



**Los Angeles County  
Office of Education**

Serving Students • Supporting Communities  
Leading Educators



# School Financial Services

## Commercial Claims Documentation And Checklist Guide for BEST Advantage Financial (FIN)

Revised November, 2025

# MISSION STATEMENT

*Commercial Claims Unit on behalf of the county superintendent provides excellent services in examining expenditures by local educational agencies under its jurisdiction to ensure authority and legality as mandated by California Education Code 42636/85236.*

## COMMERCIAL CLAIMS UNIT CONTACT INFORMATION

### ADDRESS

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**REFER TO COMMERCIAL CLAIMS WEBSITE FOR YOUR  
DISTRICT CONTACT STAFF**

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# INTRODUCTION

## OVERVIEW

The county superintendent of schools is required by California Education Code 42636/85236 to examine expenditures of local educational agencies under its jurisdiction to ensure authority and legality of expenditures. The Commercial Claims Unit (CCU), School Financial Services (SFS), Los Angeles County Office of Education (LACOE), carries out this function. CCU reviews and approves district commercial payments.

The County Office uses the BEST Advantage Financial System (FIN) for the review and approval of these expenditures. It is the source of all information concerning the status of payment requests and commercial payments. Please contact SFS security team at [sfssecurity@laoe.edu](mailto:sfssecurity@laoe.edu) if you need access to FIN.

## PURPOSE OF THIS MANUAL

This manual is to assist the district staff in proper disbursement of vendor payments and support compliance with education, government and public contract codes and other regulations governing public fund contracting and expenditures.

The district is required to refer to this document when sending supporting documentation to CCU. It is recommended that a copy be distributed to Purchasing, Facilities and Accounts Payable staff.

The ultimate responsibility to the taxpayer in ensuring that funds are properly safeguarded and expended lies with the district. It is important the district has an effective system of internal control. The county's review function should not be substituted for the district's own system of checks and balances.

Please review the manual carefully. Your suggestions for additions or improvements are welcome and should be submitted to [SFSsystemsandDistrictSupport@laoe.edu](mailto:SFSsystemsandDistrictSupport@laoe.edu). LACOE encourages changes which save time, eliminate unnecessary work or duplication of work and/or improve procedures, as long as such recommended changes meet all legal requirements.

Codes are listed by name and number for reference and are not quoted in full. For a comprehensive understanding, please refer to a particular code's complete text which can be found at <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

**FOR QUESTIONS REGARDING THE PROCESSING OF VENDOR PAYMENTS, CONTACT YOUR CCU REPRESENTATIVE. REFER TO OUR WEBSITE FOR THE CONTACT LIST.**

ABBREVIATIONS	
EC	Education Code
PCC	Public Contract Code
LC	Labor Code
GC	Government Code
CC	Civil Code

# PAYMENT REQUEST REVIEW PROCESS

## DISTRICT ROLE IN APPROVAL PROCESS

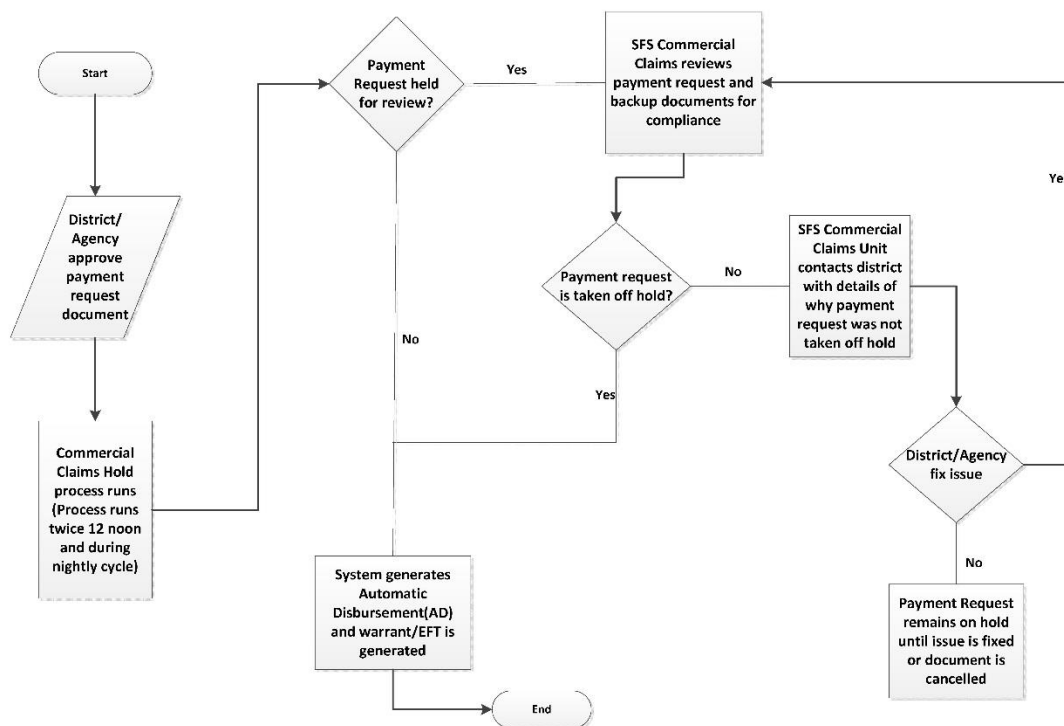
The following are the types of payment request documents in FIN that are subject to Commercial Claims hold: Payment Request Matching (PRM), Payment Request Commodity (PRC), and General Expenditure (GAX & GAXI for interface districts). District enters and approves payment requests (PRC & GAX) in FIN based on a district's particular policies and procedures. Districts do not create or approve the PRM because it is system generated. Districts who use matching, approve the invoice in the system, and the system generates the PRM after matching process runs. Interface districts use their own financial system to enter and approve payment requests. Payment requests are interfaced into FIN as GAXI for approval.

District approvers are required to review required backup documentations and ensure they are complete before approving payment requests in FIN. This will expedite the processing of the payment request when routed to CCU. All agencies are strongly encouraged to attach supporting documentation for all payment request documents processed prior to submission into the workflow at your agency.

Interface agencies will have the option of either attaching supporting documentation at the time when GAXI documents are approved via the document comments in FIN or attach to the document comments when requested by Commercial Claims.

# COMMERCIAL CLAIMS HOLD PAYMENT REQUEST PROCESS FLOW

## COMMERCIAL CLAIMS PAYMENT REQUEST REVIEW PROCESS FLOW



## AUTOMATED PAYMENT HOLD FOR COMMERCIAL CLAIMS HOLD PROCESS

All payment requests approved at the district level do not automatically generate a warrant or become subject to review by the County Office.

When the Automated payment hold for commercial claims job runs, payment request documents are selected based on the combination of SACS/BAM Major Object and Amount criteria and placed on hold. Warrants are generated for the rest of the approved payment requests in FIN after the nightly cycle. The payment request will be in suspense until supporting documentation is reviewed and approved by CCU. Each district is assigned a CCU Representative to review payment requests in suspense.

The automated payment hold job runs twice a day (12pm and during the nightly cycle). Payment requests on hold for CCU review are on the Suspense Register (FIN-AP-0008) an info advantage report. You can download this report from info advantage. Contact [sfssecurity@lacoe.edu](mailto:sfssecurity@lacoe.edu) if you need access to this report. They are also visible real time on the Disbursement Management by Document (DISBMD) page in FIN.



## GLOBAL VENDOR EXEMPT FROM COMMERCIAL CLAIMS HOLD

– Certain types of payments such as utility bills to Edison, The Gas Company, payroll withholdings and fringe benefits expenditures, etc. have been streamlined to allow efficient payment. The district can request these vendors to be classified as Global Vendors to exempt the payment request from being placed on hold.

Designation of a vendor as global/exempt is limited to payments of the following Fund/Object combinations:

Description	Fund Types	Object Codes
Fringe Benefits	All Funds	3400-3499/3700-3799
Fringe Benefits Offsetting Accounts	All Funds	9525-9589
Utilities	All Funds	5500-5539/5550-5599/ 5900-5999
Employee Benefits (Self Insurance Funds)	67x	5800-5899
Associated Student Trust Fund	71x	5800-5899
Financial Aid	74.0	7530/7531/7550
Withhold/Payroll Liabilities	76.0	9511-9518

Exemption is based on the combination of Fund and Object Code used in the payment request for Global Vendors. If a multiple line item payment request contains a line item with a Fund/Object combination not allowable for global vendors, the whole payment request will be placed on hold.

Procedures and other information regarding Global Vendor set up can be found in LACOE Bulletin **6880** issued on July 25, 2024.

## SUSPENSE REGISTER (FIN-AP-0008)

The Suspense Register is a daily report generated from infoAdvantage to show a list of open Payment Request documents and their related Purchase Order documents by account string, along with the corresponding Status and Hold Reason if applicable.

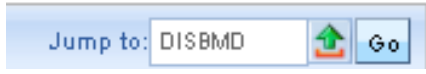
The Suspense Register Report, FIN-AP-0008 can be downloaded from infoAdvantage.

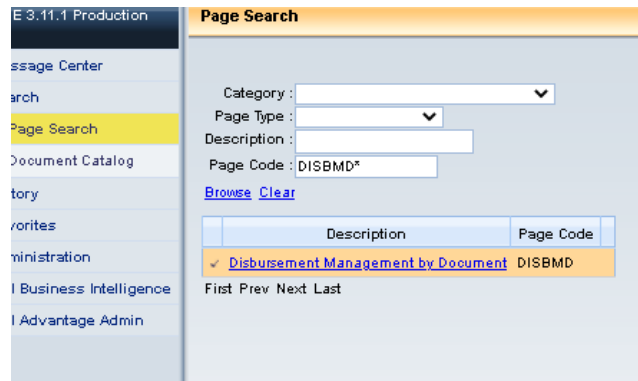
<div> <div>Report ID: FIN-AP-0008</div> <div>Suspense Register</div> <div>Run Date: 06/21/2019</div> <div>Run Time: 5:57:08 AM</div> </div>									
Vendor	PR Document	PO Document	Comm Ln	Actg Ln	Account String	Actg Ln Amt	Sched Pay Date	Status	Hold Reason
D Apple Yes Corp	GAX,12345,190000000080,1	-	0	1	01.0-00000.0-00000-36000-2210-7700000	104.19	1/3/19	Hold	EFT Return
					Subtotal:	104.19			
Octobus Services	GAX,12345,190000000081,1	-	0	1	01.0-00000.0-00000-36000-2210-7700000	100.00	1/3/19	Hold	EFT Return
					Subtotal:	100			
D Apple Yes Corp	GAX,12345,190000000082,1	-	0	1	01.0-00000.0-00000-36000-2210-7700000	104.19	1/3/19	Hold	EFT Return
					Subtotal:	104.19			
SMART AND FINAL	GAX,12345,190000000117,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000118,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000119,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000120,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000121,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000122,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
SMART AND FINAL	GAX,12345,190000000123,1	-	0	1	01.0-00000.0-00000-00000-9596-7530000	1,000.00	2/6/19	Hold	Commercial Claims
					Subtotal:	1,000			
<div> <div>infoAdvantage</div> <div>Page 2 of 13</div> </div>									

\*Refer to the type of expense or object code in this manual for the checklist of required documentation.

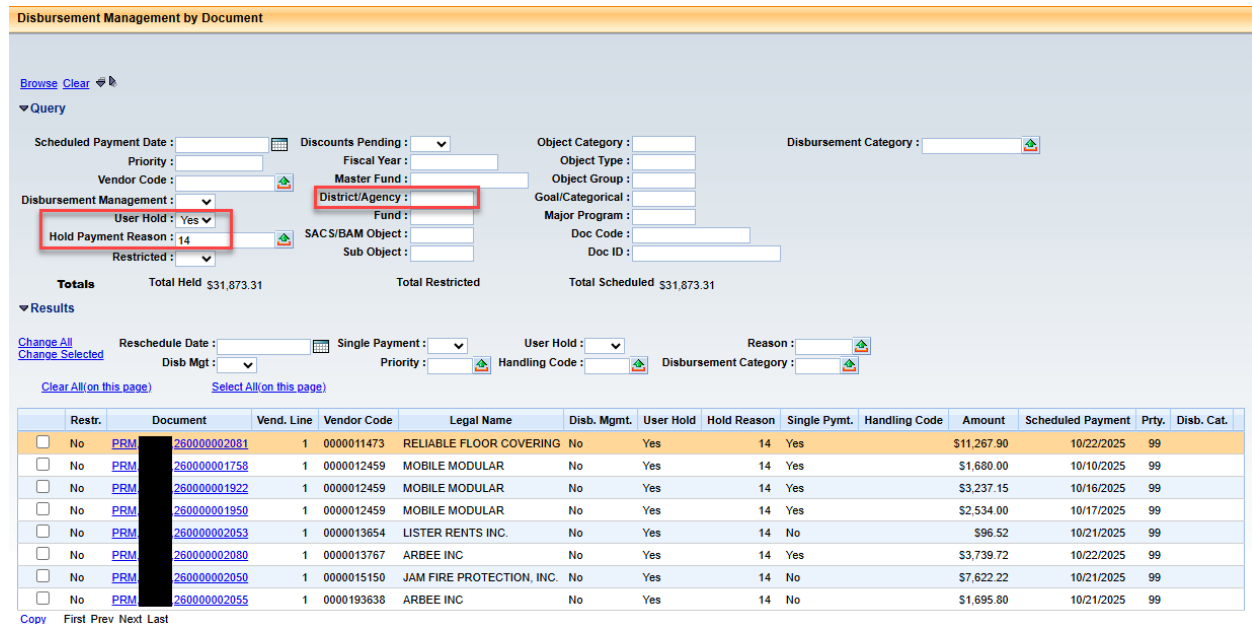
## LACOE PAYMENT REQUEST APPROVAL STATUS

In lieu of the Suspense Register, you can view in real time the list of payment requests on hold on the Disbursement Management by Document page in FIN. On the “Jump to” field enter DISBMD as shown below or you can use the page search and enter the page code as shown below:





Disbursement Management by Document page:



**Disbursement Management by Document**

[Browse](#) [Clear](#)

▼ Query

Scheduled Payment Date:  Discounts Pending:  Object Category:  Disbursement Category:

Priority:  Fiscal Year:  Object Type:

Vendor Code:  Master Fund:  Object Group:

Disbursement Management:  District/Agency:  Goal/Categorical:  Major Program:

User Hold:  Fund:  Doc Code:  Doc ID:

Hold Payment Reason: 14 SACS/BAM Object:  Sub Object:

Restricted:

**Totals** Total Held \$31,873.31 Total Restricted Total Scheduled \$31,873.31

▼ Results

[Change All](#) [Change Selected](#) Reschedule Date:  Single Payment:  User Hold:  Reason:

Disb Mgt:  Priority:  Handling Code:  Disbursement Category:

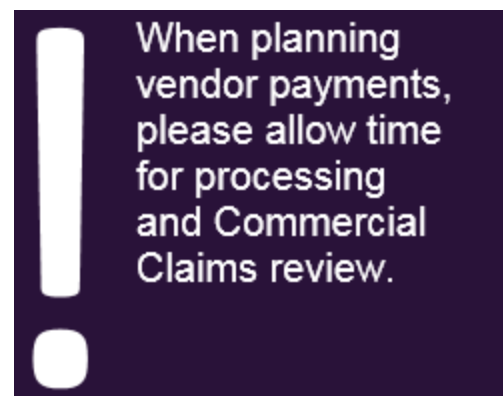
[Clear All \(on this page\)](#) [Select All \(on this page\)](#)

Restr.	Document	Vend. Line	Vendor Code	Legal Name	Disb. Mgmt.	User Hold	Hold Reason	Single Pymt.	Handling Code	Amount	Scheduled Payment	Prt.	Disb. Cat.
<input type="checkbox"/> No	PRM 260000002081	1	0000011473	RELIABLE FLOOR COVERING	No	Yes	14	Yes		\$11,267.90	10/22/2025	99	
<input type="checkbox"/> No	PRM 260000001758	1	0000012459	MOBILE MODULAR	No	Yes	14	Yes		\$1,680.00	10/10/2025	99	
<input type="checkbox"/> No	PRM 260000001922	1	0000012459	MOBILE MODULAR	No	Yes	14	Yes		\$3,237.15	10/16/2025	99	
<input type="checkbox"/> No	PRM 260000001950	1	0000012459	MOBILE MODULAR	No	Yes	14	Yes		\$2,534.00	10/17/2025	99	
<input type="checkbox"/> No	PRM 260000002053	1	0000013654	LISTER RENTS INC.	No	Yes	14	No		\$96.52	10/21/2025	99	
<input type="checkbox"/> No	PRM 260000002080	1	0000013767	ARBEE INC	No	Yes	14	Yes		\$3,739.72	10/22/2025	99	
<input type="checkbox"/> No	PRM 260000002050	1	0000015150	JAM FIRE PROTECTION, INC.	No	Yes	14	No		\$7,622.22	10/21/2025	99	
<input type="checkbox"/> No	PRM 260000002055	1	0000193638	ARBEE INC	No	Yes	14	No		\$1,695.80	10/21/2025	99	

[Copy](#) First Prev Next Last

## PAYMENT REQUEST PROCESSING TIME

Payment requests are processed in the order approved by the district in FIN and complete required documentation received. Please ensure to attach all required backup documents or submit them in a timely manner when requested by CCU to expedite the processing of payment requests. If there are missing documents, CCU staff will contact you.



# BACKUP DOCUMENTATION REQUIREMENTS

[EC 42635/85235]

## FORMAT FOR BACKUP DOCUMENTATION

For payment requests on hold, district is required to attach documents in FIN. If documents were not attached initially, district can attach on the Document Comment section of the payment request in FIN. (Refer to FIN AP Manual for more instruction on this).

## AUTHORIZED SIGNATURES

[EC 42632/85232/42633/85233]

Expenditure must be authorized by a person, approved by the governing board as shown on the Certification of Signatures which is required to be filed annually by the district. District on-line approvers of payment requests should be on the current Certification of Signatures on file at the County office.

When changes in signature authorizations occur before the expiration of the annual Resolution, the district must submit a new Resolution. The new Resolution will rescind all previous signature Resolutions. The Resolution signed by the Clerk of the Board, accompanied by approved Board minutes will suffice.

### Delegation of Power

**[EC17604]** *Wherever in this code the power to contract is invested in the governing board of the school district or any member thereof, the power may by a majority vote of the board be delegated to its district superintendent, or to any persons that he or she may designate, or if there be no district superintendent then to any other officer or employee of the district that the board may designate. The delegation of power may be limited as to time, money or subject matter or may be a blanket authorization in advance of its exercise, all as the governing board may direct. However, no contract made pursuant to the delegation and authorization shall be valid or constitute an enforceable obligation against the district unless and until the same shall have been approved or ratified by the governing board, the approval or ratification to be evidenced by a motion of the board duly passed and adopted.*

**When a change in signature authorization occurs, the approving rights given to the exiting personnel should be deactivated. A User Maintenance Document (UDOC) should be completed and submitted in FIN to request deactivation of the approving rights. Please contact your District System Administrator if you have any questions.**

A signature on an expired Certification of Signatures Resolution will not be honored for purposes of approving a payment request. If the resolution expires before the scheduled organizational meeting, submit a letter requesting an extension to honor the signatures until a new Resolution is approved within thirty (30) days after the expiration date.

## BOARD APPROVAL OR BOARD ACTION

Education Code EC35163/72000 (c)(4) states that “Every official action taken by the governing board of every school district shall be affirmed by a formal vote of the members of the board, and the governing board of every school district shall keep minutes of its meetings and shall maintain a journal of its proceedings in which shall be recorded every official act taken.”

**When Board Approval is requested, proof that the meeting took place and the action was affirmed by a formal vote is required.** This can be in the form of a copy of the minutes showing the vote or an actual Board Approval form signed by the secretary of the board. The governing board may also adopt a rule delegating to any officer or employee of the district the authority to purchase supplies, materials, equipment or services. This should be specifically indicated on the Certification of signatures on file for that district.

All transactions entered into by delegation shall be reviewed and ratified by the governing board every 60 days. [EC17604, EC17605, EC35250, EC35024, EC81655 and EC81656]

## GENERAL INFORMATION ABOUT INVOICES

[EC42634/EC85234] states that each order for products and services shall be accompanied by an itemized invoice showing the separate items and the price of each.

Where it is impractical to secure an itemized invoice, a summarized billing is acceptable. Invoices must be legible and at minimum include the following:

- Name and address of company or person submitting invoice
- Name of district
- Date of invoice
- Purchase Order number (if applicable)
- Special terms, such as discounts
- Description of each item
- Quantity
- Unit price, extended price for each item
- Hours and rates for labor charges
- Freight charges (if applicable)
- Subtotals of amounts subject to sales tax
- Amount of sales tax (if applicable)
- Total amount of invoice

To assist district in taking advantage of cash discounts, district needs to indicate this on the payment request so the processing of the payment request can be expedited.

## CONSTRUCTION/PUBLIC WORK PROCESS

The following contracts are subject to competitive bidding:

- Purchase of equipment, materials, or supplies to be furnished, sold or leased to the district that are over the current bid threshold set by the State Superintendent of Public Instruction (SSPI) annually
- Services/Construction/public projects
- Repairs over bid threshold. Please see PCC section 20115, and definition of maintenance projects in PCC section 22002(c)

**Construction** include: new construction, demolition, reconstruction, site improvement and building improvements.

**Site improvements** include: parking lot additions, ramp additions, drainage, sewerage and other utilities, walks and drives, landscaping and fencing.

**Building improvements** include: structural changes, installation and upgrade of heating and cooling system, window or door frames, wall or ceiling coverings, or communication equipment, and conversion of a room to a classroom space.

Please refer to PCC Section 22002 for public project definition and PCC Section 20115 for maintenance definition. The table below summarizes the differences. Knowing the difference will help you know what section to refer to for the backup documents required when you have a construction project expenditure.

Public Works	Maintenance
Construction	Routine
Re-construction	Re-occurring/Scheduled
Improvement	Preventive
Demolition	Re-surfacing less than 1-inch
Repair	Landscape Maintenance (moving, watering, trimming, planting, service irrigation)
Renovation	
Painting	Minor Painting

# FORMAL BID DOCUMENTATION REQUIREMENTS

Formal bidding is required for expenditures of more than \$15,000 for public projects and construction services, or more than the bid threshold adjusted every year for materials, equipment, or supplies as well as repairs and maintenance. [PCC 20111]/[ PCC 20651]

The legal requirements of obtaining bids must also be observed for the purchase of materials such as diesel fuel, propane, oil or gasoline.

Submit the following documents to the Commercial Claims Unit when formal bidding is required.

## **DOCUMENTS REQUIRED INCLUDE:**

1. Proof of Advertisement for Bid
2. Board action awarding bid
3. Contract/agreement signed by both parties
4. Bid bond or security
5. Designation of subcontractors (or statement of “None”)
6. Payment bond (if over \$25,000)
7. Performance bond (when contractually called for and usually 100% of the contract amount)
8. Certificate of liability insurance as contractually specified
9. Workers compensation insurance as required by code
10. Escrow Agreement (if retention is deposited to an escrow account)
11. Progress Payment invoice or AIA Application for Payment with appropriate approvals to pay invoice (i.e., district, architect, inspector, and contractor with retention being withheld)
12. Change order with board approval as needed
13. Stop Payment Notice and Release of Stop Payment Notice
14. Board Acceptance of Completion
15. Recorded Notice of Completion (NOC)

## PROOF OF ADVERTISEMENT FOR BID

### NOTICE CALLING FOR BIDS

There should be an advertisement calling for bids at least once a week for two weeks in some newspaper of general circulation published in the district, or if there is no such paper then in some newspaper of general circulation, circulated in the county, and may post on the district's Web site or through an electronic portal.

### BOARD ACTION AWARDING THE BID

Board action awarding bid to the lowest responsive bidder needs to be obtained.

*[PCC20112] For the purpose of securing bids the governing board of a school district shall publish at least once a week for two weeks in some newspaper of general circulation published in the district, or if there is no such paper then in some newspaper of general circulation, circulated in the county, and may post on the district's Web site or through an electronic portal, a notice calling for bids, stating the work to be done or materials or supplies to be furnished and the time when and the place and the Web site where bids will be opened. Whether or not bids are opened exactly at the time fixed in the public notice for opening bids, a bid shall not be received after that time. The governing board of the district may accept a bid that was submitted either electronically or on paper.*

## CONTRACT/AGREEMENT

A signed agreement from the vendor for the project should be obtained by the district. **Contracts are not legal obligation unless approved or ratified by the governing board.** This applies to **all** contracts, regardless of the dollar amount or time [EC17604].

