 4.79% |
| 2025 | \$114,800 | 0.259% |

Also note that public projects as defined in *PCC* Section 22002(c), such as construction or reconstruction of publicly owned facilities, have a lower bid threshold of \$15,000 that is not adjusted for inflation. For more information on bidding requirements for all projects, refer to *PCC* sections 20110 to 20118.4.

This letter is posted on the Office of Financial Accountability and Information Services Correspondence web page at <https://www.cde.ca.gov/fg/ac/co/>.

If you have questions regarding this matter, please contact the Office of Financial Accountability and Information Services by email at sacsinfo@cde.ca.gov.

Sincerely,

Masha Lutsuk, Administrator
Financial Accountability and Information Services
School Fiscal Services Division
ML:ml

Last Reviewed: Friday, December 6, 2024

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Date Published: 09/30/2024 09:00 PM

Assembly Bill No. 2192**CHAPTER 953**

An act to amend Sections 22002, 22032, 22034, 22039, 22042, 22042.5, 22043, and 22044 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 29, 2024. Filed with Secretary of State September 29, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2192, Juan Carrillo. Public agencies: cost accounting standards.

Existing law, the Uniform Public Construction Cost Accounting Act, authorizes a public agency which has, by resolution, elected to become subject to uniform construction cost accounting procedures. Existing law provides for the development of cost accounting standards and an alternative method for the bidding of public works projects by public entities. The act defines "public project" to include, among other things, construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.

This bill would define "public project" to additionally include installations involving any publicly owned, leased, or operated facility.

The Uniform Public Construction Cost Accounting Act authorizes public projects of \$60,000 or less to be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order, authorizes public projects of \$200,000 or less to be let to contract by informal procedures, and requires public projects of more than \$200,000 to be let to contract by formal bidding procedures. The act permits the governing body of a public agency, in the event all bids received for the performance of that public project are in excess of \$200,000, to award the contract at \$212,500 or less to the lowest responsible bidder if it determines the cost estimate of the public agency was reasonable.

This bill would instead authorize public projects of \$75,000 or less to be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order, authorize public projects of \$220,000 or less to be let to contract by informal procedures, and require public projects of more than \$220,000 to be let to contract by formal bidding procedures. The bill would permit the governing body of a public agency, in the event all bids received for the performance of that public project are in excess of \$220,000, to award the contract at \$235,000 or less to the lowest responsible bidder if it determines the cost estimate of the public agency was reasonable. The bill would also make conforming changes.

The Uniform Public Construction Cost Accounting Act creates the California Uniform Construction Cost Accounting Commission, to fulfill certain duties, including recommending for adoption by the Controller uniform construction

cost accounting procedures for implementation by public agencies in the performance of, or in contracting for, construction on public projects. The act requires the commission to review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency falls into specified categories, including that the public agency has exceeded the force account limits. The act also requires the commission to review practices of any participating public agency where an interested party presents evidence that the public agency is not in compliance with requirements to enact a prescribed informal bidding ordinance to govern the selection of contractors to perform public projects.

This bill would additionally require the commission to review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency has been split or separated into smaller work orders or projects, as specified, and would make conforming changes. The bill would also require the commission to review noncompliance with bidding procedures for the publication or posting and electronic transmission of notice inviting formal bids.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 22002 of the Public Contract Code is amended to read:

22002. (a) "Public agency," for purposes of this chapter, means a city, county, city and county, including chartered cities and chartered counties, any special district, and any other agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Public agency" also includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

(b) "Representatives of the construction industry" for purposes of this chapter, means a general contractor, subcontractor, or labor representative with experience in the field of public works construction.

(c) "Public project" means any of the following:

(1) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, installation, and repair work involving any publicly owned, leased, or operated facility.

(2) Painting or repainting of any publicly owned, leased, or operated facility.

(3) In the case of a publicly owned electric utility system, "public project" shall include only the construction, erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

(d) "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:

(1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.

(2) Minor repainting.

(3) Resurfacing of streets and highways at less than one inch.

(4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

(5) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

(e) For purposes of this chapter, "facility" means any plant, building, structure, ground facility, utility system, subject to the limitation found in paragraph (3) of subdivision (c), real property, streets and highways, or other public work improvement.