### Length of Contracts

*[EC17596] Continuing contracts for work to be done, services to be performed or for apparatus or equipment to be furnished, sold, built, installed or repaired for the district, or for materials or supplies to be furnished or sold to the district may be made with an accepted vendor as follows: For work or services, or apparatus or equipment, not to exceed five years; for materials or supplies, not to exceed three years.*



## **A CONTRACT MUST CONTAIN:**

1. The date the contract was entered into.
2. The names of the parties to the contract.
3. The description of the work to be done or the services to be provided or materials, supplies and/or equipment to be supplied.
4. The duration of the contract and/or provision for termination or renewal.
5. The total amount obligated by the agreement with due date of obligation or payment.
6. A payment schedule with amounts for multiple payments.
7. The signatures of the authorizing parties.
8. Any other terms and conditions that the parties may require.
9. Where and how the contract is to be completed, if applicable.

## **BID BOND OR SECURITY**

A bid bond/security is issued as part of a bidding process by the surety to the project owner. It assures and guarantees that should the bidder be successful, the bidder will execute the contract and provide the required surety bonds. A bidder's bond made payable to the district shall accompany all bids for construction work under sealed cover. Other forms of bidder's security such as cash, a cashier's or certified check are acceptable. The security shall be in an amount equal to at least 10% of the amount of the bid. [PCC 20413]

## **DESIGNATION OF SUBCONTRACTORS**

Provide list of subcontractors hired by the general contractor (or prime contractor, or main contractor) to perform a specific task as part of the overall project. **If there are no subcontractors, indicate "NONE" on the List of Sub-Contractors form. (Exhibit 2)**

## **PAYMENT BOND**

The payment bond guarantees payment to subcontractors by the surety if the contractor defaults on payment; it is required on public works over \$25,000.00. The call for bids should state that a payment bond is required. The bond is required to be in place before any payment is made to the contractor and shall be 100% of the total contract amount. [CC9550], [CC9552]

A change in the contract amount will require an increase in the payment bond amount.

## **PERFORMANCE BOND**

A performance bond is not required by code, but highly recommended by the School Legal Services. The recommendation is for a bond covering 100% of the contract amount.

## GENERAL INSURANCE

Vendor should provide general liability insurance as contractually specified. This protects the district against claims for injury or other damages as a result of the contractor's work.

## WORKER'S COMPENSATION INSURANCE

Vendor should provide workers compensation insurance, as required by code. This protects the vendor's employees while performing the work on the project.

## PROGRESS PAYMENT INVOICE OR AMERICAN INSTITUTE OF ARCHITECT (AIA) APPLICATION FOR PAYMENT

A vendor should submit a Progress Payment Invoice or AIA Application for Payment with appropriate approvals to pay an invoice (i.e., district, architect, inspector, and contractor) with retention being withheld or payment made to escrow account.

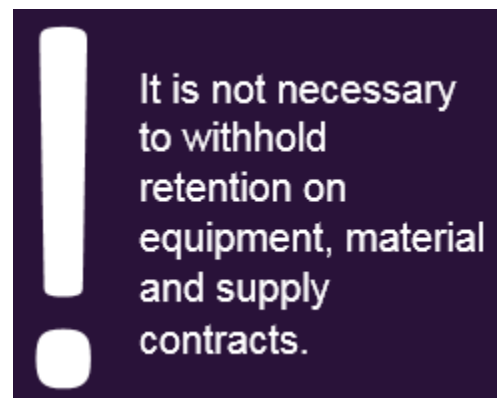
The contractor can use any form to apply for payment as long as it shows the contract amount, change orders, retention, balance to completion, payments to date and schedule of values.

The signatures of Architect, Inspector, Contractor, and District Representative on Application and Certificate for Payment or Pay Application accompanying each progress payment requests are required on works that must comply with the Field Act, EC 17280 – 17317, and 17295. Refer to Bulletin [4424](#) for Inspection of Work/Inspector and Architect Requirements on Works of Design, Construction, Alterations, or Additions to any School Buildings per the Field Act Education Codes (EC) 17280 – 17317 issued on August 16, 2016.

## ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION

[PCC 22300]

Whenever contract documents require a retention to be withheld from progress payments, at the request and expense of the contractor, the funds withheld may be deposited to an escrow agent. An Escrow Agreement for Security Deposits in Lieu of Retention signed by the bank and the contractor could be executed and submitted. A statement of balance should accompany each payment request to ensure balance in the escrow is not less than the required retention balance.



## DOCUMENTATION FOR ESCROW PAYMENTS INCLUDE:

- Escrow agreement signed by the contractor, district and escrow officer.
- If a vendor is paying into the escrow account, a letter from the escrow officer indicating the fund balance.

Exhibit 3: Escrow Form

## RETENTION

**RETENTION** of not less than 5% is required on all progress payment over \$5,000 until final completion and acceptance of the project. If the district makes the determination to require retention in excess of 5%, it must do an analysis and make approvals on a project-to-project basis. However, at any time after 50% of the work has been completed, if the public agency finds that satisfactory progress is being made, it may make any of the remaining progress payments in full for actual work completed. **The release of the retention money requires board acceptance of the project as complete and a recorded Notice of Completion if there was one filed with the County.**

### Retention

*[PCC9203] A payment on any contract with a local agency for the creation, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement, of any kind which will exceed \$5,000, shall not be made in excess of 95% of the work completed and/or the materials delivered and/or stored.*

*[PCC22300] In addition, provision shall be included in the invitation for bid and in the contract document to permit the substitution of securities for any moneys withheld by a public agency. At the request and expense of the contractor, securities equivalent to the amount withheld shall be deposited with the public agency, or with a state or federally chartered bank in this state as the escrow agent, who shall then pay those moneys to the contractor. Upon satisfactory completion of the contract, the securities shall be returned to the contractor. The contractor deposits the funds with the escrow agent. The district shall deposit the retention directly to the escrow account.*

Within **60 days** after the date of completion of the work of improvement, the retention withheld by the public entity shall be released unless there is a dispute between the public entity and the original contractor, the public entity may withhold from the final payment an amount not to exceed 150% of the disputed amount.

**In addition, final payment (retention) requires a copy of the Notice of Completion (NOC) recorded by the County Recorder, if there was a NOC recorded. CCU will release Retention after 30 days from the County Recorder's date of record.**

**PLEASE READ [PCC 7107] CAREFULLY BEFORE THE RELEASE OF RETENTION PAYMENTS.**

## BOARD ACCEPTANCE OF COMPLETION AND RECORDED NOTICE OF COMPLETION

**COMPLETION** means **any** of the following:

- (1) The occupation, beneficial use, and enjoyment of a work improvement, excluding any operation only for testing startup, or commissioning, by the public agency, or its agent, accompanied by cessation of labor on the work of improvement;
- (2) Acceptance by the public agency, or its agent, of the work of improvement;
- (3) A cessation of labor on the work of improvement for a continuous period of 100 days or more due to factors beyond the control of the contractor;
- (4) A cessation of labor on the work of improvement for a continuous period of 30 days or more, if the public agency files for record a notice of cessation or a **notice of completion**.

**A NOTICE OF COMPLETION** is a written notice verified and signed by the owner or his or her agent. It contains the date of completion, the name and address of the owner, the street address of the site (or school name), work done, and the name of the contractor. It notifies concerned parties that all work on the project has been completed. It also sets the period within which concerned parties may exercise their lien rights against one another. The Notice of Completion (Civic Code 9204) shall be -

1. Recorded within 15 days after the date of completion of a work of improvement
2. Shall be signed by a certified signatory and verified by the public agency or its agent
3. Shall comply with the requirements of Chapter 2 (commencing with Section 8100) of Title 1; and
4. Shall also include the date of completion. An erroneous statement of the date of completion does not affect the effectiveness of the notice if the true date of completion is 15 days or less before the date of recordation of the notice.

When a Notice of Completion is recorded, the deadline for subcontractors and suppliers to record a mechanic's lien or file a stop payment notice is 30 days after the recordation. If no Notice of Completion is recorded, a contractor, subcontractor, or supplier will have 90 days to record a mechanic's lien or file a stop payment notice to secure payment for their services on the project.

**THE IMPORTANCE OF A NOTICE OF COMPLETION:** Although the recording of a Notice of Completion (NOC) is not absolutely required on any given project, it is very important on a

construction project. Where a valid NOC is recorded as stated above, a contractor, subcontractor or supplier under most circumstances must record a mechanics lien or file a stop payment notice within only thirty (30) days thereafter, they don't have a longer period to do this which is the case where there is no valid NOC recorded. Under the same circumstances, a prime contractor has only sixty (60) days after the recording of a valid NOC to record a mechanic's lien. Failure to meet these deadlines often results in loss of the right to a mechanic's lien or stop payment notice.

Through the proper use of a valid "Notice of Completion" districts can protect themselves by accelerating the date for filing of mechanic's liens and stop payment notices.

## **STOP PAYMENT NOTICE AND RELEASE OF STOP PAYMENT NOTICE**

**STOP PAYMENT NOTICE** is a notice to withhold funds, sent to the agency that is providing the construction funds for a project. The purpose of the Stop Payment Notice is to provide the financier of the construction project notice that there is money owed to a contractor, subcontractor or supplier so that an inquiry can be made as to why that money is not being paid. Once the agency receives the Stop Payment Notice, that agency has a notice that it should withhold sufficient money to satisfy the stop payment notice claim. The funds to be withheld from the progress payment to a contractor shall be equivalent to the amount of the Stop Payment Notice plus 25% or 50% in the case of wages.

**RELEASE OF STOP PAYMENT NOTICE:** In order to release the funds withheld due to Stop Payment Notice received:

- the claimant contractor issues a Release of Stop Payment Notice; or
- Contractor posts a surety bond executed by an admitted surety insurer, (separate from the Payment Bond) equivalent to the amount required to be withheld (125% of the claim stated or 150% if claim is for unpaid wages)
- Contractor files an affidavit for summary release and the claimant fails to file a counter-affidavit within the time specified by the entity.
- Court process.

## **CHANGE ORDERS**

[PCC 20118.4, PCC 20659]

**CHANGE ORDER:** These are what qualify a change in PO amount to be a Change Order:

- Work that is added to or deleted from the original scope of work of the contract
- Alters the original contract amount or completion date

A change order must have:

1. **Board action** approving the change order with the change order number or identification number clearly in the board's action.
2. Change orders must be in writing and must be signed by all parties to the original contract.
3. **Amounts of the change orders are cumulative and must not exceed ten percent [10%] of the original contract amount or amount specified in PCC 20111 or 20114**
  - (For school districts having an average daily attendance of 400,000 or more, must not exceed 25% of the original contract amount)
4. The change order will have to be competitively bid if the amount exceeds the higher of the applicable bid limit or 10% or 25% of the original contract amount.

## EXPENDITURES EXCEEDING BID LIMITS

For expenditures exceeding bid limits, refer to the formal bidding requirement section for an explanation of the required documents listed below.

### DOCUMENTS REQUIRED ARE AS FOLLOWS:

#### INITIAL PAYMENT:

1. Advertisement for bid
2. Board action awarding bid
3. Duly signed contract
4. Designation of subcontractors (or statement of "None")
5. Payment bond (if over \$25,000)
6. Certificate of liability insurance
7. Escrow agreement (if applicable)
8. Invoice matching items or work
9. Application and Certificate for payment with the approval of the contractor, architect, inspector and district authorized representative

#### PROGRESS PAYMENTS:

1. Invoice matching items or work
2. Application and Certificate for payment with the approval of the contractor, architect, inspector and district authorized representative
3. Escrow/bank statement showing balance in escrow account (balance should be sufficient to cover required retention)
4. Change orders, if any, with board approval
5. Stop payment notice(s) (if any)

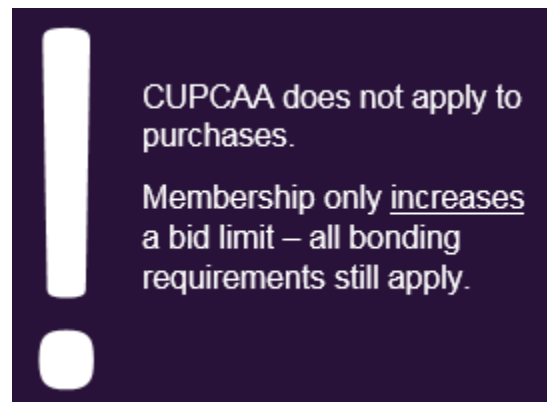
## FINAL PAYMENT:

1. Invoice matching items or work
2. Application and Certificate for payment with the approval of the contractor, architect, inspector and district authorized representative
3. Release of stop payment notice (if any)
4. Board acceptance of completed project
5. Recorded notice of completion

## CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING Act (CUPCAA)

[PCC 22030 – 22045]

A Public Entity may elect to adopt the Uniform Public Construction Cost Accounting Act and use “**Informal Bidding Procedures**” to award contracts between \$75,000 and \$220,000. The Act raises the **formal bid** thresholds for public entities to \$220,000 and sets forth specific informal and formal bidding procedures. The Act is applicable to any district or county office whose board has elected by resolution to become subject to the procedures set forth in CUPCAA.



The Act’s “**informal bidding procedures**” require a public entity to notify specific trade journals each year in November and generate a list of interested contractors from contractor responses received by the public entity to the trade journal notifications. After this a “Master List” is created, the public entity must provide all contractors on the Master List with notice for each contract exceeding \$75,000 to be bid at least ten (10) calendar days before bids are due. Additionally, the Act requires public agencies to notify these construction trade journals when formally bidding contracts in excess of \$220,000, as a part of the Act’s formal bid procedures.

Bid limits for public projects are raised as follows:

- \$75,000 or less may be performed by negotiated contract or by purchase order
- \$220,000 or less may be let to contract by the informal procedures set forth in the Act
- More than \$220,000 shall be let to contract by formal bidding procedures.

The Act is a good tool for public entities who want to raise their bid limits and have sufficient resources and staff time.

For more details on how to elect to become subject to CUPCCAA click the link below

[https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html)



With the exception of items 3 & 4 below that relate to bidding, all other documents listed below (5-17) are required from CUPCCA districts for expenditures more than \$15,000 for public projects and construction services, or more than the bid threshold adjusted every year for materials, equipment, or supplies as well as repairs and maintenance.

### **Minimum documentation includes:**

#### **Proof of election to CUPCCAA**

The State Controller's office publishes a list of participating agencies. Commercial Claims staff will verify that a requesting district is on this list. If a district is not listed, Commercial Claims will require:

1. Board Resolution electing to become subject to CUPCCAA and;
2. Notification of such election to the State Controller

#### **Proof of competitive bidding (on applicable limits above \$220,000)**

3. Advertisement to bid. If informal bidding (above \$75,000 but less than \$220,000), then a notice provided to contractors on the Master List is sufficient.
4. If formal bidding, board action awarding the bid

### **Initial Payment:**

In addition to the proof of election to CUPCCAA and proof of bidding for projects over \$220,000, the following documents will be required:

5. Designation of sub-contractors or statement of "none"
6. Duly signed contract
7. Payment bond (if over \$25,000)
8. Certification of insurance
9. Escrow agreement (if retention is deposited to an escrow agent)
10. Application and Certificate for Payment with the approval of the contractor, architect, inspector, and district authorized representative



### For Progress Payments:

11. Application and Certificate for payment with the approval of the contractor, architect, inspector, and district authorized representative
12. Escrow/bank statement showing balance in escrow account if the retention is held in escrow (balance should be sufficient to cover required retention)
13. Change orders with board approval (Note: Each change order more than 10% of the original contract amount is subject to formal bidding)
14. Stop payment notice(s), if any

### For Final Payment:

15. Application and Certificate for payment with the approval of the contractor, architect, inspector, and district authorized representative
16. Release of stop payment notice, if any
17. Board acceptance of completed project
18. Recorded notice of completion (Please refer to Notice of Completion section)

## TRANSPORTATION SERVICES

### Documentation required for payment:

1. Advertisement to bid
2. Board action awarding the bid
3. Contract
4. Invoice

Required if the contract is above \$10,000 and the vendor is not a common carrier or a municipally owned transit system or a parent or guardian of the pupils to be transported.

**[EC39802]** *In order to procure the service at the lowest possible figure consistent with proper and satisfactory service, the governing board shall, whenever an expenditure of more than ten thousand dollars (\$10,000) is involved, secure bids pursuant to Sections 20111 and 20112 of the Public Contract Code whenever it is contemplated that a contract may be made with a person or corporation other than a common carrier or a municipally owned transit system or a parent or guardian of the pupils to be transported. The governing board may let the contract for the service to other than the lowest bidder.*

### **[EC39803]**

- (a) If a continuing contract for the furnishing of transportation of pupils in school districts to and from school is made it shall be made for a term not to exceed five years. A contract is renewable at the option of the school district and the party contracting to provide transportation services, jointly, at the end of the term of the contract. The contract as renewed shall include all of the terms and conditions of the previous contract, including any provisions increasing rates based on increased costs.*
- (b) continuing contract may be made for the lease or rental of school buses, not to exceed five years, except that if a lease or rental contract provides that the district may exercise an option either to purchase the buses or to cancel the lease at the end of each annual period during the period of the contract, the contract may be made for a term not to exceed 10 years.*
- (c) Notwithstanding any other provisions of law to the contrary, a continuing contract executed under the provisions of this section may be negotiated annually within the contract period when economic factors indicate negotiation is necessary to maintain an equitable pricing structure. Renegotiation is subject to the approval of both contracting parties.*
- (d) Any rental, lease, or lease-purchase of a school bus shall comply with all applicable provisions of Article 3 (commencing with Section 17450) of Chapter 4 of Part 10.5*

In addition to the requirements outlined by [EC 39803], please note:

- **The type of contract:** should specify the type of transportation service being performed and the vehicle being used to provide the transportation, e.g., “bus transportation for athletic events”
- **The term of contract:** generally tied to a particular school year, although multiple year contracts are authorized by [EC 17596, 39803] and limits terms of continuing agreements or services to five years. [EC 39803] authorizes 10-year contracts under certain circumstances
- **The payment provisions:** often based on an amount per mile of transportation for use of the equipment, as well as an amount for the driver.

## **CHILD NUTRITION**

Effective August 1, 2018, the federal threshold for Child Nutrition Program (CNP) micro-purchase was increased to \$10,000 (increased from \$3,500), and small purchase was increased to \$250,000 (increased from \$150,000). For procurement of goods and services exceeding \$250,000, CNP Operators must use the formal procurement method.

For backup documents indicate the purchase/service is for CNP and include the federal grant program name such as National School Lunch Program (NSLP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), and the Food Distribution Program (FDP). Commercial Claims will review based on the CNP procurement standards. The complete description and application of the federal procurement standards can be found at:

<https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-320.pdf>

## OTHER BIDDING ALTERNATIVES

### COOPERATIVE CONTRACTS

#### California Multiple Awards Schedule (CMAS)

CMAS allows public agencies to take advantage of contracts negotiated by the State. School districts are authorized to utilize CMAS contracts established by the state for the “acquisition of information technology, goods and services” without separately bidding those services. CMAS contract must be current and in good standing (unexpired) at the time of purchase.

#### Western States Contracting Alliance (WSCA)

WSCA is a cooperative between the purchasing directors of fifteen western States, including California, and operates like CMAS. State and local agencies may enter into contracts with vendors contracting with California, and other participating States without further competitive bidding [PCC 10298(a)]. WSCA contract must be current and in good standing (unexpired) at the time of purchase.

#### Documents required for CMAS, WSCA, and other Cooperative Contracts:

##### Initial Payment:

1. Board Approval to use Cooperative Contracts in lieu of competitive bidding
2. Board approval of contract or PO
3. Payment bond if contract involves a public works expenditure in excess of \$25,000
4. The contract number must be indicated on the purchase order and invoice (California Department of General Services (DGS) requires that purchase orders and contractor invoices show the Contract Number)
5. Invoice
6. Acknowledgement of receipt of goods/services

##### Progress Payments:

1. Purchase order and invoice with the contract number referenced
2. Certification that products and price of item listed on the invoice were verified with the contract product and price
3. Acknowledgement of receipt of goods/services

## Final Payments:

1. If 5% retention was withheld on progress payments, district acceptance of completion is required to release retention on final payment.
2. If the contract had a payment bond, recorded notice of completion is required.
3. If there were stop payment notices, include release of stop payment notices.

## PIGGYBACK CONTRACTS

[PCC 20118/20652]

The term “piggyback” means that an agency uses an existing contract to acquire the same commodities at the same or lower price from another public entity contract. This should be used only for purchase of equipment, materials, and/or supplies. Labor and services are NOT piggybackable unless incidental to the purchase. [PCC 20118].

To begin using a piggyback contract, it is important to contact the contracting agency and read the existing contract. The governing board of the district is required to authorize the use of the piggyback contract to show they have determined that it will be in the best interest of the district as opposed to competitive bidding. Using a piggyback contract **only exempts an agency from competitive bidding**, all other bond and security required by law applies.

For piggyback contracts that include incidental labor/installation services, the general rule is that these labor/installation services should NOT exceed more than 10% of the contract work. If the cost of the labor/installation is beyond the threshold of 10%, but less than 50%, it is presumptively not incidental and the burden is placed on the district to determine otherwise. If it is determined that it is in the best interest of the district to be exempt from competitive bidding, the district should document and formalize their rationale in the approving resolution with any Board minutes. This is to protect the district in the event of a legal challenge. This document should be included with the documentation submitted to Commercial Claims for the vendor payment. If the labor/installation component is 50% or more of the total contract value, then it is NOT incidental and must be treated as a public project (see *Steelgard, Inc. v. Jannsen* (1985), 171 Cal. App. 3d 79).

## Minimum Document Required

1. Board approval to piggyback
2. Piggyback contract with piggyback clause
3. Signed contract, lease, requisition or purchase order
4. Proof of receipt

5. Proof of bidding, if installation or labor of over \$15,000 was included in the purchase
6. Payment Bond equivalent to 100% of the contract amount if installation or labor is over \$25,000
7. District acceptance of completion for release of retention upon final payment
8. A recorded Notice of Completion if payment bond was provided

**Permanent Modular Construction:** In January 2006, the Attorney General opined that “A school district may not, without advertising for bids, contract with another public agency to acquire factory-built building components for installation on permanent foundation”. This opinion only refers to a facility comprised of multiple pre-manufactured building components, such as separate wall and floor systems, that are transported to a site where components are installed on a permanent foundation. As a result of this opinion, SAB (State Allocation Board) has ruled that any contracts for modular construction on a permanent foundation signed after January 25, 2006, must be competitively bid. A copy of the opinion by the Attorney General can be viewed at the [OAG.CA.GOV](http://OAG.CA.GOV). Adherence to the Public Contract Codes relative to piggyback bids will ensure legal compliance and faster payment processing by the Los Angeles County Office of Education.

*Exemption from bidding does not eliminate the need for any bonds or security otherwise required by law.*

## EXPENDITURES EXEMPT FROM BIDDING

### EMERGENCY REPAIRS

Districts may award contracts without competitive bidding in specific emergency situations after the district has obtained an approved emergency request from the County Superintendent of Schools. An emergency resolution only exempts a district from going out to bid, all other legal requirements must be complied with.

*[LACOE Bulletin 6596, dated 10/04/2022] Emergency Work must fit the definition of an emergency – sudden, unexpected occurrence, poses a clear and imminent danger, require immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public services. Board must approve a resolution to declare an emergency and must submit a resolution to LACOE for approval.*

#### Required Documentation

1. Emergency Resolution (Ref Bulletin **6596** for sample) approved by the Board
2. Approval of County Superintendent of Schools
3. Invoice
4. Signed Contractor Agreement
5. Payment Bond (if over \$25,000)
6. Designation of Subcontractors (or statement of none)
7. Certificate of Liability Insurance
8. Progress Payment Invoice or Certification and Application for Payment with the approval of the contractor, architect, inspector, and district representative
9. 5% retention on progress payments
10. Stop Payment Notices (if any)
11. Release of Stop Payment of Notices (if any)
12. Board Acceptance of completed project
13. Recorded Notice of Completion
14. Change Orders, if any, will require Board Approval (Note: Change order more than 10% of the original contract amount is subject to formal bidding)

*Exemption from bidding does not eliminate the need for any bonds or security otherwise required by law.*

## **SOLE SOURCE**

[PCC 3400]

A sole source arises when only one person or company can provide the contractual services needed because of the uniqueness of the product or service. Any attempt to go out to bid will result in that person or company being the only one to respond and as such no need to bid out such contracts. A justification is required for sole source; the following are guiding factors for the justification:

- The item requested is a one-of-a-kind item.
- The purchase cannot be made from another vendor.
- The item is a replacement part for a specific brand of existing equipment and not compatible with other products.
- An item with unique features is required to successfully perform the service and these features are not available in other brand or product.
- Other comparable models have been examined and they can't fit the requirement.
- It's authorized or required by law, e.g., socio-economic programs, national security and the public interest.
- Only vendor or company that can meet the time constraints.

### **Required Documentation**

#### **Prior to Contracting**

1. Board Resolution declaring a Sole Source Procurement Method in lieu of competitive bidding

#### **Before Start of Work**

2. Signed contract
3. Board approval of Contract or Purchase Order
4. Payment bond if contract involves a public works expenditure in excess of \$25,000

#### **Progress Payment**

5. Invoice approved for payment by authorized signatory
6. 5% Retention of amount due if contract involves a public works expenditure in excess of \$5,000
7. Acknowledgement of receipt of goods/services

*Exemption from bidding does not eliminate the need for any bonds or security otherwise required by law.*

### **Final Payments**

8. Invoice approved for payment by authorized signatory
9. Acknowledgement of receipt of goods/services
10. If 5% retention was withheld on progress payments, district acceptance of completion is required to release retention on final payment
11. If the contract had a payment bond, recorded Notice of Completion

## **LEASE AND LEASE-BACK**

[EC17406/81336]

The school board is now required to award a Lease-Leaseback contract through a competitive solicitation process (EC17406). Before using Lease Lease-back, districts need to establish proof of ownership of the site where the project will be constructed at the time the apportionment is approved by the State Allocation Board (SAB). The governing board of a school district is required by law to adopt a resolution that, among other things:

- (1) Declares its intention to enter into a lease or agreement relating to school property,
- (2) Includes specified information about the property, and
- (3) fixes a time for a public meeting of the governing board of the school district at which sealed proposals to enter a lease or agreement with the school district will be received from any person, firm, or corporation, and considered by the governing board of the school district.

The recent changes to EC17406/17407 include:

- a) Expressly authorizing preconstruction services by the same lease lease-back contractor.
- b) Authorizing a school district to identify specific types of subcontractors required to be included in a proposal.
- c) Allowing a contractor to be paid the reasonable cost of labor, equipment, materials, and services furnished by the contractor that meets specified conditions if a lease-leaseback contract entered into prior to July 1, 2015, is found to be invalid by a court.

The Lease Lease-Back method has been challenged in various sectors because of the seemingly questionable assurance that the awarding of contracts does not contain favoritism, it is fair, free of fraud, and that public funds are being used in an efficient and cost-effective manner. **Districts are advised to take precautionary measures when entering into these agreements. Please seek legal counsel before using Lease Lease-Back.**



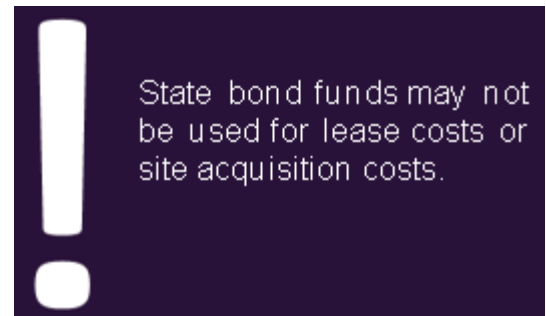
*Exemption from bidding does not eliminate the need for any bonds or security otherwise required by law.*

Education Code sections 17406 and 17407 (the Lease Lease-Back statutes) expressly provide that the **mandatory prequalification** requirements apply to the **Lease Lease-Back delivery projects**. See **Bulletin 6985** for more details.

## **Required Documentation**

### **Initial Payment**

1. Proof of site ownership
2. Division of State Architects (DSA) Approval of Plans and Soils Investigation Report Summary
3. Proof of Advertisement for Bid
4. Board Resolution Approving and Awarding Contracts/Agreements
5. Signed Contracts/Agreements:
  - a) Site Lease
  - b) Facilities Lease with the Construction Services Agreement to include, among others, provisions on:
    - i) Labor code requirements, i.e., prevailing wages, work hours, and apprenticeship issues
    - ii) Guarantee obligations
    - iii) Termination of contract
    - iv) Resolution of non-performance
    - v) Guaranteed Maximum Price
6. Performance and Payment Bond
7. General Insurance and Workers' Compensation Insurance
8. Designation of sub-contractors (or statement of none)
9. Certification of Application for payment with approval of the contractor, architect, inspector, and district authorized representative



### **Progress Payments**

10. Certification and Application for payment with the approval of the contractor, architect, inspector and district authorized representative
11. Change Orders with Board Approval (should be within the context of the Contingency Fund provision)
12. Stop Payment Notice(s), if any

### **Final Payment**

13. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative
14. Release of Stop Payment Notice (if any)
15. Board Acceptance of Completed Project
16. Recorded Notice of Completion

## **PURCHASE OF SURPLUS PROPERTY FROM THE FEDERAL GOVERNMENT**

A local agency may acquire from the federal government or any agency thereof any surplus property, as defined in the Surplus Property Act of 1944, in any amount needed for its operation without competitive bidding. [EC 17602] [GC 54142]

### **Required Documentation**

1. Proof of exemption from bidding, i.e., letter or notice of surplus property from the Federal Government
2. Board Approval or Purchase Order with proof of ratification
3. Invoice
4. Proof of receipt

## **PROFESSIONAL SERVICES**

[GC53060]

Districts may contract with and employ any persons for the special services and advice in financial, economic, accounting, engineering, legal or administrative matters if such persons are specially trained, experienced and competent to perform the special services required.

### **Required Documentation**

1. Invoice
2. Signed Contract or Purchase Order with proof of ratification by the board
3. Log-in sheet or proof of service received, i.e., signed timesheets

## **INFORMATION SYSTEMS**

[PCC 20118.2] [EC 81651]

School districts may procure, by a detailed request for proposal (RFP) and a competitive negotiation process: computers, software, telecommunications equipment, microwave equipment and other related electronic equipment and apparatus provided that the contracts are not for construction or for the procurement of any product that is available in substantial quantities to the general public. Published notice is required and the RFP must identify all significant evaluation factors, including price and their relative importance. Procedures for technical evaluation of proposals must be in place. If award is not to the lowest priced bidder, the district “shall make a finding, setting forth the basis for the award.”

### **Required Documentation for expenditures over bid limit**

#### **Prior to Contracting**

1. Board Resolution
2. Publication of Notice of Request for Proposals

#### **Before Start of Work**

3. Signed Contract and/or Purchase Order
4. Board Approval of Contract and/or Purchase Order
5. Payment bond if contract involves a public works expenditure in excess of \$25,000

#### **Progress Payment**

6. Invoice approved for payment by authorized signatory
7. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000
8. Acknowledgement of receipt of goods/services

#### **Final Payment**

9. Invoice
10. Acknowledgement of receipt of goods/services
11. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment
12. Release of Stop Notice if any
13. If the contract had a payment bond, recorded notice of completion

## ENERGY CONSERVATION

[GC4217.10 – 4217.16]

Public agencies may develop energy conservation, cogeneration, and alternate energy supply sources at their facilities. Prior to awarding or entering into an agreement or lease, the public agency may request proposals from qualified persons. After evaluating the proposals, the public agency may award the contract on the basis of the experience of the contractor, the type of technology employed by the contractor, the cost to the local agency and any other relevant considerations. The public agency may utilize the pool of qualified energy service companies established pursuant to Section 388 of the Public Utilities Code and the procedures contained in that section in awarding the contract.

### Required Documentation for expenditures over bid limit

#### Prior to Contracting

1. Board Resolution
2. Publication of Notice of Request for Proposals

#### Before Start of Work

3. Contract with Board Approval or Purchase Order with proof of Board ratification
4. Payment bond if contract involves a public works expenditure in excess of \$25,000
5. Certificate of insurance
6. Designation of sub-contractors

#### Progress Payment

7. Invoice approved for payment by authorized signatory
8. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000
9. Acknowledgement of receipt of goods/services

#### Final Payment

10. Invoice approved for payment by authorized signatory
11. Acknowledgement of receipt of goods/services
12. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment
13. Release of Stop Notice, if any
14. If the contract had a payment bond, recorded notice of completion

## **SALE AND LEASEBACK**

[EC17456/17597]

The sale or lease of any real property belonging to the school district for a term not exceeding 99 years shall not be subject to competitive bidding if all of the following conditions are met:

- A. The property is sold or leased to another local government agency, or to a non-profit corporation that is organized for the purpose of assisting one or more local governmental agencies in obtaining financing.
- B. (1) In the case of the sale of school district property, the school district, as part of that same sale transaction, simultaneously repurchases the same property that is the subject of the transaction.  
  
(2) In the case of the lease of school district property, the school district, as part of that same lease transaction, simultaneously leases back, for a term that is not substantially less than the term of that lease, the same property that is the subject of the transaction.
  - a) The financing proceeds obtained by the school district are expended solely for capital outlay purposes, including the acquisition of real property for intended use as a school site and the construction, reconstruction and renovation of school facilities.

In addition, any school district may sell to a purchaser any electronic data processing equipment, other major items of equipment, or any relocatable building owned by, or to be owned by, the school district, if the purchaser agrees to lease the equipment or building back to the school district for use by the school district following the sale.

### **Required Documentation**

#### **Prior to Contracting**

1. Board Resolution
2. Publication of Notice of Request for Proposals

#### **Before Start of Work**

3. Signed Contract and/or Purchase Order
4. Board Approval of Contract and/or Purchase Order
5. Payment bond if contract involves a public works expenditure in excess of \$25,000

### **Progress Payment**

6. Invoice approved for payment by authorized signatory
7. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000
8. Acknowledgement of receipt of goods/services

### **Final Payment**

9. Invoice approved for payment by authorized signatory
10. Acknowledgement of receipt of goods/services
11. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment
12. Release of Stop Notice, if any
13. If the contract had a payment bond, recorded notice of completion

## **DEPARTMENT OF GENERAL SERVICES (DGS) CONTRACTS**

[PCC10299(b)]

School districts may, without competitive bidding, utilize contracts, master agreements, multiple award schedules, cooperative agreements or other types of agreements established by the Department for the acquisition of information technology, goods and services.

### **Required Documentation**

1. Board Approval or Purchase Order with proof of ratification
2. Invoice
3. Proof of receipt

## **FOOD**

[EC 38083]

Perishable foodstuffs and seasonal commodities needed in the operation of cafeterias are not subject to competitive bidding.



### **Required Documentation**

1. Invoice
2. Board Approval or Purchase Order with proof of ratification
3. Proof of receipt

## EXPENDITURES – GENERAL



Changes in all PO's or Contracts in term and amount require a change order with proof of board approval. Refer to Change Order section.

### BOOKS AND INSTRUCTIONAL MATERIALS

(Object code 4100-4200)

“The governing board of any school district may purchase supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals in any amount needed for the operation of the schools of the district without taking estimates or advertising for bids.” [EC 81651/PCC 20118.3]



#### Required Documentation

1. Invoice
2. Contract with Board approval or Purchase Order with proof of ratification
3. Proof of receipt

### MATERIALS AND SUPPLIES (NON-CAPITALIZED EQUIPMENT)

(Object Code 4100-4400)

#### Required Documentation

1. Invoice
2. Board approval or Purchase Order with proof of ratification
3. Proof of Receipt

## PROFESSIONAL/CONSULTING SERVICES

(Object Code 5810-5899)

### INSTRUCTIONAL SERVICES/NON-INSTRUCTIONAL CONSULTANTS

Expenditures for personal services rendered by personnel who are not on the payroll of the district; includes services performed by outside agencies.

#### Required Documentation

1. Invoice
2. Board approval or Purchase Order with proof of ratification
3. Proof of event, (i.e. signed log-in sheet, flyer, signed timesheet)

### SUB-AGREEMENTS FOR SERVICES

These are contracts with third party to provide services required by a grant, such as emergency services required by an Emergency Response Safety Grant, contracts with nonpublic schools for services to the district's special education students, and contracts between a charter school and management company to provide instruction to charter school students.



\$25,000 of each individual sub-agreement may be coded to Object 5800, with the remainder charged to Object 5100. The \$25,000 limit applies for the duration of the contract.

#### Required Documentation

1. Invoice
2. Board approval or Purchase Order with proof of ratification
3. Proof of service or event signed by the Department Head or Program Manager.
4. For initial payment, copy of signed contract.

### APPRAISALS

(Object Code 5810-5819)

#### Required Documentation

1. Invoice
2. Board approved contract or Purchase Order with proof of ratification



## **SPECIAL ASSESSMENTS**

(Object Code 5820-5829)

### **Required Documentation**

1. Invoice
2. Board approved contract or Purchase Order with proof of ratification

## **LEGAL SERVICES**

(Object Code 5820-5829)

### **Required Documentation**

1. Invoice
2. Board approved contract or Purchase Order with proof of ratification
3. Duly Signed Contract

## **SETTLEMENT AGREEMENTS**

(Object Code 5820-5829)

**Districts are advised to pay Employee Settlement Agreements through payroll;** Employee Settlements are treated as wages per IRS ruling 2004-109 and 2004-110. It must be paid through the payroll system to ensure compliance to IRS retirement reporting regulations. Where a district pays an employee settlement agreement using a payment request, the following documents are required.

1. Settlement agreement signed by both parties and the legal counsels for both parties; or Court Order
2. Board approval in open session per the Brown Act or, if approved in a closed session, report of the final action taken on the case number referenced in the closed session board minutes
3. If taxes are not taken from the settlement, a letter from an authorized district personnel acknowledging the district can be held liable for failure to properly issue a 1099 and for failure to withhold required taxes if determined settlement is taxable.

## **TRAVEL AND CONFERENCES**

[EC35044, 44032, 72423]

(Object Code 5200-5299)

### **Required Documentation**

1. Invoices and/or receipts
2. Travel Claims
3. Board approved contract or Purchase Order with proof of ratification of travel/conference
4. Board Travel and Mileage Policies may be required (if not on file)

## **DUES AND MEMBERSHIPS**

[EC 35172]

(Object Code 5300-5399)

### **Required Documentation**

1. Invoice
2. Authorized List of Membership Organizations with Specific Board Approval or Purchase Order with proof of ratification

## **INSURANCE (ALL FORMS OF INSURANCE OTHER THAN EMPLOYEE BENEFITS)**

(Object Code 5400-5499)

### **Required Documentation**

1. Invoice
2. Insurance Policy
3. Board Approval or Purchase Order with proof of ratification

## **OPERATIONS AND HOUSEKEEPING SERVICES**

(Object Code 5500-5599)

### **Required Documentation**

1. Invoice
2. Contract with Board approval or Purchase Order with proof of ratification

## **RENTALS AND LEASES**

(Object Code 5610-5629)

These are expenditures for rentals and leases without option to purchase, and repairs or maintenance (including maintenance agreements) of sites, buildings, and equipment by outside vendors. Includes materials and supplies in the cost or repairs, and site or building improvements that do not meet the district's threshold for capitalization. Capital leases should be recorded according to the procedures in **CSAM Procedure 710**.

### **Required Documentation**

1. Invoice
2. Contract with Board Approval (recurring lease or long term lease)
3. Purchase Order with Board Approval (one-time lease only) if assigned, need assignment contract
4. Payment Schedule if not contained in contract

## **REPAIRS, AND NON- CAPITALIZED IMPROVEMENTS**

(Object Code 5610-5629)

### **Required Documentation**

1. Invoice
2. Duly Signed Contract or Purchase Order
3. For payments of more than 95% of the contract price of \$5,000 or more, district's acceptance of completion of the project [PCC 9203]
4. Payment bond if work to be done is over \$25,000 [CC 9552]

## **ADVERTISING**

(Object Code 5830-5839)

### **Required Documentation**

1. Invoice
2. Duly Signed Purchase Order or Board Approval
3. Copy of advertisement

## **TUITION**

(Object Code 7110-7199)

### **Required Documentation**

1. Invoice
2. Approval for payment by Authorized Signatory

## **PRIVATE SCHOOL TUITION**

(Object Code 5870)

### **Required Documentation**

1. Invoice
2. Master and/or Individual Contract
3. Board Approval

## **OTHER OPERATING EXPENSES**

(Object Code 5890-5899)

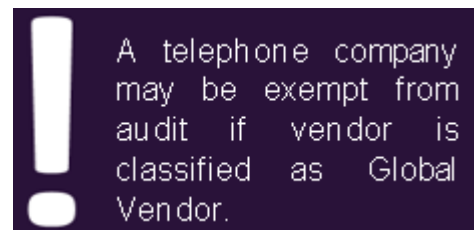
### **Required Documentation**

1. Invoice
2. Duly Signed Purchase Order, Contract, or Board Approval

## **Communications**

(Object Code 5900-5998)

Expenditures for periodic servicing of all methods of communication, including pagers, cell phones, beepers and telephone service systems. Also includes fax lines, TV cable lines and Internet service and lines. Communication equipment below the capitalization threshold should be coded to Object 4400. If the cost of a unit of equipment exceeds the capitalization threshold, use Object 6400.



**[EC42800]** *The governing board of a school district may, with the consent of the county superintendent of schools, establish a revolving cash fund for the use of the chief accounting officer of the school district, by adopting a resolution setting forth the necessity for the revolving cash fund, the officer for whom and the purposes for which the revolving cash fund shall be available, and the amount of the fund. The maximum amount allowed for revolving cash funds shall be the lesser of:*

- (1) Two percent of the school district's estimated expenditures for the current fiscal year, or*
- (2) dollar amount set by code*

**[EC42801]** *In addition to establishing or maintaining a revolving cash fund the governing board of any school district may, by resolution, establish revolving cash funds for use by school principals and other administrative officials. The resolution shall state the necessity of the funds and the purposes for which the funds may be used and the amount of the funds. The total amount of the fund shall not exceed three percent of the current year's instructional supply budget.*

### **Required Documentation**

1. Invoice
2. Board approval or Purchase Order with proof of ratification
3. Signed Contract and/or Purchase Order
4. Board Approval of Contract and/or Purchase Order

## **REIMBURSABLE/REPLENISHMENT OF PETTY CASH**

If type of transaction is **auditable** regardless of amount i.e. construction, contracts, travel, - other documentation to prove compliance to applicable codes will apply (i.e. board approval, proof of bidding, payment bond). Please refer to the transaction description for complete audit documentation requirements.

### **Minimum Documentation Requirements**

#### **PAYROLL ADVANCE**

Should be made through HRS system or approval from payroll unit to process through commercial warrant.

## **VENDOR PAYMENTS**

Invoice or statement approved for payment by authorized signatory certifying that charges were authorized, verified, and are actual charges for the district

## **TRAVEL ADVANCES AND REIMBURSABLE**

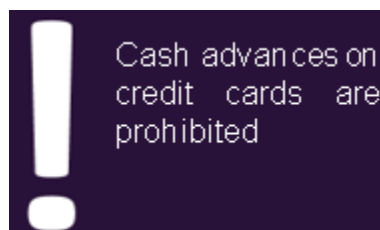
1. Copy of brochure, pre-registration form, or agenda
2. Travel request or travel advance form with authorized signatures
3. Receipts

## **CREDIT CARDS**

Credit cards may be obtained in the name of the school district for use by authorized district employees and officials. Districts should establish policies for the use of credit cards. Individuals are to charge only those items which are legal expenditures and reimbursable from district funds.

Credit cards would normally be used for the following expenditures:

- Gasoline
- Telephone
- Travel expenses
- Miscellaneous school supplies



## **Minimum Documentation required**

1. Credit card statement.
2. Receipts or a certification by individual responsible for district credit card expenses that charges were reviewed. See example in Exhibit 4.
3. Purchase order with proof of board ratification or excerpt from governing Board minutes approving the credit card purchases.

## **OTHER TRANSFERS OUT**

(Object Code 7210-7299)

These are transfers of resources to other districts and non-districts, i.e., transfers to Charter Schools, JPAs.

## **Required Documentation**

1. Invoice
2. Approval for payment by an Authorized Signatory

## DEBT SERVICE

(Object Code 7639)

### Required Documentation

1. Invoice
2. Approval for payment by Authorized Signatory
3. Certification of Participation Trust Agreement with the schedule of payment

## OTHER FINANCING USES

(Object Code 7630-7699)

### Required Documentation

1. Inter-fund transfer authorization
2. Board Approval

## ABATEMENT OF INCOME

(Object Code 8000)

These are reductions in income or tax revenues recorded in Object 8xxx.

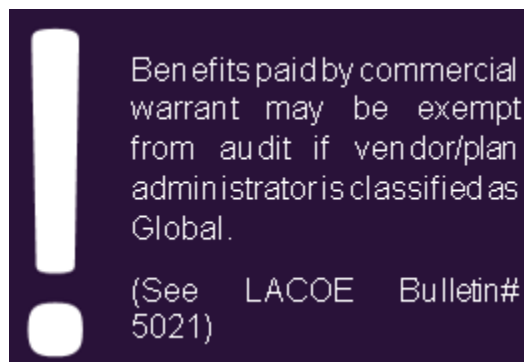
### Required Documentation

1. Invoice
2. Board Approval

## WITHHOLDINGS – PAYROLL

(Object Code 9511-9518)

1. Authorization from Payroll department to issue commercial warrant
2. Invoice



## CAPITAL EXPENDITURE

These are expenditures for land, buildings, equipment, capitalized complements of books for new libraries, and other intangible capital assets, such as computer software, including items acquired through leases with option to purchase.

## PROPERTY/SITE OR LAND PURCHASE

(Object Code 6100-6170)

The following backup documentation for building or Site or Land Purchase will be requested:

1. Letter of Intent to Purchase with Board Approval; this allows the district to make a deposit, and should indicate the deposit and sale price.
2. Excerpt from the minutes of the governing Board describing and approving the property to be purchased, amount to be paid and authorization for execution of escrow instructions
3. Escrow instructions approved by legal counsel

### Required Documentation

1. Invoice
2. Signed Contract with Board Approval
3. Escrow Agreement (if acquiring land)

## BUILDING /SITE IMPROVEMENTS OR BUILDING IMPROVEMENTS

(Object Code 6200-6299)

These include cost of construction or purchase of new buildings (including relocatable buildings, such as portable classrooms, additions and replacements of obsolete buildings including all costs incidental to the purchase or improvement.

Also applicable to additions to/improvements of sites and adjacent ways. Include incidental expenditures in connection with acquisition of sites, site improvements and special assessments on leased property.

If building or site improvement is over the bid limit (\$15,000 for public projects), **refer to Formal Bidding Requirement section.**

### Required Documentation

1. Invoice
2. Signed Contract with Board Approval
3. For payments of more than 95% on a contract amount of \$5,000 or more, district's acceptance of completion of the project [PCC 9203]

If over bid limit, Refer to **Formal Bidding Requirement Section.**

**NOTE:** Consultant services for construction projects such as architect fees, design fees and building security will only require items 1 and 2 above.



## **BOOKS AND MEDIA FOR SCHOOL LIBRARIES OR MAJOR EXPANSION OF SCHOOL LIBRARIES**

(Object Code 6300-6399)

### **Required Documentation**

1. Invoice
2. Duly Signed Purchase Order or Contract
3. Proof of receipt

If over bid limit, refer to **Formal Bidding Requirement section**.

## **EQUIPMENT/EQUIPMENT REPLACEMENT**

(Object 6400-6599)

### **Required Documentation**

1. Invoice
2. Duly Signed Purchase Order or Contract
3. Proof of receipt
4. Payment bond if installation cost is over \$25,000 [CC 9552]
5. District's acceptance of completion of work when installation is involved

**NOTE:** Items 4 and 5 are required regardless of whether contract is subject to competitive or exempt from competitive bidding.

If over bid limit, refer to **Formal Bidding Requirement section**.

# GLOSSARY

## **BID SPLITTING**

The Public Contract Code prohibits the splitting of a contract, project or service into smaller work orders for the purpose of avoiding competitive bidding.

Neither work nor labor associated with a purchase of equipment or materials to be installed to improve an existing building should be separated out from the equipment purchase for the purpose of avoiding the requirement for competitive bidding.

For projects or jobs to be considered separate for purposes of the competitive bidding statutes, it must be separately conceived and independently decided upon by the governing board. [PCC 20116/20657]

## **CHANGE ORDER**

This is work that is added to or deleted from the original scope of work of a contract, which alters the original contract amount and/or completion date.

## **COMPETITIVE BIDDING**

A procurement method in which bids from competing contractors, suppliers, or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract as well as the criteria by which the bids will be evaluated.

## **NOTICE OF COMPLETION**

A written notice issued by the owner of a project (or his or her agent) to notify concerned parties that all work on the project has been completed. This notice also sets the period within which concerned parties may exercise their lien rights against one another.

## **PAYMENT BOND**

A payment bond is a surety bond (a promise to pay one party (the obligee) a certain amount if a second party fails to meet an obligation), posted by a contractor to guarantee that subcontractors and material suppliers on the project will be paid.

## **PAYMENT SCHEDULE**

An arrangement for payments to the contractor, typically based on amounts of work completed.

## **PERFORMANCE BOND**

A surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor.

## **PIGGYBACK**

Piggyback is a method that allows one party to take advantage of a contract between two other parties.

## **RETENTION**

This provides owners with knowledge that the project a contractor has signed must be completed if the contractor is to be paid for his or her work in its entirety. A retention plan often calls for the withholding of 5% to 10% of payment until the work is finished as promised.

## **SOLE SOURCE**

This means that there is only one person or company that can provide the contractual services needed, so any attempt to obtain bids would only result in that person or company bidding on it.

## **STOP PAYMENT NOTICE**

It is a notice to withhold funds, sent to the agency that is providing the construction funds for a project. The purpose of the Stop Notice is to provide the financier of the construction project notice that there is money owed to a contractor, subcontractor or supplier so that an inquiry can be made as to why that money is not being paid. Once the agency receives the Stop Notice, that agency has notice that it should withhold sufficient money to satisfy the stop notice claim.