SEC. 2. Section 22032 of the Public Contract Code is amended to read:

22032. (a) Public projects of seventy-five thousand dollars (\$75,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of two hundred twenty thousand dollars (\$220,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than two hundred twenty thousand dollars (\$220,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.

SEC. 3. Section 22034 of the Public Contract Code is amended to read:

22034. Each public agency that elects to become subject to the uniform construction accounting procedures set forth in Article 2 (commencing with Section 22010) shall enact an informal bidding ordinance to govern the selection of contractors to perform public projects pursuant to subdivision (b) of Section 22032. The ordinance shall include all of the following:

(a) Notice to contractors shall be provided in accordance with either paragraph (1) or (2), or both.

(1) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subdivision shall be completed not less than 10 calendar days before bids are due.

(2) The public agency may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in Section 22036.

(b) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.

(c) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.

(d) If all bids received are in excess of two hundred twenty thousand dollars (\$220,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred thirty-five thousand dollars (\$235,000) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

SEC. 4. Section 22039 of the Public Contract Code is amended to read:

22039. The governing body of the participating public agency or its designated representative shall adopt plans, specifications, and working details for all public projects exceeding the amount specified in subdivision (c) of Section 22032.

SEC. 5. Section 22042 of the Public Contract Code is amended to read:

22042. The commission shall review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories:

(a) Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.

(b) Exceeded the force account limits set forth in subdivision (a) of Section 22032.

(c) Has been improperly classified as maintenance.

(d) Has been split or separated into smaller work orders or projects, in violation of Section 22033.

(e) Has exceeded the limits or otherwise not met the requirements set forth in subdivisions (b) and (c) of Section 22032.

SEC. 6. Section 22042.5 of the Public Contract Code is amended to read:

22042.5. The commission shall review practices of any participating public agency where an interested party presents evidence that the public agency is not in compliance with Section 22034 or 22037.

SEC. 7. Section 22043 of the Public Contract Code is amended to read:

22043. (a) In those circumstances set forth in subdivision (a) of Section 22042, a request for commission review shall be in writing, sent by certified or registered mail received by the commission postmarked not later than eight business days from the date the public agency has rejected all bids.

(b) In those circumstances set forth in subdivision (b), (c), (d), or (e) of Section 22042, a request for commission review shall be by letter received by the commission not later than eight days from the date an interested party formally complains to the public agency.

(c) The commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review:

(1) Forty-five days for a review that falls within subdivision (a) of Section 22042.

(2) Ninety days for a review that falls within subdivision (b), (c), (d), or (e) of Section 22042.

(d) During the review of a project that falls within subdivision (a) of Section 22042, the agency shall not proceed on the project until a final decision is received by the commission.

(e) A request for commission review pursuant to Section 22042.5 shall be in writing, sent by certified or registered mail, and received by the commission no later than eight days from the day an interested party formally complains to the public agency. The commission review shall commence immediately and conclude within 90 days from the receipt of the request for commission review.

SEC. 8. Section 22044 of the Public Contract Code is amended to read:

22044. The commission shall prepare written findings, which shall be presented to the public agency within 30 calendar days of formal commission review. Should the commission find that the provisions of this chapter or of the uniform cost accounting procedures provided for in this chapter were not complied with by the public agency, the following steps shall be implemented by that agency:

(a) On those projects set forth in subdivision (a) of Section 22042, the public agency has the option of either (1) abandoning the project, or (2) awarding the project to the lowest responsible bidder.

(b) On those projects set forth in subdivision (b), (c), (d), or (e) of Section 22042, the public agency shall present the commission's findings to its governing body within 30 calendar days of receipt of written notice of the findings and that governing body shall conduct a public hearing with regard to the commission's findings within 60 calendar days of receipt of the findings.

(c) (1) On findings of noncompliance pursuant to Section 22042.5, the public agency shall notify its governing body of the commission's findings within 60 calendar days of receipt of written notice of the findings from the commission.

(2) The public agency shall notify the commission in writing, within 90 days of receipt of written notice of the findings, of the public agency's best efforts to comply.