## **SUB AGREEMENT**

Agreements with a third party by a district to provide instructional or support activities.

## EXHIBITS

<b>Exhibit 1 - Designation of Subcontractors.....</b>	<b>1</b>
<b>Exhibit 2 - Escrow Agreement for Security Deposit in Lieu of Retention .....</b>	<b>2</b>
<b>Exhibit 3 - Certification of Credit Card Charges .....</b>	<b>3</b>

## APPENDICES

<b>Accounts Payable Flowchart .....</b>	<b>A1</b>
<b>Acknowledged Receipt of Goods/Services .....</b>	<b>A2</b>
<b>Common Government Purchasing Codes .....</b>	<b>A3</b>
<b>Commercial Claims Quick Reference Guide .....</b>	<b>A4</b>
<b>CUPCCAA FAQs and Information .....</b>	<b>A5</b>
<b>CUPCCAA Limits.....</b>	<b>A6</b>
<b>Food Payment request Cover Sheet .....</b>	<b>A7</b>
<b>Payment Bond Sample.....</b>	<b>A8</b>
<b>Procurement Code Guide.....</b>	<b>A9</b>
<b>Sample Bid Ad.....</b>	<b>A10</b>
<b>Sample Certificate and Application for Payment.....</b>	<b>A11</b>
<b>Sample Conditional Waiver &amp; Release on Final Payment.....</b>	<b>A12</b>
<b>Sample Conditional Waiver &amp; Release on Progress Payment.....</b>	<b>A13</b>
<b>Sample Piggyback Clause.....</b>	<b>A14</b>
<b>Sample Recorded Notice of Completion .....</b>	<b>A15</b>
<b>Sample Release of Stop Notice .....</b>	<b>A16</b>
<b>Sample Retention Invoice.....</b>	<b>A17</b>
<b>Sample Stop Payment Notice .....</b>	<b>A18</b>
<b>Sample Unconditional Waiver &amp; Release on Final Payment.....</b>	<b>A19</b>
<b>Sample Unconditional Waiver &amp; Release on Progress Payment.....</b>	<b>A20</b>
<b>Sample Sole Source Resolution.....</b>	<b>A21</b>
<b>Sole Source Guideline .....</b>	<b>A22</b>

## RELATED BULLETINS

<https://www.lacoe.edu/Bulletins.aspx>

<b>Bulletin #4684 Piggybacks and Modulares .....</b>	<b>B1</b>
<b>Bulletin #5102 Settlement Agreements .....</b>	<b>B2</b>
<b>Bulletin #6985 Overview of Lease/Leasebacks .....</b>	<b>B3</b>
<b>Bulletin #6664 Board Approval Documentation Requirements.....</b>	<b>B4</b>
<b>Bulletin #6826 Processing Replacement Warrants for Deceased Employees.....</b>	<b>B5</b>
<b>Bulletin #6931 Certification of Signatures.....</b>	<b>B6</b>
<b>Bulletin #6596 Emergency Resolutions.....</b>	<b>B7</b>
<b>Bulletin #6880 Global Vendor Set-Up.....</b>	<b>B8</b>
<b>Bulletin #4424 Inspection of Work Inspector/Architect Requirement .....</b>	<b>B9</b>

## ABBREVIATIONS OF LEGAL REFERENCES

BPC	Business and Professions Code
CC	Civil Code
CCP	Code of Civil Procedure
CFR	Code of Federal Regulations
EC	Education Code
GC	Government Code
LC	Labor Code
PCC	Public Contract Code
PRC	Public Resources Code
RTC	Revenue and Taxation Code
5CCR	Title 5, California Code of Regulations – Education

California Codes may be accessed via the following websites:

California Law at: <https://leginfo.legislature.ca.gov/faces/codes.xhtml>

California Code of Regulations at: [www.dir.ca.gov/dlse/ccr.htm](http://www.dir.ca.gov/dlse/ccr.htm)

## Designation of Subcontractors

- a. In compliance with the Subletting and Subcontracting Fair Practices Act (Public Contract Code §4100 et seq.) and any amendments thereof, each bidder shall set forth below: (1) the name and the location of the place of business of each subcontractor who will perform work or labor or render services to the prime contractor in or about the construction of the work or improvement to be performed under this contract in an amount in excess of one-half of one percent of the prime contractor's total bid, and (2) the portion of the work which will be done by each subcontractor under this act. The prime contractor shall list only one subcontractor for each portion as is defined by the prime contractor in this bid.
- b. If a prime contractor fails to specify a subcontractor or if a prime contractor specifies more than one subcontractor for the same portion of work to be performed under the contract in excess of one-half of one percent of the prime contractor's total bid, he shall be deemed to have agreed that he is fully qualified to perform that portion himself, and that he shall perform that portion himself.
- c. No prime contractor whose bid is accepted shall (1) substitute any subcontractor, (2) permit any subcontract to be voluntarily assigned or transferred or allow it to be performed by anyone other than the original subcontractor listed in the original bid, or (3) sublet or subcontract any portion of the work in excess of one-half of one percent of the prime contractor's total bid as to which his original bid did not designate a subcontractor, except as authorized in the Subletting and Subcontracting Fair Practices Act. Subletting or subcontracting of any portion of the work in excess of one-half of one percent of the prime contractor's total bid as to which no subcontractor was designated in the original bid shall only be permitted in cases of public emergency or necessity, and then only after a finding reduced to writing as a public record of the authority awarding this contract, setting forth the facts constituting the emergency or necessity.

Portion of Work

Subcontractor

Location and Place  
of Business


\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Contractor

Date: \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
(Signature)

ESCROW AGREEMENT FOR  
SECURITY DEPOSITS IN LIEU OF RETENTION

This Escrow Agreement is made and entered into by and between \_\_\_\_\_

_____	whose address is _____
_____	hereinafter called "Owner,"
_____	whose address is _____
_____	hereinafter called "Contractor" and
_____	whose address is _____
_____	hereinafter called "Escrow Agent."

For the consideration hereinafter set forth, the Owner, Contractor, and Escrow Agent agree as follows:

(1) Pursuant to Section 22300 of the Public Contract Code of the State of California, Contractor has the option to deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by Owner pursuant to the Construction Contract entered into between the Owner and Contractor for \_\_\_\_\_ in the amount of \_\_\_\_\_ dated \_\_\_\_\_ (hereinafter referred to as the "Contract").

Alternatively, on written request of the Contractor, the Owner shall make payments of the retention earnings directly to the Escrow Agent.

When the Contractor deposits the securities as a substitute for Contract earnings, the Escrow Agent shall notify the Owner within 10 days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between the Owner and Contractor. Securities shall be held in the name of \_\_\_\_\_, and shall designate the Contractor as the beneficial owner.

(2) The Owner shall make progress payments to the Contractor for those funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the Escrow Agent holds securities in the form and amount specified above.

(3) When the Owner makes payment of retentions earned directly to the Escrow Agent, the Escrow Agent shall hold them for the benefit of the Contractor until the time that the escrow created under this contract is terminated. The Contractor may direct the investment of the payments into securities. All terms and conditions of this agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the Owner pays the Escrow Agent directly.

(4) Contractor shall be responsible for paying all fees for the expenses incurred by Escrow Agent in administering the Escrow Account and all expenses of the Owner. These expenses and payment terms shall be determined by the Owner, Contractor, and Escrow Agent.

(5) The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of Contractor and shall be subject to withdrawal by Contractor at any time and from time to time without notice to the Owner.

(6) Contractor shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to Escrow Agent accompanied by written authorization from the Owner to the Escrow Agent that Owner consents to the withdrawal of the amount sought to be withdrawn by Contractor.

(7) The Owner shall have a right to draw upon the securities in the event of default by the Contractor. Upon seven days' written notice to the Escrow Agent from the owner of the default, the Escrow Agent shall immediately convert the securities to cash and shall



distribute the cash as instructed by the Owner.

(8) Upon receipt of written notification from the Owner certifying that the Contract is final and complete, and that the Contractor has complied with all requirements and procedures applicable to the Contract, Escrow Agent shall release to Contractor all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all moneys and securities on deposit and payments of fees and charges.

(9) Escrow Agent shall rely on the written notifications from the Owner and the Contractor pursuant to Sections (5) to (8), inclusive, of this Agreement and the Owner and Contractor shall hold Escrow Agent harmless from Escrow Agent's release and disbursement of the securities and interest as set forth above.

(10) The names of the persons who are authorized to give written notice or to receive written notice on behalf of the Owner and on behalf of Contractor in connection with the foregoing, and exemplars of their respective signatures are as follows:

On behalf of Owner:

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address

On behalf of Contractor:

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address

On behalf of Escrow Agent:

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address

At the time the Escrow Account is opened, the Owner and Contractor shall deliver to the Escrow Agent a fully executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers on the date first set forth above.

Owner

Contractor

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**CERTIFICATION THAT CREDIT CARD EXPENSES WERE  
REVIEWED AND CONFIRM LEGAL EXPENSES OF THE  
DISTRICT**

District Name: \_\_\_\_\_

Voucher# \_\_\_\_\_ Amount: \_\_\_\_\_

Credit Card Name: \_\_\_\_\_

“I hereby certify that the statement were reviewed and expenses shown represent actual and necessary expenses incurred pursuant to applicable policies and administrative regulations of the District. All receipts are on file in the district office and will be provided to the County Office of Education for audit purposes upon request.”

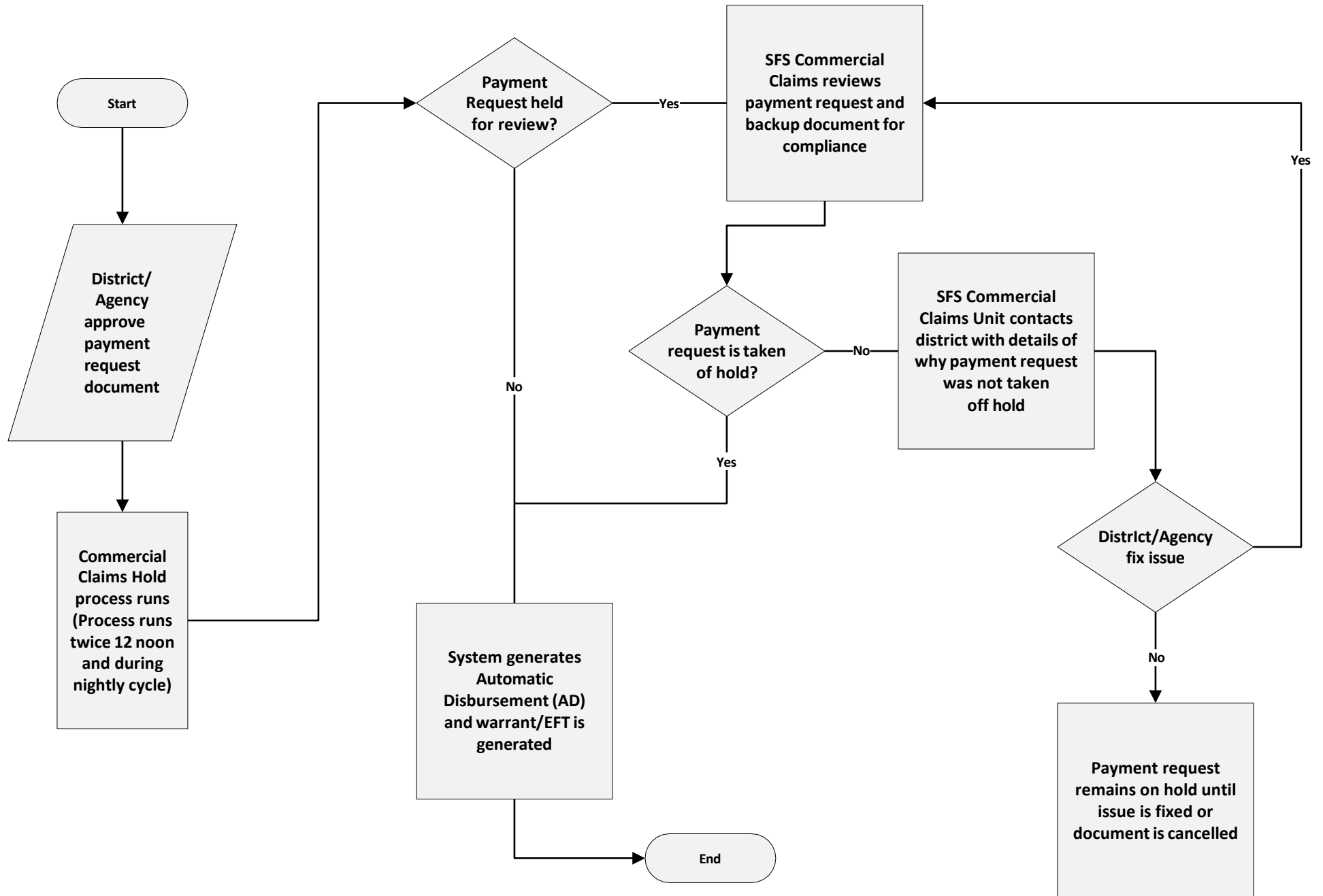
\_\_\_\_\_

Signature (Authorized District Official)

Printed Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

# COMMERCIAL CLAIMS HOLD PAYMENT REQUEST PROCESS FLOW



***Acknowledged Receipt of Goods/Services***

***The undersigned hereby acknowledges receipt and delivery of the goods/services described on the annexed list or invoice and further acknowledges that said goods /services have been inspected and are without defect.***

---

***Name, Title, Date***

**School Financial Services  
Commercial Claims Processing  
List of Common Government Purchasing Legal Requirements**

**A. Bidding Requirements**

1. Public Contract Code (PCC) 20111(a) requires school districts to let any contracts involving an expenditure of more than \$50,000 for -
  - a. purchase of equipment, materials, supplies
  - b. services, except for construction
  - c. repairs that are not public projects
2. PCC 20111 (b) requires school districts to let any public projects involving an expenditure of \$15,000 or more to the lowest responsible bidder.
3. PCC 20116 makes it unlawful to split or separate into smaller work orders or projects any work, project, service, or purchase for the purpose of evading the competitive bidding requirement.
4. *PCC 20111.6 This section shall apply only to public projects, as defined in subdivision (c) of Section 22002 that involve a projected expenditure of one million dollars (\$1,000,000) or more. If the governing board of the district enters into a contract meeting the criteria, then the governing board of the district shall require that prospective bidders for a construction contract complete and submit to the board of the district a standardized prequalification questionnaire and financial statement. The questionnaire and financial statement shall be verified under oath by the bidder in the manner in which civil pleadings in civil actions are verified. The questionnaires and financial statements shall not be public records and shall not be open to public inspection. This section shall not apply to a school district with an average daily attendance of less than 2,500.*
5. PCC 20112 and EC 81641 require the governing board of a school district or community college district to advertise at least once a week for two weeks in a newspaper of general circulation published in the district, or if there is no such paper, then in a newspaper of general circulation in the county.
6. Government Code Section 6066 provides that publication for once a week for two weeks means two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates, not counting such publication dates, is sufficient. The advertisement must state the work to be done, the materials and supplies required from the contractor, and the day and time the bids are due. The advertisement must also state the time and place where the bids will be opened and read to the public. While the bid is not required to be opened exactly at the time specified, bids may not be received after that time.

## List of Common Government Purchasing Legal Requirements

### Page 2

#### B. Exceptions to Competitive Bidding

##### 1. Professional service

The bidding and advertising requirements do 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 PCC 20114.

Government Code 53060- The governing board may contract with and employ any persons for special services and advice in financial, economic, accounting, engineering, legal, or administrative matters.

##### 2. Emergency – PCC 20113

In an emergency when any repairs, alterations, work, or improvements is necessary to any facility of public schools to permit the continuance of existing school classes, or to avoid danger to life or property, the board may, by unanimous vote, with the approval of the county superintendent of schools, may:

- (a) Make a contract for the performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.
- (b) Authorize the use of day labor or force account

##### 3. Piggyback PCC 20118

a. If the governing board has **determined it to be in the best interest of the district,** may authorize by contract, lease, requisition or purchase order, any public corporation or agency, including any county, city, town, or district, to lease data-processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property for the district in the manner in which the public corporation or agency is authorized by law to make the leases or purchases from a vendor.

##### b. Electronic data-processing systems

**PCC 20118.1** Due to the highly specialized and unique nature of technology, telecommunications, related equipment, software, and services, because products and materials of that nature are undergoing rapid technological changes, and in order to allow for the introduction of new technological changes into the operations of the school district, it is in the public's best interest to allow a school district to consider, in addition to price, factors such as vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, the broadest possible range of competing products and materials available, fitness of purchase, manufacturer's warranties, and similar factors in the award of contracts for technology, telecommunications, related equipment, software, and services. The governing board of any school district may contract with one *of the three* lowest

## List of Common Government Purchasing Legal Requirements

### Page 3

responsible bidders for the procurement or maintenance, or both, of electronic data-processing systems and supporting software.

#### c. Instructional supplies PCC 20118.3

The governing board of any school district may purchase supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals in any amount without taking estimates or advertising for bids

#### d. Change order PCC 20118.4

The board may authorize the contractor to proceed with performance **of the change or** alteration without the formality of securing bids, if the cost so agreed upon does not exceed the greater of:

- The amount specified in PCC 20111 or 20114, whichever is applicable to the original contract, or
- Ten percent of the original contract price.

#### 4. Energy conservation contracts GC 4217.10 thru 4217.6

School districts may request proposals from qualified persons for energy conservation contracts.

After evaluating the proposals, the public agency may award the contract on the basis of the experience of the local contractor, the type of technology, the cost, and any other relevant considerations.

#### 5. Food

Perishable *foodstuffs* and seasonal commodities needed in the operation of cafeterias may be purchased by the school district. However, if the food purchase is for a year's supply, then the contract has to be let to the lowest bidder.

#### 6. Lease / Lease-Back – EC 17406

*The governing board of a school district, without advertising for bids, may let, for a minimum rental of one dollar (\$1) a year, to any person, firm, or corporation any real property that belongs to the district if the instrument by which such property is let requires the lessee therein to construct on the demised premises, or provide for the construction thereon of, a building or buildings for the use of the school district during the term thereof, and provides that title to that building shall vest in the school district at the expiration of that term. The instrument may provide for the means or methods by which that title shall vest in the school district prior to the expiration of that term, and shall contain such other terms and conditions as the governing board may deem to be in the best interest of the school district.*

## **List of Common Government Purchasing Legal Requirements**

### **Page 4**

#### **7. Purchase of Supplies through DGS**

The governing board of any school district may purchase materials, equipment or supplies through the Department of General Services.

#### **8. Purchase of Surplus Property from Federal Agencies**

The governing board of any school district may purchase from the federal government or any agency thereof any surplus property, as defined in the Surplus Property Act of 1944, in any amount needed for the operation of the schools of the district without taking estimates or advertising for bids.

#### **9. Sole source – legal opinion**

There is legal opinion to support awarding contract without competitive bidding when there is sole source. A board resolution declaring it such is required for payment.

#### **10. Waste Management – PRC 40059**

The governing board of any district or local agency may elect to contract for waste management services with or without competitive bidding

#### **11. Uniform Public Construction Cost Accounting**

A public agency which has, by resolution, elected to become subject to the Uniform Public Construction Cost Accounting set forth beginning with PCC Section 22010, may utilize the bidding procedures set forth beginning PCC Section 22032.

### **C. Bonding Requirements**

1. Public Contract Code sections 20111 and 20651 state that all bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bid security:

- a. Cash,
- b. A cashier's check made payable to the district
- c. A certified check made payable to the district
- d. 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 district beyond 60 days from the time the award is made.



The purpose of a bid security is to guarantee that the successful bidder signs the contract after being awarded the bid. The bidder forfeits the bid security if the bidder fails to execute the contract. Bids for materials and supplies may require bid security at the discretion of the district.

**2. Payment Bond for Public Works – Civil Code 9550**

Every original contractor to whom is awarded a contract by a public entity involving expenditure in excess of \$25,000 for any public work shall, before entering upon the performance of the work, file a payment bond with and approved by the officer or public entity by whom the contract was awarded. The payment bond is for materials and labors, not services performed.

A *direct* contractor who fails to file a payment bond with the district cannot be paid even when the job is completed satisfactorily and all claims for labor and materials have been satisfied. (CC 9552)

**D. Stop Payment Notice**

“Stop payment notice” means a written notice, signed and verified by the claimant or his agent stating in general terms all of the following:

- The kind of labor, services, equipment, or materials furnished or agreed to be furnished by such claimant;
- The name of the person to or for whom the same was done or furnished
- The amount in value, as near as may be, of that already done or furnished and of the whole agreed to be done or furnished

**Application and release of Stop *Payment* Notice**

Upon receipt of a Stop *Payment* Notice, it is the duty of the public entity to withhold from the *direct* contractor, or from any person acting in his behalf, an amount sufficient to answer the claim stated in the Stop *Payment* Notice and a reasonable cost of possible litigation. It is customary for school districts to withhold 125% of the Stop *Payment* Notice amount at the time a payment to a *direct* contractor.

Likewise, when a Release of Stop *Payment* Notice is received, the amount withheld previously will be refunded in the next payment due to the contractor.

**Surety Bond – CC 9364**

If the *direct* contractor or subcontractor disputes the correctness, validity, or enforceability of any stop payment notice, the public entity may, in its discretion, permit the *direct* contractor to file a bond executed by a corporate surety at 125% of the claim plus cost of suit in the action.

Upon filing of the bond, the public entity shall not withhold any money from the *direct* contractor on account of the Stop *Payment* Notice.

**E. Retention**

PCC 9203 requires districts to retain a minimum of 5% of the completed project to date on any progress payment as well as withhold not less than 5% of the contract price until final completion and acceptance of a project which will exceed a total of \$5,000.00 when it involves construction, creation, alteration, repair or improvement of a public work.

**F. Notice of Completion**

Pursuant to Civil Code 9204, a notice of completion shall be recorded in the county recorder's office within 15 days after completion. Final payment is made after 35 days to provide a grace period for any stop payment notices to be filed.

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>EXPENDITURES EXCEEDING BID LIMITS</b>	<p><b>Initial Payment:</b></p> <ol style="list-style-type: none"> <li>1. Advertisement for bid</li> <li>2. Board action awarding bid</li> <li>3. Designation of sub-contractors</li> <li>4. Duly signed contract</li> <li>5. Payment bond (if over \$25,000)</li> <li>6. Certification of liability insurance</li> <li>7. Escrow agreement (if applicable)</li> <li>8. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li> </ol> <p><b>Progress Payments:</b></p> <ol style="list-style-type: none"> <li>1. Invoice matching items or work</li> <li>2. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li> <li>3. Escrow/bank statement showing balance in escrow account (balance should be sufficient to cover required retention)</li> <li>4. Change orders, if any, with board approval</li> <li>5. Stop payment notice(s) (if any)</li> </ol> <p><b>Final Payment:</b></p> <ol style="list-style-type: none"> <li>1. Invoice matching items or work</li> <li>2. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li> <li>3. Release of stop payment notice (if any)</li> <li>4. Board acceptance of completed project</li> <li>5. Recorded notice of completion</li> </ol> <p><b>All documents listed are required</b> for expenditures more than \$15,000 for public projects and construction services; or more than the bid threshold adjusted every year for CUPCAA districts, maintenance and repairs.</p>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (CUPCAA)</b> [PCC 22030 – 22045]	<p><b>Proof of election to CUPCAA</b></p> <p>The State Controller's office publishes a list of participating agencies. Commercial Claims staff will verify that a requesting district is on this list. If a district is not listed, Commercial Claims will require:</p> <ol style="list-style-type: none"><li>1. Board Resolution electing to become subject to CUPCAA and;</li><li>2. Notification of such election to the State Controller</li></ol> <p><b>Proof of competitive bidding (on applicable limits above \$220,000)</b></p> <ol style="list-style-type: none"><li>3. Advertisement to bid. If informal bidding (above \$75,000 but less than \$220,000), then a notice provided to contractors on the Master List is sufficient.</li><li>4. If formal bidding, board action awarding the bid</li></ol> <p><b>Initial Payment:</b></p> <p>In addition to the proof of election to CUPCAA and proof of bidding for projects over \$220,000, the following documents will be required:</p> <ol style="list-style-type: none"><li>5. Designation of sub-contractors or statement of "none"</li><li>6. Duly signed contract</li><li>7. Payment bond (if over \$25,000)</li><li>8. Certification of insurance</li><li>9. Escrow agreement (if retention is deposited to an escrow agent)</li><li>10. Application and Certificate for Payment with the approval of the contractor, architect, inspector, district authorized representative</li></ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

	<p><b>For Progress Payments:</b></p> <ul style="list-style-type: none"><li>11. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li><li>12. Escrow/bank statement showing balance in escrow account if the retention is held in escrow (balance should be sufficient to cover required retention)</li><li>13. Change orders with board approval (Note: Each change order more than 10% of the original contract amount is subject to formal bidding)</li><li>14. Stop payment notice(s), if any</li></ul> <p><b>For Final Payment:</b></p> <ul style="list-style-type: none"><li>15. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li><li>16. Release of stop payment notice, if any</li><li>17. Board acceptance of completed project</li><li>18. Recorded notice of completion (Please refer to Notice of Completion section)</li></ul> <p>With the exception of items 3 &amp; 4 that relate to bidding, <b>all other documents listed above (5-17) are required</b> from CUPCCAA districts for expenditures more than \$15,000 for public projects and construction services.</p>
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# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>TRANSPORTATION SERVICES</b>	<ol style="list-style-type: none"> <li>1. Advertisement to bid</li> <li>2. Board action awarding the bid</li> <li>3. Contract</li> <li>4. Invoice</li> </ol>
<b>CMAS/WSCA AND OTHER COOPERATIVE CONTRACTS</b>	<p>Required if the contract is above \$10,000 and the vendor is not a common carrier or a municipally owned transit system or a parent or guardian of the pupils to be transported.</p> <p><b>Initial Payment</b></p> <ol style="list-style-type: none"> <li>1. Board Approval to use Cooperative Contracts in lieu of competitive bidding</li> <li>2. Board approval of contract or PO</li> <li>3. Payment bond if contract involves a public works expenditure in excess of \$25,000</li> <li>4. The contract number must be indicated on the purchase order and invoice (California Department of General Services (DGS) requires that purchase orders and contractor invoices show the Contract Number)</li> <li>5. Invoice</li> <li>6. Acknowledgement of receipt of goods/services</li> </ol> <p><b>Progress Payments</b></p> <ol style="list-style-type: none"> <li>1. Purchase order and invoice with the contract number referenced</li> <li>2. Certification that products and price of item listed on the invoice were verified with the contract product and price</li> <li>3. Acknowledgement of receipt of goods/services</li> </ol> <p><b>Final Payments</b></p> <ol style="list-style-type: none"> <li>1. If 5% retention was withheld on progress payments, district acceptance of completion is required to release retention on final payment.</li> <li>2. If the contract had a payment bond, recorded notice of completion is required.</li> <li>3. If there were stop payment notices, include release of stop payment notices.</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>EMERGENCY REPAIRS</b>	<ol style="list-style-type: none"> <li>1. Emergency Resolution (Ref Bulletin <u>6596</u> for sample) approved by the Board</li> <li>2. Approval of County Superintendent of Schools</li> <li>3. Invoice</li> <li>4. Signed Contractor Agreement</li> <li>5. Payment Bond (if over \$25,000)</li> <li>6. Designation of Subcontractors</li> <li>7. Certificate of Insurance</li> <li>8. Progress Payment Invoice or Certification and Application for Payment with the approval of the contractor, architect, inspector, and district representative</li> <li>9. 5% retention on progress payments</li> <li>10. Stop Payment Notices (if any)</li> <li>11. Release of Stop Payment of Notices (if any)</li> <li>12. Board Acceptance of completed project</li> <li>13. Recorded Notice of Completion</li> <li>14. Change Orders, if any, will require Board Approval (Note: Change order more than 10% of the original contract amount is subject to formal bidding)</li> </ol>
<b>SOLE SOURCE</b> [PCC 3400]	<p><b>Prior to Contracting</b></p> <ol style="list-style-type: none"> <li>1. Board Resolution declaring a Sole Source Procurement Method in lieu of competitive bidding</li> </ol> <p><b>Before Start of Work</b></p> <ol style="list-style-type: none"> <li>2. Signed contract</li> <li>3. Board approval of Contract or Purchase Order</li> <li>4. Payment bond if contract involves a public works expenditure in excess of \$25,000</li> </ol> <p><b>Progress Payment</b></p> <ol style="list-style-type: none"> <li>1. Invoice approved for payment by authorized signatory</li> <li>2. 5% Retention of amount due if contract involves a public works expenditure in excess of \$5,000</li> <li>3. Acknowledgement of receipt of goods/services</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

<p><b>SOLE SOURCE</b> (continued) [PCC 3400]</p>	<p><b>Final Payments</b></p> <ol style="list-style-type: none"> <li>1. Invoice approved for payment by authorized signatory</li> <li>2. Acknowledgement of receipt of goods/services</li> <li>3. If 5% retention was withheld on progress payments, district acceptance of completion is required to release retention on final payment</li> <li>4. If the contract had a payment bond, recorded Notice of Completion</li> </ol>
<p style="text-align: center;"><b>DOCUMENTS REQUIRED</b></p>	
<p><b>LEASE AND LEASEBACK</b></p>	<p><b>Initial Payment</b></p> <ol style="list-style-type: none"> <li>1. Proof of site ownership</li> <li>2. Division of State Architects (DSA) Approval of Plans and Soils Investigation Report Summary</li> <li>3. Proof of bidding</li> <li>4. Board Resolution Approving and Awarding Contracts/Agreements</li> <li>5. Signed Contracts/Agreements:             <ol style="list-style-type: none"> <li>a) Site Lease</li> <li>b) Facilities Lease with the Construction Services Agreement to include, among others, provisions on:                 <ol style="list-style-type: none"> <li>i) Labor code requirements, i.e., prevailing wages, work hours, and apprenticeship issues</li> <li>ii) Guarantee obligations</li> <li>iii) Termination of contract</li> <li>iv) Resolution of non-performance</li> <li>v) Guaranteed Maximum Price</li> </ol> </li> </ol> </li> <li>6. Performance and Payment Bond</li> <li>7. General Insurance and Workers' Compensation Insurance</li> <li>8. Designation of sub-contractors</li> <li>9. Certification of Application for payment with approval of the contractor, architect, inspector, and district authorized representative</li> </ol>



# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

	<p><b>Progress Payments</b></p> <ol style="list-style-type: none"> <li>10. Certification and Application for payment with the approval of the contractor, architect, inspector and district authorized representative</li> <li>11. Change Orders with Board Approval (<b>should be within the context of the Contingency Fund provision</b>)</li> <li>12. Stop Payment Notice(s), if any</li> </ol> <p><b>Final Payment</b></p> <ol style="list-style-type: none"> <li>13. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative</li> <li>14. Release of Stop Payment Notice (if any)</li> <li>15. Board Acceptance of Completed Project</li> <li>16. Recorded Notice of Completion</li> </ol>
<b>DOCUMENTS REQUIRED</b>	
<b>PURCHASE OF SURPLUS PROPERTY FROM THE FEDERAL GOVERNMENT</b>	<ol style="list-style-type: none"> <li>1. Proof of exemption from bidding, i.e., letter or notice of surplus property from the Federal Government</li> <li>2. Board Approval or Purchase Order with proof of ratification</li> <li>3. Invoice</li> <li>4. Proof of receipt</li> </ol>
<b>PROFESSIONAL SERVICES</b> [GC53060]	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Signed Contract or Purchase Order with proof of ratification by the board</li> <li>3. Log-in sheet or proof of service received, i.e., signed timesheets</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>INFORMATION SYSTEMS</b> [PCC 20118.2] [EC 81651]	<p><b>Prior to Contracting</b></p> <ol style="list-style-type: none"> <li>1. Board Resolution purchase under [PCC 20118.2]</li> <li>2. Publication of Notice of Request for Proposals</li> </ol> <p><b>Before Start of Work</b></p> <ol style="list-style-type: none"> <li>3. Signed Contract and/or Purchase Order</li> <li>4. Board Approval of Contract and/or Purchase Order</li> <li>5. Payment bond if contract involves a public works expenditure in excess of \$25,000</li> </ol> <p><b>Progress Payment</b></p> <ol style="list-style-type: none"> <li>6. Invoice approved for payment by authorized signatory</li> <li>7. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000</li> <li>8. Acknowledgement of receipt of goods/services</li> </ol> <p><b>Final Payment</b></p> <ol style="list-style-type: none"> <li>9. Invoice</li> <li>10. Acknowledgement of receipt of goods/services</li> <li>11. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment</li> <li>12. Release of Stop Notice if any</li> <li>13. If the contract had a payment bond, recorded notice of completion</li> </ol>
<b>ENERGY CONSERVATION</b> [GC 4217.10 – 4217.16]	<p><b>Prior to Contracting</b></p> <ol style="list-style-type: none"> <li>1. Board Resolution purchase under PCC 20118.2</li> <li>2. Publication of Notice of Request for Proposals</li> </ol> <p><b>Before Start of Work</b></p> <ol style="list-style-type: none"> <li>3. Contract with Board Approval or Purchase Order with proof of Board ratification</li> <li>4. Designation of sub-contractors</li> <li>5. Certification of liability insurance</li> <li>6. Payment bond if contract involves a public works expenditure in excess of \$25,000</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

	<p><b>Progress Payment</b></p> <ol style="list-style-type: none"><li>7. Invoice approved for payment by authorized signatory</li><li>8. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000</li><li>9. Acknowledgement of receipt of goods/services</li></ol> <p><b>Final Payment</b></p> <ol style="list-style-type: none"><li>10. Invoice approved for payment by authorized signatory</li><li>11. Acknowledgement of receipt of goods/services</li><li>12. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment</li><li>13. Release of Stop Notice, if any</li><li>14. If the contract had a payment bond, recorded notice of completion</li></ol>
<p><b>SALE AND LEASEBACK</b> [EC17456/17597]</p>	<p><b>Prior to Contracting</b></p> <ol style="list-style-type: none"><li>1. Board Resolution purchase under [PCC 20118.2]</li><li>2. Publication of Notice of Request for Proposals</li></ol> <p><b>Before Start of Work</b></p> <ol style="list-style-type: none"><li>3. Signed Contract and/or Purchase Order</li><li>4. Board Approval of Contract and/or Purchase Order</li><li>5. Payment bond if contract involves a public works expenditure in excess of \$25,000</li></ol> <p><b>Progress Payment</b></p> <ol style="list-style-type: none"><li>6. Invoice approved for payment by authorized signatory</li><li>7. Retention of 5% of amount due if contract involves a public works expenditure in excess of \$5,000</li><li>8. Acknowledgement of receipt of goods/services</li></ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

	<p><b>Final Payment</b></p> <ol style="list-style-type: none"> <li>9. Invoice approved for payment by authorized signatory</li> <li>10. Acknowledgement of receipt of goods/services</li> <li>11. If 5% retention was withheld on progress payments, districts acceptance of completion is required to release retention on final payment</li> <li>12. Release of Stop Notice, if any</li> <li>13. If the contract had a payment bond, recorded notice of completion</li> </ol>
<b>DOCUMENTS REQUIRED</b>	
<p><b>DEPARTMENT OF GENERAL SERVICES (DGS) CONTRACTS</b> [PCC10299(b)]</p>	<ol style="list-style-type: none"> <li>1. Board Approval or Purchase Order with proof of ratification</li> <li>2. Invoice</li> <li>3. Proof of receipt</li> </ol>
<p><b>FOOD</b> [EC 38083]</p>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board Approval or Purchase Order with proof of ratification</li> <li>3. Proof of receipt</li> </ol>
<p><b>BOOKS AND INSTRUCTIONAL MATERIALS</b> (Object code 4100-4200)</p>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Contract with Board approval or Purchase Order with proof of ratification</li> <li>3. Proof of receipt</li> </ol>
<p><b>MATERIALS AND SUPPLIES-(NON-CAPITALIZED EQUIPMENT)</b> (Object Code 4100-4400)</p>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approval or Purchase Order with proof of ratification</li> <li>3. Proof of Receipt</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>PROFESSIONAL/CONSULTING SERVICES</b> (Object Code 5810-5899)	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approval or Purchase Order with proof of ratification</li> </ol>
<b>INSTRUCTIONAL SERVICES/NON-INSTRUCTIONAL CONSULTANTS</b>	<ol style="list-style-type: none"> <li>3. Proof of event, (i.e. signed log-in sheet, flyer, signed timesheet)</li> </ol>
<b>SUB-AGREEMENTS FOR SERVICES</b>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approval or Purchase Order with proof of ratification</li> <li>3. Proof of service or event signed by the Department Head or Program Manager.</li> <li>4. For initial payment, copy of signed contract.</li> </ol> <p>\$25,000 of each individual sub-agreement may be coded to Object 5800, with the remainder charged to Object 5100. The \$25,000 limit applies for the duration of the sub- agreement</p>
<b>APPRAISALS</b> Object Code 5810-5819	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approved contract or Purchase Order with proof of ratification</li> </ol>
<b>SPECIAL ASSESSMENTS</b> Object Code 5820-5829	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approved contract or Purchase Order with proof of ratification</li> </ol>
<b>LEGAL SERVICES</b> Object Code 5820-5829	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approved contract or Purchase Order with proof of ratification</li> <li>3. Signed Contract</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>SETTLEMENT AGREEMENTS</b> (Object Code 5820-5829) <i>Districts are advised to pay Employee Settlement Agreements through payroll; refer to LACOE Bulletin <a href="#">5102</a>.</i>	<ol style="list-style-type: none"> <li>1. Settlement agreement signed by both parties and the legal counsels for both parties; or Court Order</li> <li>2. Board approval in open session per the Brown Act or, if approved in a closed session, report of the final action taken on the case number referenced in the closed session board minutes</li> <li>3. If taxes are not taken from the settlement, a letter from an authorized district personnel acknowledging the district can be held liable for failure to properly issue a 1099 and for failure to withhold required taxes if determined settlement is taxable.</li> </ol>
<b>TRAVEL AND CONFERENCES</b> [EC35044, 44032, 72423] Object Code 5200-5299	<ol style="list-style-type: none"> <li>1. Invoices and/or receipts</li> <li>2. Travel Claims</li> <li>3. Board approved contract or Purchase Order with proof of ratification of travel/conference</li> <li>4. Board Travel and Mileage Policies may be required (if not on file)</li> </ol>
<b>DUES AND MEMBERSHIPS</b> [EC 35172] Object Code 5300-5399	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Authorized List of Membership Organizations with Specific Board Approval or Purchase Order with proof of ratification</li> </ol>
<b>INSURANCE</b> (All forms of insurance other than employee benefits) Object Code 5400-5499	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Insurance Policy</li> <li>3. Board Approval or Purchase Order with proof of ratification</li> </ol>
<b>OPERATIONS AND HOUSEKEEPING SERVICES</b> Object Code 5500-5599	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Contract with Board approval or Purchase Order with proof of ratification</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>RENTALS AND LEASES</b> Object Code 5610-5629	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Contract with Board Approval (recurring lease or long term lease)</li> <li>3. Purchase Order with Board Approval (one-time lease only) if assigned, need assignment contract</li> <li>4. Payment Schedule if not contained in contract</li> </ol>
<b>REPAIRS, AND NON-CAPITALIZED IMPROVEMENTS</b> Object Code 5610-5629	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Duly Signed Contract or Purchase Order</li> <li>3. For payments of more than 95% of the contract price of \$5,000 or more, district's acceptance of completion of the project [PCC 9203]</li> <li>4. Payment bond if work to be done is over \$25,000 [CC 9552]</li> </ol>
<b>ADVERTISING</b> Object Code 5830-5839	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Duly Signed Purchase Order or Board Approval</li> <li>3. Copy of advertisement</li> </ol>
<b>TUITION</b> Object Code 7110-7199	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Approval for payment by Authorized Signatory</li> </ol>
<b>PRIVATE SCHOOL TUITION</b> Object Code 5870	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Master and/or Individual Contract</li> <li>3. Board Approval</li> </ol>
<b>OTHER OPERATING EXPENSES</b> Object Code 5890-5899	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Duly Signed Purchase Order, Contract, or Board Approval</li> </ol>
<b>COMMUNICATIONS</b> Object Code 5900-5998	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Board approval or Purchase Order with proof of ratification</li> <li>3. Signed Contract and/or Purchase Order</li> <li>4. Board Approval of Contract and/or Purchase Order</li> </ol>

# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<p><b>Reimbursable/Replenishment of Petty Cash</b></p> <p>If type of transaction is <b>auditable</b> regardless of amount i.e. construction, contracts, travel, - other documentation to prove compliance to applicable codes will apply (i.e. board approval, proof of bidding, payment bond). Refer to the transaction description for complete audit documentation requirements.</p>	<p><i>Payroll Advance</i></p> <p>Should be made through HRS system or approval from payroll unit to process through commercial warrant.</p> <p><b>VENDOR PAYMENTS</b></p> <p>Invoice or statement approved for payment by authorized signatory certifying that charges were authorized, verified, and are actual charges for the district</p> <p><i>Travel Advances and Reimbursable</i></p> <ol style="list-style-type: none"> <li>1. Copy of brochure, pre-registration form, or agenda</li> <li>2. Travel request or travel advance form with authorized signatures</li> <li>3. Receipt</li> </ol>
<p><b>CREDIT CARDS</b></p> <p>Credit cards would normally be used for the following expenditures:</p> <ul style="list-style-type: none"> <li>• Gasoline</li> <li>• Telephone</li> <li>• Travel expenses</li> <li>• Miscellaneous school supplies</li> </ul>	<ol style="list-style-type: none"> <li>1. Credit card statement.</li> <li>2. Receipts or a certification by individual responsible for district credit card expenses that charges were reviewed. See example in Exhibit 6.</li> <li>3. Excerpt from governing board minutes approving the credit card account and credit limit or purchase order with proof of board ratification</li> </ol>
<p><b>OTHER TRANSFERS OUT</b></p> <p>Object Code 7210-7299</p> <p>These are transfers of resources to other districts and non-districts, i.e., transfers to Charter Schools, JPAs.</p>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Approval for payment by an Authorized Signatory</li> </ol>
<p><b>DEBT SERVICE</b></p> <p>Object Code 7639</p>	<ol style="list-style-type: none"> <li>1. Invoice</li> <li>2. Approval for payment by Authorized Signatory</li> <li>3. Certification of Participation Trust Agreement with the schedule of payment</li> </ol>
<p><b>OTHER FINANCING USES</b></p> <p>Object Code 7630-7699</p>	<ol style="list-style-type: none"> <li>1. Inter-fund transfer authorization</li> <li>2. Board Approval</li> </ol>



# COMMERCIAL CLAIMS DOCUMENTATION QUICK REFERENCE GUIDE

DOCUMENTS REQUIRED	
<b>ABATEMENT OF INCOME</b> Object Code 8000	1. Invoice 2. Board Approval
<b>WITHHOLDINGS – PAYROLL</b> Object Code 9511-9518	1. Authorization from Payroll department to issue commercial warrant 2. Invoice
<b>PROPERTY/SITE OR LAND PURCHASE</b> Object Code 6100-6170	1. Invoice 2. Signed Contract with Board Approval 3. Escrow Agreement (if acquiring land)
<b>BUILDING /SITE IMPROVEMENTS OR BUILDING IMPROVEMENTS</b> Object Code 6200-6299  <b>For expenditures exceeding \$15,000 for public projects or the bid limit for CUPCAA districts, refer to page 67</b>	1. Invoice 2. Signed Contract with Board Approval 3. For payments of more than 95% on a contract amount of \$5,000 or more, district's acceptance of completion of the project [PCC 9203]  <b>NOTE:</b> Consultant services for construction projects such as architect fees, design fees and building security will only require items 1 and 2 above
<b>BOOKS AND MEDIA FOR SCHOOL LIBRARIES OR MAJOR EXPANSION OF SCHOOL LIBRARIES</b> Object Code 6300-6399	1. Invoice 2. Duly Signed Purchase Order or Contract 3. Proof of receipt
<b>EQUIPMENT/EQUIPMENT REPLACEMENT</b> Object 6400-6599	1. Invoice 2. Duly Signed Purchase Order or Contract 3. Proof of receipt 4. Payment bond if installation cost is over \$25,000 [CC 9552] 5. District's acceptance of completion of work when installation is involved

# CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

## FREQUENTLY ASKED QUESTIONS (FAQs)

These FAQs have been compiled to assist agencies that are participating in the California Uniform Public Construction Cost Accounting Act (the Act), as contained in Public Contract Code (PCC) Section 22000, et seq. All references are to PCC, unless otherwise stated.

### 1. What is the Uniform Public Construction Cost Accounting Act?

The Act is legislation that was enacted in 1983 to help promote “uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state” (Section 22001). The Act is a voluntary program available to all public entities in the State, but it applies only to those public agencies that have “opted in” to the provisions set forth by the Act using the processes outlined in the Act. The entirety of the Act is found at Sections 22000-22045.

### 2. What are some of the key provisions of the Act?

The Act allows for public project work in the amount of \$75,000 or less to be performed by a public agency’s force account using the public agency’s own resources, or by negotiated contract, or by purchase order (Section 22032(a)). Public projects in the amount of \$220,000 or less may use the informal or formal bidding procedures set forth in Section 22032(b), or (c) of the Act. Public projects at a cost of more than \$220,000 must use formal bidding procedures to let the contract pursuant PCC Section 22032(c), except as otherwise provided by statute.

### 3. What are the benefits of the program?

- Increased force account limit for public agencies;
- Simplified bidding for projects that are \$220,000 or less;
- Reduced number of formal bids based on project size; and
- Expedited contracting for projects under \$220,000.

Many participating agencies appreciate the program because it has given them more leeway in the execution of public works projects under a certain dollar amount; sped up the award process; expedited project delivery; reduced the time, effort, and expense associated with bidding projects under \$220,000; and simplified administration for those projects. Few agencies have experienced challenges with the accounting requirements and overhead provisions. Moreover, adjustments, when required, have been relatively simple; most required procedures were already in place, so there were few, if any, major changes to existing operations. The current Standard Accounting Codes Structure satisfies reporting requirements when used properly.

### 4. Is the Uniform Public Construction Cost Accounting Act mandatory for public agencies?

No. The Act is a voluntary program requiring a public agency to “opt in” using the process outlined in the Act.

**5. How does a public agency become subject to the Act?**

The governing body must elect by resolution to become subject to the Act and must file a copy of the approved resolution with the State Controller's Office (Section 22030). Sample documents are available at: [http://www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html). Once an agency has opted into the Act, it will remain a part of the program.

**6. May a public agency withdraw from the Act?**

Yes. An agency may withdraw from the Act by filing with the State Controller's Office an approved resolution of the agency's election to withdraw that was made during a public meeting of the agency's governing body.

**7. Must a participating agency "opt in" to the Act annually?**

No. Once a participating agency "opts in" to the Act, the agency remains subject to the Act until it "opts out" of the Act.

**8. What is the California Uniform Construction Cost Accounting Commission?**

The Commission was created to administer the Act, per Section 22010. It consists of 14 members: 13 members appointed by the State Controller and the License "A" member of the Contractors' State License Board. Seven members represent the public sector (counties, cities, school districts, and special districts). Six members represent the private sector (public works contractors and unions). The Commission members receive no salary, but are eligible for reimbursement of their direct expenses related to the Commission.

**9. What are the Uniform Public Construction Cost Accounting Procedures?**

These procedures are to be used for tracking costs for work performed by an Agency's own forces on a "project" as defined by the Act (Section 22002(c)). The procedures do not apply to operations or maintenance work, or any work that meets the criteria listed in Section 22002(d).

These procedures are intended to capture and record all direct and indirect labor, materials, equipment, subcontractors, and supervision costs, as well as the appropriate overhead costs for the public agency associated with each "project" it performs with its own forces. The procedures follow industry-standard accounting methods, and in many cases are not much different from those already in place at most agencies. Sample forms are available in the CUCCAC Cost Accounting Policies and Procedures Manual at [http://www.sco.ca.gov/Files-ARD-Local/CUCCAC\\_Manual.pdf](http://www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf)

School districts may use the Standard Accounting Code Structure to comply with tracking requirements.

**10. Are the cost accounting procedures applicable for agencies whose work forces perform only maintenance tasks as defined in the Act and that contract all of their public projects to third parties?**

No. The cost accounting procedures are applicable only for agencies that perform public project work such as construction and alteration by force account or otherwise. As maintenance does not constitute a "project" under the Act, the cost accounting procedures do not apply.

- 11.** When are participating agencies required to advertise if they choose to maintain a list of qualified contractors?

At least once per calendar year, each Public Agency that has elected to become subject to the Act and intends to use the notice provisions outlined in Section 22034(a) must establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Section 22036. The notice must invite all licensed contractors to submit the name of their firms to the Agency for inclusion on the Agency's list of qualified bidders for the following twelve (12) months. Effective January 1, 2016, a participating agency can choose a specific date of their choice in which to renew its list of qualified contractors.

- 12.** May an agency that chooses to maintain a list add a contractor to the list at any time during the year?

Yes.

- 13.** What is meant by the term "qualified contractors" as used in section 22034(a)(1) of the Act?

*Qualified contractors* are contractors licensed by the State to perform the subject work. The Commission has determined that nothing in the Act prohibits a participating agency from using additional objective pre-qualification standards in the formation and maintenance of their Qualified Contractors Lists if they so desire.

- 14.** How can a contractor get on an agency's list of contractors?

The California Uniform Public Construction Cost Accounting Commission's webpage has a list of agencies that are participating in the California Uniform Public Construction Cost Accounting Act (CUPCCAA). Please contact each agency directly to let them know you would like to be on their list of contractors. For a list of participating agencies, please see the "Participating Agency Lists" header at the following link:

[https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html)

More detailed instructions for contractors can be found in Section 1.04.01 of the Cost Accounting Policies and Procedures Manual

- 15.** Can a public agency disqualify or exclude certain contractors from the Qualified Contractors List required in Section 22034(a)(1)?

Agencies may disqualify contractors from Qualified Contractors Lists when the contractors fail to furnish information to meet the minimum criteria as established by the Commission.

- 16.** For agencies that do not maintain an informal bidders list, are they allowed to choose who would get notifications of projects?

No. Section 22034(a)(2) provides for notifications to construction trade journals and exchanges in lieu of sending notifications to contractors on an informal bidders list. An agency may send notices to selected contractors provided it has also met the advertisement requirements of Section 22034(a).

- 17.** What is the difference between “qualifying contractors” under the Act and “prequalification of contractors” by school districts under Section 20101?

Qualifying contractors is a process that allows contractors to register with a public agency for notification of public works opportunities. The prequalification process under Section 20101 is a more complex process that requires a standardized questionnaire and evaluation of contractors using standard scoring criteria. The prequalification process is applicable under the Local Agency Public Construction Act, and does not apply to the Uniform Public Construction Cost Accounting Act.

- 18.** Does a contractor have to be on an agency’s contractor list in order to perform projects less than \$75,000?

No, any public project less than the \$75,000 informal bidding threshold can be performed by employees of the public agency, by negotiated contract, or by purchase order. An agency’s list of contractors is only required to be alerted of projects that surpass the informal bidding threshold.

- 19.** Must a public agency a) notify contractors about public projects if the contractors are believed to not have the skills, credentials, or experience to perform the work required for the public project; and b) consider bids submitted by contractors that the public agency believes do not have the skills, credentials, or experience to perform the work?

a) Yes. If a contractor is on the Qualified Contractors List, the contractor must be notified by the agency of public projects for which he or she is licensed to perform (Section 22034(a)(1)).

b) All bids received must be considered, unless an agency makes appropriate legal findings that a contractor is not legally responsible or his or her bid is not responsive.

- 20.** Does the Act allow flexibility in cases of emergency and when repair or replacements are necessary to permit the continued conduct of a public agency’s operations or services?

Yes. For the purposes of the Public Contract Code, an “emergency” is defined at Section 1102 as “a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.”

The Act sets forth in Section 22035(a) how a governing body should proceed in case of emergency repairs or replacements. This section states:

In cases of emergency when repair or replacements are necessary, the governing body 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 body, by contractor, or by a combination of the two. Section 22050 et seq., provides the emergency contract procedures to be followed in these cases.

**21. Do the alternative bidding procedures apply only to public projects as defined in Section 22002(c)?**

The alternative bidding procedures apply only to work that constitutes a “public project” as defined in Section 22002(c) and has a construction cost within the limits described in Section 22032. The alternative bidding procedures are not required for the purchase of goods or materials that are not part of a “public project.”

However, as outlined in Section 22003, a participating agency may also use the alternative bidding procedures when contracting for maintenance or other work that does not fall within the definition of a “public project” if it so chooses.

**22. What will membership in the Act cost my agency?**

Nothing. There are no membership fees or dues. However, the Commission does accept grants to assist it in carrying out its duties (Section 22015(c)).

**23. What are the most common concerns addressed by the Act?**

These are:

- Cost accounting policies and procedures;
- Informal bidding procedures; and
- Accounting procedures review.

Cost accounting requirements for the Act follow those common to the construction industry. The informal bidding on public projects up to \$220,000 is seen by agencies as an effective tool to expedite completion of small projects. While an accounting procedures review could potentially hold up a project for a minimum of 45 days pursuant to Section 22043(c)(1), these types of reviews have been rare in the Commission’s history.

**24. Must an agency calculate an overhead rate to apply the accounting procedures?**

No. Cities with populations of less than 75,000 must assume an overhead rate equal to 20% of the total costs of the public project, including the costs of material, equipment, and labor (Section 22017(b)(1)). Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate of 30% of the total costs of a public project including the costs of materials, equipment, and labor (Section 22017(b)(2)).

**25. When a public entity opts into the Act, does the Act supersede other contracting legal requirements such as statutory requirements for performance bonds, prevailing wages, and certificates of insurance, etc.?**

No. The Act supersedes only the bidding procedures used once a public agency has opted into the Act and has notified the Controller. All other contracting requirements of the PCC remain applicable.

- 26.** Can a public agency claim to be exempt from following all of the requirements in Public Contract Code by claiming it only has to follow the language and procedures within the Act?

No. The Act is part of the Public Contract Code; therefore, if the Act is silent on a particular matter, then the Public Contract Code applies on that matter.

- 27.** If public agencies are not following the advertising requirements in the Act, will the Commission address those agencies? Can a complaint be brought to the Commission?

Yes. Recent legislative changes have expanded the Commission's authority to enforce provisions of the Act. The Commission may review complaints filed by interested parties when evidence is provided that:

- The participating agency performed work after rejecting all bids, claiming it could do the work less expensively (Section 22042(a)).
- The work performed exceeded the force account limits (Section 22032(a)).
- The work was improperly classified as maintenance (Section 22042(c)).
- The work has been split or separated into smaller work orders or projects (Section 22033).
- The work has exceeded the limits or otherwise not met the requirements set forth (Section 22032(b) and (c)).
- A public agency did not comply with the informal bidding procedures set forth at Section 22034 (Section 22042.5).

- 28.** Section 20112 specifically requires school districts to advertise twice for a two-week period, while Section 22037 requires advertising once, 14 days in advance of the date of opening of bids. How do participating school districts reconcile this conflict?

When the Act is in conflict with any other section in the Public Contract Code, the Act shall supersede. The Act requires advertising once, 14 days in advance of the date of opening of bids. Districts participating in the Act may choose to maximize their outreach by advertising twice.

- 29.** May a public agency contract separately for like work at the same site at the same time using the under \$75,000 Force Account method?

No. Section 22033 states:

It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.

Separating "like work" would be permitted only if the total of all the "like work" is less than \$75,000. If the work is more than \$75,000, it must be advertised and bid according to the provisions of the Act (i.e., bid informally if the total amount is less than \$220,000; bid formally if the total amount exceeds \$220,000).

- 30.** May a public agency bid out two separate projects that occur at the same time and site, but are different types of work?

Yes. There is no violation if the work is competitively bid. If an agency wishes to use the negotiated or informal bidding processes, it must apply the appropriate limits to each of the projects. Each project must be separate in scope. Projects may not be separated by trade to avoid bidding. If the total of all jobs is greater than \$75,000 then the informal or formal bid limits apply.

- 31.** May a public agency contract separately for like work performed at multiple sites at the same time using the under \$75,000 limit?

Yes. A public agency may contract for like work at separate locations with unique addresses. If the cost of the work is more than \$75,000 at any individual site, that work must be advertised and bid according to the provisions of the Act (i.e., bid informally, if the total amount is less than \$220,000; bid formally, if the total amount exceeds \$220,000).

- 32.** Can an agency separately bid out for the materials and supplies on a project to avoid contractor markup and then bid out for the installation labor or perform installation with its own forces?

An agency may separately procure the materials and supplies for a project; however, all costs (materials, supplies, labor) of a project must be included in the project cost estimate to determine whether the project falls within the force account, informal bid, or formal bid thresholds.

In addition, if installation is performed by force account, an overhead rate must be applied to all direct costs of the project and included in the cost estimate. For example, if materials/supplies cost \$50,000 to procure separately and the estimated labor cost to install is \$25,000, the project could not be performed with force account, but would fall within the informal bid threshold because the total cost estimate is \$75,000.

- 33.** Must a value be assigned to the volunteer labor when the California Conservation Corps or another volunteer organization provides labor on a public project?

No. Volunteer labor from volunteer organizations does not need to be included as a cost of a public project for bid limit purposes as long as no costs are associated with the volunteer labor.

- 34.** By opting into the Act, does a public agency automatically bring all of its component divisions or departments into the Act?

Yes. When a public agency elects to become subject to the uniform construction cost accounting procedures, the entire legal entity is considered subject to the Act and no divisions or departments are exempt.

- 35.** When a public agency opts into the Act, does it automatically bring all districts under control of its governing Board into the Act?

No. Special Districts, which are governed by a board of supervisors or city council, are subject only if a separate election is made for each special district.



- 36.** PCC 22034 requires that participating agencies adopt an Informal Bidding Ordinance. What do schools and special districts that cannot adopt Ordinances do to comply?

Agencies that do not have the ability to adopt Ordinances should discuss Section 22034 compliance with their legal counsel.

- 37.** Are change orders allowed by the Act, and if so what is allowable? What if a change order goes over one of the allowed thresholds?

The Act does not address change orders. Please consult with your agency's legal counsel regarding any limitation on change orders that may apply to your agency.

- 38.** Is there any training related to the Act? If so, where can I find a list of where the training is offered?

SCO has information regarding the Act on the SCO/CUCCAC website, including the current Cost Accounting and Procedures Manual. Often, commissioners are willing to provide training, answer questions, and/or give a presentation in order to assist agencies in getting the full benefits of participating in the Act.

- 39.** The Act states that public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order. However, the Department of Industrial Relations (DIR) states any project over \$1,000 has to pay prevailing wages. How do the Act and DIR guidance work together?

The Act and DIR are completely separate and govern different aspects of public projects. The Act focuses on bidding related to public projects and DIR deals with wages paid by contractors on public projects. However, they may relate in that if prevailing wages are not paid on a public project, that could potentially impact the total cost of a project which would require a different bidding process utilized under the Act.

Additional inquiries and questions may be directed by email to [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov), or by regular mail to:

State Controller's Office  
Local Government Programs and Services Division  
Local Government Policy Section  
P.O. Box 942850  
Sacramento, CA 94250



California Uniform Construction Cost  
Accounting Commission

# **Cost Accounting Policies and Procedures Manual**

**2025 Edition**

# FOREWORD

The Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code section 22000 et seq., allows local agencies to perform public project work of up to \$75,000 with their own workforces if the agencies elect to follow the cost accounting procedures set forth in the *Cost Accounting Policies and Procedures Manual* by the California Uniform Construction Cost Accounting Commission.

Every five years, the California Uniform Construction Cost Accounting Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies. The adjustment may become effective before it appears as a formal change in the Public Contract Code pursuant to Public Contract Code section 22020. The most recently posted bid limits can be found at [www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html) titled under [New Informal Bid Limit Increase \(Pursuant to PCC 22032\)](#).

Any local agency can voluntarily elect to become a participating agency of the Act. Local agencies include cities, counties, redevelopment agencies, special districts, school districts, and community college districts. Participating agencies benefit from the raised force account limit and the informal bidding procedures. More projects are completed in a timely manner as a result of the streamlined awards process and the reduction in paperwork related to advertising and report filing.

CHAPTER 1 INFORMATION FOR ADOPTION AND IMPLEMENTATION OF THE  
CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

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## CHAPTER 1 Information for Adoption and Implementation of the California Uniform Public Construction Cost Accounting Act

### Instructions for Adoption and Implementation of the Uniform Construction Cost Accounting Procedures

#### 1.01 Instructions for Adoption and Implementation of the Uniform Public Construction Cost Accounting Act (ACT) by Local Agencies

- 1) The Governing Board must elect by resolution to become subject to the uniform construction cost accounting procedures promulgated by the State Controller pursuant to the Public Contract Code section 22019. The resolution shall specify that the local agency will meet the requirements prescribed in the California Uniform Construction Cost Accounting Commission's *Cost Accounting Policies and Procedures Manual* and state the effective date the agency will implement the accounting and bidding procedures.
- 2) The local agency must notify the State Controller in writing of the election to become subject to the uniform construction cost accounting procedures along with a copy of the resolution sent to one of the following locations:

Electronic Copy (PDF)	Physical Copy
Sent via email to: <a href="mailto:LocalGovPolicy@sco.ca.gov">LocalGovPolicy@sco.ca.gov</a>	Sent via mail to: Office of the State Controller Local Government Programs and Services Division Local Government Policy Section P.O. Box 942850 Sacramento CA 94250

- 3) When a local agency elects to become subject to the uniform construction cost accounting procedures, the entire entity is considered subject to the Act and no departments will be exempt. However, Special Districts which are governed by a board of supervisors or city council are subject only if a separate election is made.
- 4) An informal bidding ordinance, or a board adopted policy equivalent to such as required by the participating agency, shall be enacted pursuant to Public Contract Code section 22034.
- 5) Once opting into the Act, participating agencies must always adhere to the terms of the Act until such time the agency formally opts out by resolution of its governing board. Having opted in, selective adherence to the terms of the Act is a violation.
- 6) The governing board may discontinue the agency's participation under the uniform public construction cost accounting procedures by adopting a resolution stating this fact. A copy of the resolution shall be filed with the State Controller.
- 7) The State Controller shall notify the California Uniform Construction Cost Accounting Commission (Commission) of all local agencies electing to become subject to the uniform public construction cost accounting procedures. In addition, the Commission shall also be notified of local agencies electing to discontinue participation under these procedures.

#### 1.02 Sample Election Resolution – Model

CHAPTER 1 INFORMATION FOR ADOPTION AND IMPLEMENTATION OF THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

This sample **Election Resolution** may be used by any public agency's governing body.

RESOLUTION OF THE \_\_\_\_\_, STATE OF CALIFORNIA IN THE MATTER OF  
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

Resolution No. \_\_\_\_\_

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;

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; and

NOW, THEREFORE, BE IT RESOLVED that the \_\_\_\_\_ of \_\_\_\_\_, California, 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 \_\_\_\_\_ - notify the State Controller forthwith of this election.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by the following vote;

AYES:

NOES:

*Insert Seal if Applicable*

ABSENT:

\_\_\_\_\_, \_\_\_\_\_  
Signature

Title

City of \_\_\_\_\_ County of \_\_\_\_\_

## CHAPTER 1 INFORMATION FOR ADOPTION AND IMPLEMENTATION OF THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

(This SAMPLE INFORMAL BIDDING ORDINANCE or POLICY indicates action by a county board of supervisors. However, the sample format shall be modified to conform to your governing agency's rules).

ORDINANCE NO. \_\_\_\_\_  
AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF \_\_\_\_\_  
ADDING SECTION \_\_\_\_\_ TO THE ORDINANCE CODE OF THE COUNTY OF \_\_\_\_\_  
TO PROVIDE INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC  
CONSTRUCTION COST ACCOUNTING ACT (Section 22000, et seq. of the Public Contract Code)

The Board of Supervisors of the County of \_\_\_\_\_ do ordain as follows:

### SECTION 1

Section \_\_\_\_\_ is hereby added to the County Code of the County of \_\_\_\_\_ to provide as follows:

Section \_\_\_\_\_. Informal Bid Procedures. Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Section \_\_\_\_\_. Contractors List. The agency shall comply with the requirements of Public Contract Code Section 22034.

Section \_\_\_\_\_. Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids shall be circulated using one or both of the following alternatives:

1. Notices inviting informal bids may be mailed, faxes, or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section \_\_\_\_\_,
2. Notices inviting informal bids may be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids, provided however:

(1) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Section \_\_\_\_\_. Award of Contracts

The County Purchasing Agent and the Director of Public Works are each authorized to award informal contracts pursuant to this Section.

### SECTION 2

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once, with the names of the members of the Board of Supervisors voting for and against the same in the \_\_\_\_\_, a newspaper of general circulation published in the County of \_\_\_\_\_.

PASSED, APPROVED and ADOPTED by the Board of Supervisors of the County of \_\_\_\_\_, State of California, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by the following vote:

AYES:

NOES:

ABSENT:

1.04 Procedure for Establishment and Maintenance of List of Registered Contractors Per Section 22034 of the Public Contract Code

Section 22034 of the Public Contract Code specifies the requirements for mailing, faxing, or emailing notices to contractors for work to be bid under the Act. As specified therein, an agency shall provide notices by electing a), b) or both methods listed as follows:

- a) In lieu of a contractors list, mailing, faxing, or emailing notices to all construction trade journals specified in section 22036
- b) Mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being paid
- c) Both (a) and (b) pursuant to section 22034(a)(1)

In the event an agency elects to provide notice by mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being bid, the agency shall utilize the following procedure to establish and maintain the list of registered contractors outlined in section 22034 (a)(1):

- 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.

*(Amended by Stats. 2015, Ch. 269, Sec. 29. Effective January 1, 2016.)*

1.04.01 Minimum Criteria for Development and Maintenance of the Contractors List Determined by the Commission, pursuant to Public Contract Code section 22034(a)(1)

1. At least once per calendar year, each public agency that has elected to become subject to the Uniform Public Construction Cost Accounting Act and intends to utilize the notice provisions outlined in section 22034(a) shall establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Section 22036.

The notice shall invite all licensed contractors to submit the name of their firm to the Agency for inclusion on the Agency's list of qualified bidders.



2. The notice shall require that the contractor provide:
- The name and address to which a Notice to Contractors or Proposal should be mailed, faxed, or emailed;
  - A phone number at which the contractor may be reached;
  - The type of work in which the contractor is interested and currently licensed to do (earthwork, pipelines, electrical, painting, general building, etc.);
  - The class of contractor's license(s) held; and
  - The contractor license number(s).
3. Agencies may include any contractor names they so desire on the lists, but lists must include, at minimum, all contractors who have properly provided the Agencies with the information required under #2 above in response to the written notice.
- The Commission recommends that Agencies automatically include in their contractors' lists the names of all contractors who submitted one or more valid bids to the Agencies.
4. A contractor may have his or her firm added to an Agency's contractors list at any time by providing the required information.

### 1.05 County-by-County List of Construction Trade Journals

The Commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed, faxed, or emailed notice of all informal and formal construction contracts being bid for work within the specified county per section 22036 of the Public Contract Code.

Per Public Contract Code section 22037, notices inviting formal bids must be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency. In addition, the Commission has determined that all public agencies that adopt and contract under the Act shall be required to mail, email, or fax a notice to the following specified construction trade publications of all formal construction contracts being bid and all invitations to join an agency's qualified bidders list (i.e. the informal bidding list) within the specified county (as provided in sections 22034 and 22037 of the Public Contract Code). The numbers following the name of each county refer to the corresponding numbered trade journals listed starting on page 12.

Users will note that the notification of the trade journals listed in Column B for their county is required. Additionally, the user will have to notify at least two of the trade journals listed in Column C, unless there is only one listed, in which case notification of that trade journal is sufficient. The Commission urges each public agency to select additional publications from its geographical area and include them on its list of publications to be notified. Sample information to be included in the mailed notice to trade journals is listed on page 11.

**Note:** Users are not required to mail a notice to a trade journal if the trade journal listed under their county is now charging for its services, or is out of business. Instead, the Commission requests that users find some other method of notifying potential contractors of published jobs and how to be added to their informal bidding lists (e.g. internet – county's web page).



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

November 1, 2024

To: ALL PUBLIC AGENCIES SUBJECT TO THE TERMS OF THE  
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

**SUBJECT: Notification Letter-Assembly Bill 2192 (Chaptered 953, Statutes of 2024)**

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032; this increase was signed into law. Pursuant to PCC 22020, and on behalf of Controller Malia M. Cohen, SCO would like to inform agencies subject to the Uniform Public Construction Cost Accounting Act (Act) of the following changes effective January 1, 2025:

- a) The change would allow projects costing \$75,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$220,000 to be contracted by informal bidding procedures; and projects costing over \$220,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Act, which provides public agencies with economic benefits and greater freedom to expedite public works projects. For agencies which follow the cost accounting procedures set forth by CUCCAC in its *Cost Accounting Policies and Procedures Manual*, these increased limits will expedite delivery of public work projects and reduce bid processing costs. If your agency is currently subject to the Act, a new resolution adopting the change into legislation is not required.

We encourage participating agencies to visit the SCO website to sign up for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via email. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov) or visit our website at [www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html).

Sincerely,

(Original signed)

Sandeep Singh  
Manager, Local Government Policy Section

(Agency Number)

(Division Name)

Date:

To: LACOE, Commercial Claims  
Division of School Financial Services

From: Director of Nutrition Services

Subject: **AUTHORIZATION FOR PAYMENT TO VENDOR EXCEEDING  
\$92,600 limit (Food Payments Only)**

Payment Date: \_\_\_\_\_

Payee: \_\_\_\_\_

Payment Request No: \_\_\_\_\_

Payment Amount: \_\_\_\_\_

This is to certify that all invoices for the above referenced payment request are ready for review.

Authorized Signatures:

\_\_\_\_\_

Name:  
Director, Nutrition Services

\_\_\_\_\_

Name:  
Director, Fiscal Services

**PAYMENT  
BOND****TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**  
Hartford, Connecticut 06183

Bond No.: 105999274

Premium: Premium Incl In Perf Bond

**CONTRACTOR:***(Name, legal status and address)*AMG & Associates, Inc. - 28296 Constellation Rd.  
Santa Clarita, CA. 91355**SURETY:***(Name, legal status and principal place of business)*Travelers Casualty and Surety Company of America -  
21688 Gateway Center Drive Diamond Bar, CA. 91765**OWNER:***(Name, legal status and address)***CONSTRUCTION CONTRACT**

Date: January 27, 2014

Amount: \$9,608,612.00 Nine Million Six Hundred Eight Thousand Six Hundred Twelve &amp; 00/100

Description:

*(Name and location)*

Allied Health Building -

**BOND**

Date:

*(Not earlier than Construction Contract Date)*

March 5, 2014

Amount: \$9,608,612.00 Nine Million Six Hundred Eight Thousand Six Hundred Twelve &amp; 00/100

Modifications to this Bond: 

See Section 18

**CONTRACTOR AS PRINCIPAL**Company: AMG & Associates, Inc. (Corporate  
Seal)**SURETY**Company: Travelers Casualty and Surety Company of  
America (Corporate Seal)

Signature:

Name and  Albert M. Giacomazzi

Title: President

*(Any additional signatures appear on the last page of this Payment Bond.)*

Signature:

Name and  Megan B. Gaines, Attorney-in-fact

Title:

*(FOR INFORMATION ONLY — Name, address and telephone)***AGENT or BROKER:**

Associated Insurance Services, Inc.

600 Hampshire Rd. #150

Westlake Village, CA. 91765

Tel: 805-495-4634

**OWNER'S REPRESENTATIVE:***(Architect, Engineer or other party:)*

§ 1 The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference, subject to the following terms.

The Company executing this bond vouches that this document conforms to American Institute of Architects Document A312, 2010 edition

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Ventura

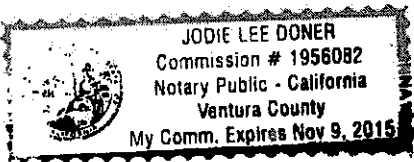
On March 5, 2014 before me, Jodie Lee Doner, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared

Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature

Signature of Notary Public

### OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

#### Description of Attached Document

Title or Type of Document: Performance / Payment Bond

Document Date: March 5, 2014

Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

#### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_  
Travelers Casualty and  
Surety Company of America

RIGHT THUMBPRINT  
OF SIGNER  
Top of thumb here

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER  
Top of thumb here

§ 2, If the Contractor promptly makes payment of all sums due to Claimants, and defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, then the Surety and the Contractor shall have no obligation under this Bond.

§ 3 If there is no Owner Default under the Construction Contract, the Surety's obligation to the Owner under this Bond shall arise after the Owner has promptly notified the Contractor and the Surety (at the address described in Section 13) of claims, demands, liens or suits against the Owner or the Owner's property by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety.

§ 4 When the Owner has satisfied the conditions in Section 3, the Surety shall promptly and at the Surety's expense defend, indemnify and hold harmless the Owner against a duly tendered claim, demand, lien or suit.

§ 5 The Surety's obligations to a Claimant under this Bond shall arise after the following:

§ 5.1 Claimants, who do not have a direct contract with the Contractor,

- .1 **have furnished a written notice of non-payment to the Contractor, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were, or equipment was, furnished or supplied or for whom the labor was done or performed, within ninety (90) days after having last performed labor or last furnished materials or equipment included in the Claim; and**
- .2 have sent a Claim to the Surety (at the address described in Section 13).

§ 5.2 Claimants, who are employed by or have a direct contract with the Contractor, have sent a Claim to the Surety (at the address described in Section 13).

§ 6 If a notice of non-payment required by Section 5.1.1 is given by the Owner to the Contractor, that is sufficient to satisfy a **Claimant's obligation to furnish a written notice of non-payment under Section 5.1.1.**

§ 7 When a Claimant has satisfied the conditions of Sections 5.1 or 5.2, whichever is applicable, the Surety shall promptly and at the Surety's expense take the following actions:

§ 7.1 Send an answer to the Claimant, with a copy to the Owner, within sixty (60) days after receipt of the Claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed; and

§ 7.2 Pay or arrange for payment of any undisputed amounts.

§ 7.3 The Surety's failure to discharge its obligations under Section 7.1 or Section 7.2 shall not be deemed to constitute a waiver of defenses the Surety or Contractor may have or acquire as to a Claim, except as to undisputed amounts for which the Surety and Claimant have reached agreement. If, however, the Surety fails to discharge its obligations under Section 7.1 or Section 7.2, the Surety shall indemnify the Claimant for the reasonable attorney's fees the Claimant incurs thereafter to recover any sums found to be due and owing to the Claimant.

§ 8 The Surety's total obligation shall not exceed the amount of this Bond, plus the amount of reasonable attorney's fees provided under Section 7.3, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

§ 9 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the **Construction Contract and to satisfy claims, if any, under any construction performance bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.**

§ 10 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for the payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligation to make payments to, or give notice on behalf of, Claimants or otherwise have any obligations to Claimants under this Bond.

§11 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related sub,contracts, purchase orders and other obligations.

§ 12 No suit or action shall be commenced by a Claimant under this. Bond other than in a court of competent jurisdiction in the state in which the project that is the subject of the Construction Contract is located or after the expiration of one year from the date (1) on which the Claimant sent a Claim to the Surety pursuant to Section 5.1.2 or 5.2, or (2) on which the last labor or **service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract**, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

§ 13 Notice and Claims to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears. Actual receipt of notice or Claims, however accomplished, shall be sufficient compliance as of the date received.

§14 When this Bond has been furnished to comply with a. statutory or other legal requirement in the location where the **construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein.** When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

§ 15 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor and Owner shall promptly furnish a copy of this Bond or shall permit a copy to be made.

#### §16 Definitions

§16.1 **Claim. A** written statement by the Claimant including at a minimum:

- .1 the name of the Claimant;
- .2 the name of the person for whom the labor was done, or materials or equipment furnished;
- .3 **a copy of the agreement or purchase order pursuant to which labor, materials or equipment was furnished for use in the performance of the Construction Contract;**
- .4 a brief description of the labor, materials or equipment furnished;
- .5 the date on which the Claimant last performed labor or last furnished materials or equipment for use in the performance of the Construction Contract;
- .6 the total amount earned by the Claimant for labor, materials or equipment furnished as of the date of the Claim;
- .7 the total amount of previous payments received by the Claimant; and
- .8 the total amount due and unpaid to the Claimant for labor, materials or equipment furnished as of the date of the **Claim.**

§ 16.2 Claimant. An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to **furnish labor, materials or equipment for use in the performance of the Construction Contract. The term Claimant also includes any individual or entity that has rightfully asserted a claim under an applicable mechanic's lien or similar statute against the real property upon which the Project is located. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.**

§ **16.3 Construction Contract.** The agreement between the Owner and Contractor identified on the cover page, including all **Contract Documents and all changes made to the agreement and the Contract Documents.**

§ **16.4 Owner Default.** Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.

§ **16.5 Contract Documents.** All the documents that comprise the agreement between the Owner and Contractor.

§17 If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

§18 Modifications to this bond are as follows:

*(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)*

**CONTRACTOR AS PRINCIPAL**

Company: *(Corporate Seal)*

Signature: \_\_\_\_\_

Name and Title:

Address:

**SURETY**

Company: *(Corporate Seal)*

Signature: \_\_\_\_\_

Name and Title:

Address:





## POWER OF ATTORNEY

Farmington Casualty Company  
 Fidelity and Guaranty Insurance Company  
 Fidelity and Guaranty Insurance Underwriters, Inc.  
 St. Paul Fire and Marine Insurance Company  
 St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company  
 Travelers Casualty and Surety Company  
 Travelers Casualty and Surety Company of America  
 United States Fidelity and Guaranty Company

Attorney-In Fact No. 226413

Certificate No. 005653557

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Michael Cresswell, Megan B. Gaines, Tim McClain, and Jodie Doner

of the City of Westlake Village, State of California, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 25th day of September, 2013

Farmington Casualty Company  
 Fidelity and Guaranty Insurance Company  
 Fidelity and Guaranty Insurance Underwriters, Inc.  
 St. Paul Fire and Marine Insurance Company  
 St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company  
 Travelers Casualty and Surety Company  
 Travelers Casualty and Surety Company of America  
 United States Fidelity and Guaranty Company



State of Connecticut  
 City of Hartford ss.

By: Robert L. Raney  
 Robert L. Raney, Senior Vice President

On this the 25th day of September, 2013, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.  
 My Commission expires the 30th day of June, 2016.



Marie C. Tetreault  
 Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 5th day of March, 20 14.

  
Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.travelersbond.com](http://www.travelersbond.com). Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

Type	Code
Proof of Bidding	PCC 20111/20651
Lease-Leaseback	EC 17406/81336
Retention	PCC 9203
Payment Bond	PCC1101/ CC 9550/ CC9552
Performance Bond	
Notice of Completion	CC 9204
Sole Source	PCC 3400©
Emergency	PCC 20113
Piggyback	PCC 20118/20652
Stop Payment Notice	CC 9358
CUPCAA	PCC 22030 - 22045
Inspector and Architect signature	EC 17280-17317

When Applicable
If over \$15K for public works If over current bid limit for purchases
Lease-Leaseback contract
If project cost over \$5,000
If project cost over \$25,000
Not Required
If payment is for more than 95% of the contract
Exemption from bidding - purchases
Exemption from bidding - public works
Exemption from bidding - purchases
When received from sub-contractor
Increase in bid limit - public works
Estimated costs of \$100,000

Additional Required Documentation
Advertisement to Bid Bid Bond Designation of Sub-Contractors
Board approval to enter lease and leaseback Refer to Bulletin XXXX - Overview of Lease & Leaseback
District acceptance of completion Board acceptance of completion Recorded Notice of Completion
Acceptable surety Designation of Sub-Contractors
Not necessary but usually comes with package
Necessary to be recorded timely; within 15 days from date of completion
Justification and Board Resolution
Emergency Resolution approved by the Board and County Office
Only applicable for purchases
District have to reduce amount due by amount of stop payment notice plus 25% Need to provide bond or release of stop payment notice to pay in full
Board Resolution State Controller's Office List Only applicable to construction
Certification for Payment or Document signed by Inspector and Architect Refer to LACOE Bulletin 4424

THE SIGNAL NEWSPAPER  
24000 Creekside Rd  
Valencia, Ca 91355

## Proof of Publication (2015.5 C.C.P.)

STATE OF CALIFORNIA,  
COUNTY OF LOS ANGELES

I am a citizen of the United States, and a resident of this county a orca: id, , -am over-- +1, ---, age of eighteen years; and I am not a party to or in (erested in the notice puhlis ed. I am the chief legal advertising clerk of the publisher of the

### SIGNAL NEWSPAPER

a newspaper of general circulation, printed and published Daily in the city of Santa Clarita County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles State of California, under the date of March 25, 1988

Case number NVCi5880, that the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof. I, J/:e rtg dstes, to-wit

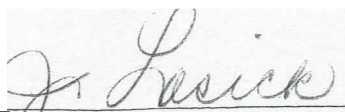
All i t y o rtg a

I certify (or declare) under penalty of perjury that the foregoing is true and correct

Dated at Vale

1 day o , re-, 20 / (L)

Signature



### NOTICE INVITING BIDS

NOTICE IS HEREBY GIVEN that the Newhall School District ("District") is seeking sealed bids from qualified contractors for work on the following public-works construction project to be completed on a multiple-prime contractor basis, as described in more detail in the other Bid Documents ("Project"): NSD ENES 031- Newhall Elementary School Auditorium Renovation

SCOPE OF WORK: The Project consists of the following categories (or "Bid Packages") of Work:

Package # Scope of Work License NSD15/16-37 Abatement and Demo B and ASB or C-21 and ASB NSD15/16-38 Earthwork, Grading and Site Clearing A or C-12 NSD15/16-39 Concrete and Asphalt Paving C-08 and C-12 or A or B NSD15/16-40 General Construction B

NSD15/16-41 Structural Steel & Metal Deck C-51  
NSD15/16-42 Flooring C-15  
NSD15/16-43 Painting G-J  
NSD15/16-44 Fire Sprinklers C-16  
NSD15/16-45 Plumbing C-36  
NSD15/16-46 HVAC-20  
NSD15/16-47 Electrical C-10  
NSD15/16-48 Doors, Frames, and Hardware B or D-28  
NSD15/16-49 Fire Alarm, Low Voltage, Sound & Video C-07 and C-10

NSD15/16 50 E M t  
System C-07 or C-20 Management

PLACE FOR SUBMITTING BIDS: Separate bids for each Bid Package must be submitted at the following location ("Place for Submitting Bids"):

Newhall School District  
Attention: Ronna Wolcott  
25375 Orchard Village Road, Suite 200  
Santa Clarita, CA 91355

BID DEADLINE: Bids must be received at the Place for Submitting Bids not later than 2:00 p.m. on January 27, 2016 ("Bid Deadline"). BID DOCUMENTS: The Bid Documents will be available, electronically, and may be downloaded at no cost. To request Bid Documents, contact Alisha Fonder, Lundgren Management (661) 257 1805 a (alisha.fonder@lundgren.net).

REQUIRED BID SECURITY: Each bid must be submitted with bid security as described in the Instructions For Bidders. CONTRACTOR LICENSE: This class-er classes- California contractor licenses required to bid on and perform the Work are specified in the table, above.

CONTRACTOR PREQUALIFICATION: Prequalification pursuant to Public Contract Code Section 20111.6 is required in connection with the Project. The District prequalifies contractors on a quarterly or annual basis, so contractors must already be on a District list of prequalified contractors. The Instructions For Bidders describes the prequalification requirement in more detail. PRE-BID CONFERENCE: The District will conduct two (2) mandatory pre-bid conference and site visit at 9:00 a.m. on Tuesday, January 12, 2016 and 9:00 a.m. on Thursday, January 21. Attendance at one of the two pre-bid conferences and site visits is mandatory, and any bidder that does not attend shall be deemed non-responsive. The conference initially will commence at Newhall Elementary School 24607 Walnut Street, Newhall, CA 91321.

SURETY BONDS: As described in the

General Provisions, the successful bidder must provide a Performance Bond and a separate Payment Bond, each in an amount equal to 100% of the total Contract Price, and each issued by a California-admitted surety as defined in Code of Civil Procedure Section 995.120. LABOR LAW: The Project is a "public work" project that is subject, among other provisions, to Labor Code Sections 1720 through 1861, inclusive. As described in the Instructions For Bidders, each contractor (including subcontractors) must be registered with the California Department of Industrial Relations ("DIR") in accordance with Labor Code Section 1725.5, and bidders must provide evidence of registration for themselves, and their subcontractors. Each worker on the Project must

be paid not less than the applicable prevailing rates of per-diem wages in the locality in which the Work is to be performed for each craft or type of worker needed to execute the Contract. Prevailing Wages: A copy of the applicable rates of Prevailing Wages is on file and available for review at the Place for Submitting Bids, and a copy will be posted at the Project Site. The Project is subject to compliance monitoring and enforcement by the DIR. The successful bidder will be required to post all job-site notices required by DIR regulations and other applicable law. If so specified in the Special Provisions, the District will conduct a mandatory conference for the purpose of describing labor-law requirements. RETENTION: Substitution of securities in lieu of retention, pursuant to Public Contract Code Section 22300, will be permitted as provided in the General Provisions. DEFINED TERMS: Capitalized terms used, but not defined, in this Notice Inviting Bids shall have the meanings ascribed to such terms in other of the Bid Documents. Publication Dates: The Santa Clarita Valley Signal 12/31/2015 and 1/7/2016.

**APPLICATION AND CERTIFICATE FOR PAYMENT**

AIA DOCUMENT G702

PAGE 1 OF

PAGES

TO (OWNER):

APPLICATION NO.:

Distribution to:

☐ OWNER  
☐ ARCHITECT  
☐ CONTRACTOR  
☐ INSPECTOR

FROM (CONTRACTOR):

PERIOD TO:

KA#

CONTRACT FOR:

CONTRACT DATE:

**CONTRACTOR'S APPLICATION FOR PAYMENT****CHANGE ORDER SUMMARY**

Change Orders approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL			
Approved this Month			
Number	Date Approved		
TOTALS			

**Net change by Change Orders**

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief, the Work covered by this Application for payment has been completed in accordance with the Contract Documents, that all previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

By: \_\_\_\_\_ Date: \_\_\_\_\_

State of: \_\_\_\_\_ County of: \_\_\_\_\_  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
 Notary Public:  
 My Commission expires: \_\_\_\_\_

Application is made for Payment, as shown, in connection with the Contract. Continuation Sheet, AIA Document G702, is attached.

1. ORIGINAL CONTRACT SUM ..... \$ \_\_\_\_\_
2. Net change by Change Orders ..... \$ \_\_\_\_\_
3. CONTRACT SUM TO DATE (Line 1+2)..... \$ \_\_\_\_\_
4. TOTAL COMPLETED & STORED TO DATE..... \$ \_\_\_\_\_  
(Column G on G702)
5. RETAINAGE:
  - a. \_\_\_\_\_ % of Completed Work \$ \_\_\_\_\_  
(Column D+E)
  - b. \_\_\_\_\_ % of Stored Material \$ \_\_\_\_\_  
(Column F on G703)
 Total Retainage (Line 5a + 5b or  
Total in Column 1 of G702)..... \$ \_\_\_\_\_
6. TOTAL EARNED LESS RETAINAGE..... \$ \_\_\_\_\_  
(Line 4 less Line 5 Total)
7. LESS PREVIOUS CERTIFICATES FOR  
PAYMENT (Line 6 from prior Certificate) ..... \$ \_\_\_\_\_
8. CURRENT PAYMENT DUE..... \$ \_\_\_\_\_
9. BALANCE TO FINISH, PLUS RETAINAGE..... \$ \_\_\_\_\_  
(Line 3 less Line 6)

**CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect/Inspector certifies to the Owner that to the best of the his/her knowledge, information and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

Owner \_\_\_\_\_ Date: \_\_\_\_\_

Architect \_\_\_\_\_ Date: \_\_\_\_\_

Project Inspector \_\_\_\_\_ Date: \_\_\_\_\_

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

AMOUNT CERTIFIED ..... \$ \_\_\_\_\_  
 (Attach explanation if amount certified differs from the amount applied for.)

## CONTINUATION SHEET

AIA DOCUMENT G703

PAGE

OF

PAGES

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In Tabulations below, amounts are stated to the nearest dollar.

Use Column 1 on Contracts where variable retainage for line items may apply.

APPLICATION NUMBER:

APPLICATION DATE:

PERIOD TO:

## WORK COMPLETED

[illegible]

## CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

**NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.**

---

### Identifying Information

Name of Claimant: \_\_\_\_\_

Name of Customer: \_\_\_\_\_

Job Location: \_\_\_\_\_

Owner: \_\_\_\_\_

---

### Conditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant's receipt of payment from the financial institution on which the following check is drawn:

Maker of Check: \_\_\_\_\_

Amount of Check: \$ \_\_\_\_\_

Check Payable to: \_\_\_\_\_

---

### Exceptions

This document does not affect any of the following:  
Disputed claims for extras in the amount of: \$ \_\_\_\_\_

---

### Signature

Claimant's Signature: \_\_\_\_\_

Claimant's Title: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

---

## CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

**NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.**

---

### Identifying Information

---

Name of Claimant: \_\_\_\_\_

Name of Customer: \_\_\_\_\_

Job Location: \_\_\_\_\_

Owner: \_\_\_\_\_

Through Date: \_\_\_\_\_

---

### Conditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job through the Through Date of this document. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant's receipt of payment from the financial institution on which the following check is drawn:

Maker of Check: \_\_\_\_\_

Amount of Check: \$ \_\_\_\_\_

Check Payable to: \_\_\_\_\_

---

### Exceptions

---

This document does not affect any of the following:

- (1) Retentions.
  - (2) Extras for which the claimant has not received payment.
  - (3) The following progress payments for which the claimant has previously given a conditional waiver and release but has not received payment:  
     Date(s) of waiver and release: \_\_\_\_\_  
     Amount(s) of unpaid progress payment(s): \$ \_\_\_\_\_
  - (4) Contract rights, including (A) a right based on rescission, abandonment, or breach of contract, and (B) the right to recover compensation for work not compensated by the payment.
- 

### Signature

---

Claimant's Signature: \_\_\_\_\_

Claimant's Title: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

---



**COLTON JOINT UNIFIED SCHOOL DISTRICT**  
**1212 Valencia Drive**  
**Colton, CA 92324**

**PROPOSAL FORM FOR BID #09-01**  
**PIGGYBACK CLAUSE AND SIGNATURE PAGE**

**Piggyback Clause:** For the term of the contract and any mutually agreed extensions pursuant to this request for bids, at the option of the vendor, other school districts and community college districts, any public corporation or agency, including any county, city or town in the State of California, may purchase, lease-purchase, the identical item(s) at the same price and upon the same terms and conditions pursuant to Public Contract Code 20118 (K-12) and 20652 (Community Colleges).

The Colton Joint Unified School District waives its right to require such other districts and offices to draw their warrants in the favor of the District as provided in said Code sections.

**Acceptance or rejection of this clause WILL NOT affect the outcome of this bid.**

Piggyback option granted

X *DS*

(please initial)

Piggyback option not granted

\_\_\_\_\_

The undersigned has read all of the conditions, instructions and specifications, is familiar with, understands, and will conform by furnishing and delivering the goods and/or services at the prices quoted above.

<u>DAVE BANK ASSOCIATES, INC.</u>	<u>PO BOX 1088</u>	
Name of Company	Address	
<u>TUSTIN, CA, 92781</u>	<u>800-669-2585</u>	<u>1800-729-2483</u>
City, State, Zip Code	Telephone	FAX
<u>N/A</u>	<u>30-60</u>	
Cash Discount (if any)	Delivery (in days)	
<u><i>Pete Stokes</i></u>	<u>PRESIDENT</u>	
Signature	Title	
<u>PETE STOKES</u>		

04/02/2009



\*20090476166\*

RECORDING REQUESTED BY  
WISEBURN SCHOOL DISTRICT,  
DR. TOM JOHNSTONE  
AND WHEN RECORDED MAIL TO:

NAME WISEBURN SCHOOL DISTRICT  
STREET ADDRESS 13530 AVIATION BOULEVARD  
CITY STATE & ZIP CODE HAWTHORNE, CA 90250

# NOTICE OF COMPLETION

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Notice is hereby given that:

1. The undersigned is owner or corporate officer of the owner of the interest or estate stated below in the property hereinafter described:

2. The full name of the owner is WISEBURN SCHOOL DISTRICT

3. The full address of the owner is 13530 AVIATION BOULEVARD, HAWTHORNE, CALIFORNIA 90250

4. The nature of the interest or estate of the owner is in fee.

5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common  
(if other than fee, strike "in fee" and insert, for example, "purchaser under contract of purchase," or "lessee")  
NAMES ADDRESSES

6. A work of improvement on the property hereinafter described was completed FEBRUARY 26, 2009. The work done was:  
CONSTRUCTION OF THE NEW JUAN CABRILLO ELEMENTARY SCHOOL.

7. The name of the contractor, if any, for such work of improvement was

BEST CONTRACTING SERVICES INC.

SEPTEMBER 28, 2007

(If no contractor for work of improvement as a whole, insert "none")

(Date of Contract)

8. The property on which said work of improvement was completed is in the City of HAWTHORNE

County of LOS ANGELES, State of California, and is described as follows:

JUAN CABRILLO ELEMENTARY SCHOOL

9. The street address of said property is 5309 W. 135<sup>TH</sup> STREET, HAWTHORNE, CALIFORNIA 90250

(If no street address has been officially assigned, insert "none")

Dated: MARCH 27, 2009

*Tom Johnstone*  
Signature of owner or corporate officer of owner  
named in paragraph 2 or his agent

## VERIFICATION

I, the undersigned, say: I am the SUPERINTENDENT the declarant of the foregoing  
(President of, "Manager of," "A partner of," "Owner of," etc.)

notice of completion; I have read said notice of completion and know the contents thereof; the same is true of my own knowledge.  
I declare under penalty of perjury that the foregoing is true and correct.

Executed on MARCH 27, , 20 09 , at HAWTHORNE , California.  
(Date of signature) (City where signed)

*Tom Johnstone*  
(Personal signature of the individual who is swearing that the contents of the notice of completion are true)

This page is part of your document - DO NOT DISCARD



**20090476168**



Pages:  
0002

Recorded/Filed In Official Records  
Recorder's Office, Los Angeles County,  
California

04/02/09 AT 11:03AM

FEES:	0.00
TAXES:	0.00
OTHER:	0.00
PAID:	0.00



LEADSHEET



200904020040015

00000292480



002040110

SEQ:  
02

DAR - Mail (Hard Copy)



THIS FORM IS NOT TO BE DUPLICATED

(This area for official notarial seal)

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to that he/she/they executed the same in his/her/their capacity(ies) and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

NOTE: This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This form is intended to meet the requirements of California law as of January 1, 2005.

**RELEASE OF STOP NOTICE**  
(Public or Private Work)

TO: \_\_\_\_\_  
Construction Lender (or party with whom Stop Notice was filed)

\_\_\_\_\_  
(Address)

You are hereby notified that the undersigned claimant releases that certain Stop Notice dated

\_\_\_\_\_, in the amount of \$ \_\_\_\_\_ against

\_\_\_\_\_  
as owner or public body and (if applicable) as prime contractor in connection with the work of improvement known as

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

in the City of \_\_\_\_\_, County of \_\_\_\_\_

State of California.

Date \_\_\_\_\_

Name of Claimant \_\_\_\_\_  
(Firm Name)

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Official Capacity)

- over -

© Associated General Contractors of California, Inc. 2005  
Form AGCC-21  
Revised 1/05

© ASSOCIATED GENERAL CONTRACTORS OF CALIFORNIA, INC.

# RETENTION INVOICE

<i>District Name</i>	
<i>District Address</i>	
Pay to :	Name of Escrow Bank
	Address
	Account no.
Total amount of retention per Pay Application # _____	\$ _____
Less - Total amount of previous payments	\$ _____
Net amount due for deposit	\$ _____
Approved by:	
<i>Construction Manager</i>	
<i>District Authorized Representative</i>	

# STOP NOTICE

## LEGAL NOTICE TO WITHHOLD CONSTRUCTION FUNDS

(Public or Private Work) - (Per California Civil Code Section 3103)

**To:** \_\_\_\_\_  
(Name of owner, public body or construction fund holder)  
 \_\_\_\_\_  
(Address. If directed to a bank or savings and loan assn., use address of branch holding fund)  
 \_\_\_\_\_  
(City, State and Zip)

**Project:** \_\_\_\_\_  
(Name)  
 \_\_\_\_\_  
(Address)  
 \_\_\_\_\_  
(City, State and Zip)

TAKE NOTICE THAT \_\_\_\_\_  
(Name of the person or firm claiming the stop notice. Licensed contractors MUST use the name of the contractor who issued)  
 whose address is \_\_\_\_\_  
(Address of person or firm claiming stop notice)  
 has performed labor and furnished materials for a work of improvement described as follows: \_\_\_\_\_

The labor and materials furnished by claimant are of the following general description: \_\_\_\_\_

(General description of labor, services, equipment or materials agreed to be furnished)

The labor and materials furnished to or for the following party: \_\_\_\_\_

(Name of party who ordered the work or materials)

Total value of the whole amount of labor and materials furnished is: ..... \$ \_\_\_\_\_

The value of the labor and materials furnished to date is: ..... \$ \_\_\_\_\_

Claimant has been paid the sum of: ..... \$ \_\_\_\_\_

And there is due, owing and unpaid the sum of: ..... \$ \_\_\_\_\_

You are required to set aside sufficient funds to satisfy claimant's interest, court costs and reasonable costs of litigation, as provided by law. You are also notified that there is a possible lien against any construction funds for this project which are in your hands.

Firm Name \_\_\_\_\_ By \_\_\_\_\_  
(Name of claimant) (Owner or agent of stop notice claimant MUST sign here and verify below)

### VERIFICATION

I, the undersigned, say: \_\_\_\_\_ the claimant named in the foregoing Stop Notice; I have read the Stop Notice and know the contents thereof; the same is true of my own knowledge.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on \_\_\_\_\_, at \_\_\_\_\_, California  
(Date document was signed) (Name of city where stop notice signed)

\_\_\_\_\_  
(Personal signature of the individual who is swearing that the contents of the Stop Notice are true)

### REQUEST FOR NOTICE OF ELECTION

(Private Works Only) - (Per California Civil Code Section 3159, 3161 or 3162)

If an election is made not to withhold funds pursuant to this stop notice by reason of a payment bond having been recorded in accordance with Sections 3235 or 3162, **please send notice** of such election and a copy of the bond within 30 days of such election in the enclosed preaddressed stamped envelope. This information must be provided by you under Civil Code Sections 3159, 3161 or 3162.

Signed \_\_\_\_\_  
(Claimant MUST enclose self-addressed stamped envelope)

**SEE REVERSE SIDE FOR ADDITIONAL INFORMATION**



## ADDITIONAL INFORMATION ABOUT STOP NOTICE

Stop notice may be served by registered or certified mail with same effect as by personal service.

In the case of **public job**, stop notice shall be served in the office of the controller, auditor or other public disbursing officer whose duty it is to make payments under the contract or with commissioners, managers, trustees, officers or board of supervisors, board of trustees. Civil Code § 9132.

In case of **private job (other than public work)** stop notice shall be delivered to the owner or to the responsible officer or person at office or branch of contractor or lender administering funds.

A stop notice is good for 90 days after the filing of a preliminary notice 20 days after the claimant furnishes work or materials to the jobsite. For more information on stop notice for public and private work vary, so consult your attorney if you are uncertain that you have complied with stop notice requirements.

A bond for one and one-quarter times the amount of the stop notice must accompany a stop notice served on a contractor on private jobs - a bond is not required on public jobs or on a stop notice served on an owner for private jobs.

Once a stop notice is served, there are strict legal statutes of limitation dictating when a lawsuit to enforce the stop notice must be filed. Consult your attorney for the limitations that apply to your situation.

Consult a lawyer if you doubt the form's fitness for your purpose and use.





**UNCONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT**

**NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES AND RELEASES LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND RELEASE FORM.**

---

**Identifying Information**

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Name of Claimant:

---

Name of Customer:

---

Job Location:

---

Owner:

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**Unconditional Waiver and Release**

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for all labor and service provided, and equipment and material delivered, to the customer on this job. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. The claimant has been paid in full.

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**Exceptions**

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This document does not affect any of the following:  
Disputed claims for extras in the amount of: \$

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**Signature**

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Claimant's Signature:

---

Claimant's Title:

---

Date of Signature:

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## UNCONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

**NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES AND RELEASES LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND RELEASE FORM.**

---

### Identifying Information

---

Name of Claimant:

---

Name of Customer:

---

Job Location:

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Owner:

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Through Date:

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### Unconditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job through the Through Date of this document. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. The claimant has received the following progress payment:

\$ \_\_\_\_\_

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### Exceptions

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This document does not affect any of the following:

- (1) Retentions.
  - (2) Extras for which the claimant has not received payment.
  - (3) Contract rights, including (A) a right based on rescission, abandonment, or breach of contract, and (B) the right to recover compensation for work not compensated by the payment.
- 

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### Signature

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Claimant's Signature:

---

Claimant's Title:

---

Date of Signature:

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Resolution No. \_\_\_\_\_

**RESOLUTION OF THE GOVERNING BOARD OF THE  
\_\_\_\_\_  
SCHOOL DISTRICT  
REGARDING SOLE-SOURCE PROCUREMENT-TYPE CONTRACT**

NOTWITHSTANDING the provisions of the California Public Contract Sections 20111 and 20651, the Governing Board declares that it acted properly in negotiating to contract with:

\_\_\_\_\_, as sole-source provider, to

\_\_\_\_\_.

WHEREAS, the Governing Board finds it practically impossible to obtain what is required by Sections 20111 or 20651 of the California Public Contract Code of observing the competitive bidding requirements.

WHEREAS, the Governing Board finds that competitive proposals would not induce any benefit or advantage for the school district.

WHEREAS, the Governing Board finds that this unique product or services is the only one which properly meet the needs of the school district.

WHEREAS, the Governing Board determined that its extremely specialized nature shall be exempt from Sections 20111 or 20651 of the California Public Contract Code.

WHEREAS, that the Governing Board had cautiously exercised due diligence in determining that the product or services is sole-source, should it later be challenged in court.

BE IT THEREFORE RESOLVED, that this is a true and complete copy of the resolution adopted by the governing board at a meeting held on \_\_\_\_\_.

Signature

\_\_\_\_\_  
Clerk of the Board of Trustees or  
Secretary of the Board of Education

\_\_\_\_\_  
Date Signed

JUSTIFICATION FOR USE OF SOLE SOURCE CONTRACTING PROCEDURES

The service or material listed on (Document number)\_\_\_\_\_ is sole source and competition is precluded for reasons indicated below. There are no substitutes available for this material.

Restricted to the following source. Provide original manufacturer's name. (If a sole source manufacturer distributes via dealers, ALSO provide dealer information.)

Manufacturer: \_\_\_\_\_

Manufacturer POC & Phone Nr. \_\_\_\_\_

Mfr. Address \_\_\_\_\_

Manufacturers Dealer/Rep \_\_\_\_\_

Dealer/Rep Address/Phone Number \_\_\_\_\_

\_\_\_\_ Description of the item or service required, the estimated cost, and required delivery date.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ The requested material or service represents the minimum requirements of the government

FILL IN ALL APPLICABLE BLANKS BELOW

The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed. Describe the equipment you have now and how the new item/service must coordinate, connect, or interface with the existing system.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

A patent, copyright, or proprietary data limits competition. The proprietary data is:

\_\_\_\_\_

-These are "direct replacements" parts/components for existing equipment. Identify and briefly describe the existing equipment below:

-Other information to support a sole-source buy:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I CERTIFY THAT STATEMENTS CHECKED, AND INFORMATION PROVIDED ABOVE, ARE COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I UNDERSTAND THAT THE PROCESSING OF THIS SOLE-SOURCE JUSTIFICATION PRECLUDES THE USE OF FULL AND OPEN COMPETITION.

Signature \_\_\_\_\_ Activity \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

-----

Contracting Officer Signature \_\_\_\_\_ Date \_\_\_\_\_

### **GUIDELINES FOR SOLE SOURCE JUSTIFICATIONS**

1. Technical and requirements personnel are responsible for providing and certifying as accurate and complete necessary data to support their recommendation for other than full and open competition. The justification must demonstrate that only one company can perform. The following are examples of bases for sole source acquisitions:
  - a. The supplies or services to be acquired are unique to a contractor.
  - b. Time is of the essence and only one known source can meet the Government's needs within the required timeframe.
  - c. Data is unavailable for competitive procurement.
  - d. It is necessary that the item being acquired from the one source be compatible and interchangeable with existing equipment.
  
2. The following elements must be addressed in the sole source justification:
  - a. State clearly the Government's requirements. Make sure that the entire requirement is covered by the justification.
  - b. Explain why the contractor is the only company that can meet the Government's requirement. The documentation necessary to adequately substantiate the two most common bases of sole source is discussed below:
    - (1) If the contractor has a unique capability, whether it be an item or service, it is insufficient to simply say that the contractor is unique. If the item is unique to the contractor, the unique characteristics must be set forth. If the contractor has unique expertise, that expertise must be described. If the contractor has unique equipment or facilities or he has proprietary data, it must be explained.
    - (2) If only one contractor can perform within the required timeframe, the timeframe must be explained:
      - (a) provide the date by which the supplies or services must be delivered.
      - (b) Indicate how that date was determined and its significance.
      - (c) Indicate the impact of delay beyond that date in terms of program schedules, milestones, etc.
      - (d) State how long it would take another contractor to acquire the capability to perform (learning period), how much it would cost another contractor to get up to speed, and if appropriate, what it would cost the Government in terms of dollars and manhours to get another contractor up to speed. State the bases for the above estimates.
  - c. State how the decision to go sole source was reached. Generally, technical personnel's knowledge and experience can be used to support sole source. The following are examples of documentation supporting this element:
    - (1) Explain requisition originator's experience that would indicate that he knows that only one source can perform.
    - (2) Explain that technical publications, symposiums, or conferences clearly indicate that only one company can perform. List publications read and symposiums and conferences attended.
    - (3) State what is being done to foster future competition.
    - (4) Justification must be signed and dated.
  
2. There are several other points to be made:
  - a. The two most often cited bases for sole source are uniqueness and timeframe. There are often confused and inappropriately interchanged. If a contractor is unique and if his uniqueness is adequately substantiated, a discussion of timeframe is inappropriate. If the basis for sole source is timeframe, a discussion of uniqueness should not be made or alluded to. Timeframe does not make a contractor unique.
  - b. In cases where an unsolicited proposal for R&D has been received, the justification limiting acquisition to a single source must verify that the proposal represents the product

of original thinking by the submitting contractor and could not be obtained competitively without revealing the original thinking.

- c. Statements that a contractor has the best capability, offers the lowest price, or is the only qualified source are not bases for sole source. Such determinations can only be made through competitive acquisitions. A strong presentation which merely establishes that the recommended source is most highly qualified to perform but does not establish why other sources cannot perform is unacceptable.
- d. Incumbency does not justify sole source.
- e. Administrative delay or lack of adequate advanced planning do not create an urgency that justifies sole source acquisition.



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

November 8, 2017

**TO:** Business Administrators and Purchasing Officers  
Los Angeles County School and Community College Districts  
and Other Local Educational Agencies

**FROM:** Nkeiruka Benson, Disbursements and Financial Systems Manager  
Accounting and Financial Services  
Division of School Financial Services

**SUBJECT:** Piggyback Contracts/Bids and Permanent Modular Construction

This bulletin is to clarify:

- Piggyback Contracts
- The interpretation of “reasonable costs to the public corporation or agency for furnishing the services incidental to the lease or purchase of personal property.”
- The use of piggyback contracts for permanent modular construction

### **Piggyback Contracts**

The term “piggyback” means that an agency uses an existing contract to acquire the same commodities at the same or lower price from another public entity contract. **Labor and services are NOT piggybackable unless incidental to the purchase.** Piggyback contracts may be utilized for the purchase of materials, supplies and equipment in accordance to the [Public Contract Code 20118 for K-12 School Districts](#) and [20652 for Community College Districts](#).

To begin using a piggyback contract it is important to contact the contracting agency and read the existing contract. The governing board of the district is required to authorize the use of the piggyback contract to show they have determined that it will be in the best interest of the district as opposed to competitive bidding. Using a piggyback contract only exempts an agency from competitive bidding, all other bond and security required by law is required to be submitted to the Los Angeles County Office of Education (LACOE) Commercial Claims Unit for processing of vendor payments.

### **Labor and Installation Services**

For piggyback contracts that include incidental labor/installation services, the general rule is that these labor/installation services should **NOT** exceed more than 10% of the contract work.

If the cost of the labor/installation is beyond the threshold of 10%, but less than 50%, it is presumptively not incidental and the burden is placed on the district to determine otherwise.

November 8, 2017

Piggyback Contracts/Bids and Permanent Modular Construction

Page 2

If it is determined that it is in the best interest of the district to be exempt from competitive bidding, the district should document and formalize their rationale in the approving resolution with any Board minutes. This is to protect the district in the event of a legal challenge. This document should be included with the documentation submitted to Commercial Claims for the vendor payment.

If the labor/installation component is 50% or more of the total contract value, then it is NOT incidental and must be treated as a public project (see *Steelgard, Inc. v. Jannsen* (1985), 171 Cal. App. 3d 79).

**NOTE:** This is an added requirement for labor and installation services. It is not currently on the Commercial Claims Documentation Guide and Revised Document Checklist. The Checklist will be updated at a later date.

### **Permanent Modular Construction**

In January 2006, the Attorney General opined that “**A school district may not, without advertising for bids, contract with another public agency to acquire factory-built building components for installation on permanent foundation**”. This opinion only refers to a facility comprised of multiple pre-manufactured building components, such as separate wall and floor systems, that are transported to a site where components are installed on a **permanent foundation**.

As a result of this opinion, SAB (State Allocation Board) has ruled that any contracts for modular construction on a permanent foundation signed after January 25, 2006, must be competitively bid.

A copy of the opinion by the Attorney General can be viewed at the [OAG.CA.GOV](http://OAG.CA.GOV).

Adherence to the Public Contract Codes relative to piggyback bids will ensure legal compliance and faster payment processing by the Los Angeles County Office of Education.

Please ensure copies of this bulletin are provided to appropriate staff.

Should you have any questions regarding this bulletin, please contact Luz Spanks at (562) 922-6454 or e-mail at [Spanks\\_Luz@lacoed.edu](mailto:Spanks_Luz@lacoed.edu) or Sachiko Enomoto at (562)-922-6633 or e-mail at [Enomoto\\_Sachiko@lacoed.edu](mailto:Enomoto_Sachiko@lacoed.edu).

Approved by:

Patricia Smith, Executive Director  
Business and Finance

NB:lg

SFS-A20-2017-18





9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

December 9, 2019

TO: Business and Accounting Administrators  
Los Angeles County K-12 Schools and Community College Districts, and  
Other Local Educational Agencies

FROM: Ares Ayson, Interim Disbursements and Financial Systems Manager  
Disbursement and Financial Services  
Division of School Financial Services

SUBJECT: Minimum Audit Requirements for Settlement Agreements

The Los Angeles County Office of Education (LACOE) is reissuing bulletin #3695 dated October 14, 2013, to remind districts of the audit documentation requirements for settlement agreements. The following items are required documentation for settlement agreements.

1. A copy of the settlement agreement that contains the signatures of:
  - a. District Representative
  - b. Plaintiff/Claimant
  - c. District's Counsel
  - d. Plaintiff's Attorney (if any)

Please note that an agreement can be edited (redacted) at the district's option to preserve confidentiality, provided that enough information remains to verify the settlement amount, settlement terms and conditions, and the specific payee.

2. Documentation of District Board Approval that:
  - a. Is approved or reported in open session, per the Brown Act
    - i. If approved in a Closed Session, documentation that reports the final action taken in the open session with respect to the settlement agreement.
  - b. Provides enough detail to match the approval with the settlement agreement  
(We recommend, to preserve confidentiality, that the case number be referenced in open session.)
    - i. If a case number is included in the document and the Board minutes, there is no need to reference the claimant or amount of the settlement in open session, or
    - ii. A "settlement number" determined by the district is acceptable if it is referenced in the settlement agreement.

**Employee Settlements treated as wages must be made through payroll to ensure the payment meets IRS and retirement reporting.** Under the Internal Revenue Service Rulings, the amount of a settlement as consideration for termination of an employment contract and surrender of contract rights **IS** ordinary income, and wages. Unless the settlement is due to physical injuries, the total amount due should be net of applicable taxes. If the payment is required to be treated as employee wages and an employer does not do so, the employer can be subject to additional tax liability. Specifically, the employer is liable:

- i. for the amount that should have been withheld. (26 U.S.C. § 3403; Treas. Reg. § 31.3102-1(d); Treas. Reg. § 31.3403-1).
  - ii. May be served a notice and demand for payment by the IRS; failure to pay on time can result in an additional assessment equal to 0.5% of the amount of the tax for each month the tax remains unpaid, up to 25% of the amount due. (26 U.S.C. § 6651(a)(2) and (3)).
  - iii. An additional penalty can be imposed for failure to deposit employment taxes, unless such failure is due to reasonable cause and not due to willful neglect. (26 U.S.C. § 6656(a)).
  - iv. Interest on unpaid taxes or penalties continues to accrue if any amount is not paid when due.
3. Employee settlement agreements paid through commercial warrant, will require a letter from someone in authority at the District (CBO, Assistant Superintendent of Business Services, or Director) acknowledging the following:
- a. The district can be held liable for failure to properly issue a 1099.
  - b. The district (as the employer or prior employer) can be held liable for failure to withhold income, FICA and FUTA taxes if a settlement is determined taxable to the plaintiff on a W-2 and a B warrant is issued.

Here is the link to the settlement publication - <http://www.irs.gov/pub/irs-pdf/p4345.pdf> and the link to the IRS rulings 2004-109 & 2004-110 - [http://www.irs.gov/irb/2004-50\\_IRB/ar08.html](http://www.irs.gov/irb/2004-50_IRB/ar08.html).

If you have any questions regarding this bulletin, please contact me at (562) 922-6849 or [Ayson\\_Ares@lacoe.edu](mailto:Ayson_Ares@lacoe.edu).

Approved:  
Tracy Minor, Interim Director  
Division of School Financial Services

AA:lt

SFS-A26-2019-2020



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

April 23, 2025

**TO:** Business Administrators  
Los Angeles County School and Community College Districts  
and Other Local Educational Agencies

**FROM:** Jenny Zermeno, Disbursement and Financial Systems Manager  
Division of School Financial Services

**SUBJECT:** Lease-Leaseback Contracts

The purpose of this bulletin is to provide information regarding the Lease and Leaseback (LLB) contracts for public school construction projects, the policies adopted by the County Office about this method, and the minimum audit documentation requirements for voucher payments.

### **Overview of Lease-Leaseback**

Available to school districts in Los Angeles County, the Lease-Leaseback method is an alternative option for completing construction/modernization projects.

Education Code (EC) Section 17406 authorizes school districts to enter into agreements with any person, firm, or corporation to lease real property for a minimum rental of \$1 per year if the instrument by which this property is leased requires the lessee to construct, or provide for the construction of, a building to be used by the school district and provides that the title to the building shall vest in the school district at the end of the lease. The school board is required to award a lease-leaseback contract through a competitive solicitation process to the proposer providing the best value to the school district.

Education Code (EC) Section 81336 authorizes community college districts to also enter into lease and leaseback agreements.

In LLBs, the district enters into two leases with the builder for the project in order to create the lease-leaseback structure—a Site Lease and a Facilities Lease. The Site Lease is the document in which the district will lease the underlying site, or portion thereof, to the builder for a minimum lease of \$1 per year. The Facilities Lease is the document the builder will use to sublease the site and the project to the district. At the end of the lease term, the district will retain the facility without future lease terms.

### **Requirements before entering into a Lease-Leaseback Agreement**

While EC 17406/81336 authorizes the district to enter into LLB agreements, there are statutes to be complied with before entering into such agreements.

EC 17402/81332 – Before the governing board enters into a lease, it shall have available a site upon which a building to be used by the district may be constructed and shall have complied with the provisions of law relating to the selection and approval of sites.

EC 17417/81344 requires the board, in a regular open meeting, to adopt a resolution declaring its intention to enter into a lease or agreement pursuant to this article.

The resolution shall contain the following:

1. Describe the available site upon which the building will be constructed.
2. Describe the building to be constructed.
3. State that the building will be constructed according to the plans and specifications adopted by the governing board.
4. State the minimum yearly rental, and the maximum number of years (not to exceed 99 years).
5. State that the proposals submitted shall designate the rental amount to be paid by the district.
6. Set a time, not less than three (3) weeks thereafter, for a public meeting of the Board to receive sealed proposals from any person, firm, or corporation.
7. The general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality obtained from Director of the Department of Industrial Relations (EC 17424/81350).

### **Minimum Contract Provisions**

The following Contract Provisions should be included in the LLB agreements:

1. The agreement should state that the general prevailing rates will be paid as required in EC 17424/81350.
2. A provision on progress payments to the builder for the construction services in a sum equal to no more than 95% of the value of construction performed up to the last day of previous month as required in Public Contract Code 9203. Due to State Bill 293, retention cannot be more than five percent (5%) of the completed portion of the contract. If the district plans to withhold a higher retention amount, it must make a finding that the project is “substantially complex” thus requires a higher retention amount.
3. Guaranteed maximum sum, the total sum to be paid to the builder for the project, including architectural fees and related design costs. This may also include or refer to a separate contingency fund. This contingency fund may be utilized for: (1) any unforeseen costs which are within the scope of the project; (2) any work modifications as defined in the construction

provisions documents; or (3) any additional unforeseen costs associated with the financing of the project. In addition, the Contingency Fund may be increased by any cost savings, as provided in the Construction Provisions. The LLB agreement should specify the purposes for which the contractor contingency fund may be used. Any funds remaining in the Contingency Fund after the completion of the project must be returned to the school district, as provided in the Construction Provisions.

4. The Payment Bond should be in place before commencement of any work (Civil Code 9550 and 9554). The Payment Bonds should be **equal** to the Guaranteed Maximum Sum. This amount should be paid by the builder and be included as a line item in the Guaranteed Maximum Sum. The project should be fully bonded. Bond arrangements should be discussed prior to finalizing the Construction Provisions.
5. The Construction Provisions must include adequate insurance and indemnification language to protect the school district.

### **Minimum Audit Requirements for Commercial Claims Unit to Approve Vouchers Related to the Lease and Leaseback Project**

#### **Planning Stage**

1. Board Resolution to enter into a Lease and Leaseback agreement (Attachment 1)

#### **Initial Payment**

1. Proof of ownership of site
2. Division of State Architects (DSA) Approval of Plans and Soils Investigation Report Summary
3. Proof of Advertisement for Bid
4. Board Action (or Resolution) Approving and Awarding of Contracts/Agreements
5. Duly Signed Contracts/Agreements
  - a. Site Lease
  - b. Facilities Lease with the Construction Services Agreement to include, among others, provisions on:
    - i. Labor code requirements, i.e., prevailing wages, work hours, and apprenticeship issues
    - ii. Guarantee obligations
    - iii. Termination of contract
    - iv. Resolution of non-performance
  - c. Payment Schedule
  - d. Guaranteed Maximum Price

6. Performance and Payment Bond
7. Certification of Insurance
8. Certification of Application for payment with approval of the contractor, architect, inspector, district authorized representative

**For Progress Payments**

1. Certification and Application for payment with the approval of the contractor, architect, inspector, district authorized representative
2. Change Orders with Board Approval (should be within the context of the Contingency Fund Provision)
3. Stop Payment Notice(s) (if any)

**For Final Payment**

1. Application and Certificate for payment with the approval of the contractor, architect, inspector, district authorized representative
2. Release of Stop Payment Notice (if any)
3. Board Acceptance of Completed Project
4. Recorded Notice of Completion

This bulletin and its attachments are posted on the LACOE web site at the following address:

[www.lacoe.edu/bulletins](http://www.lacoe.edu/bulletins)

Type in the bulletin number or keyword to find the specific bulletin you need to view.

If you have any questions regarding this bulletin, please contact Diana Rodriguez at (562) 940-1684 or email [Rodriguez\\_Diana@lacoe.edu](mailto:Rodriguez_Diana@lacoe.edu) or contact Bree Santana at (562) 922-7430 or email [Santana\\_Bree@lacoe.edu](mailto:Santana_Bree@lacoe.edu).

Approved:  
Nkeiruka Benson, Director  
Division of School Financial Services

JZ:ei

SFS-A57-2024-2025

\_\_\_\_\_ District  
Resolution # \_\_\_\_\_

**Adoption to enter into a Lease and Leaseback (LLB) Agreement for the**  
\_\_\_\_\_ **Project**

**WHEREAS**, Section 17406/81336 of the Education Code of the State of California provides the district may let, for a minimum rental of one dollar (\$1) a year, to any person, firm, or corporation any real property that belongs to the district if the instrument by which such property is let requires the lessee therein to construct on the demised premises, or provide for the construction thereon of, a building or buildings for the use of the district during the term thereof, and provides that title to that building shall vest in the district at the expiration of that term; and

**WHEREAS**, the district have complied with EC 17402/81332 and declare \_\_ (site name and description) \_\_\_\_\_ is the available site which the building will be constructed; and

**WHEREAS**, the building (name and describe building) will be constructed according to the plans and specifications approved pursuant to Sections 17280/81130; and

**WHEREAS**, minimum yearly rental is set at \$ \_\_\_\_\_ until \_\_\_\_\_; and

**WHEREAS**, per EC 17424/81350, the general prevailing rate of per diem wages obtained from the Director of the Department of Industrial Relations for each type of workman needed for the construction of the building is \$ \_\_\_\_\_, and the general prevailing rate for holiday and overtime work is \$ \_\_\_\_\_. Work performed by any workman employed upon the project in excess of eight hours during any one calendar day shall be permitted at not less than 112 times the basic rate of pay; and

**WHEREAS**, the board has reviewed the LLB agreements; and

**WHEREAS**, the board has determined that the terms are in the best interest of the district \_\_\_\_\_ (could describe specifics as to how the board got to this determination) ; and

**BE IT FURTHER RESOLVED** that the \_\_\_\_\_ District, declare its intention to enter into a lease and leaseback agreement with (builder) pursuant to Education Code 17406/81336.

**PASSED AND ADOPTED** by vote of the members of the Governing Board/Board of Trustees of

District	Month/Day/Year	Number of members
AYES:	NOES:	ABSENT

I, \_\_\_\_\_, Clerk/Secretary of the Governing Board hereby certify that the foregoing copy of the Resolution is true, full and complete copy of the Resolution passed by the governing board of \_\_\_\_\_ School District at a meeting held on the day of \_\_\_\_\_, 20\_\_\_\_.

Signature: \_\_\_\_\_  
Clerk/Secretary of the Governing Board  
(Print Name)



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

March 21, 2023

**TO:** Business Administrators  
Los Angeles County School and Community College Districts  
and Other Local Educational Agencies

**FROM:** Nkeiruka Benson, Director  
Division of School Financial Services (SFS)

**SUBJECT:** Commercial Claims Board Approval Documentation Requirement

<b>IMPORTANT INFORMATION</b>
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To avoid vendor payment processing delays, districts should ensure that the board affirmations (approvals) submitted to Commercial Claims are current, for payment requests requiring board approval backup documentation. The board approval should include an affirmation by the formal vote of the board members authorizing the expenditure. **EC35163** states *that “Every official action taken by the governing board of every school district shall be affirmed by a formal vote of the members of the Board, and the governing board of every school district shall keep minutes of its meetings, and shall maintain a journal of its proceedings in which shall be recorded every official act taken.”*

As previously published in our bulletin 4106, Education Code **(EC) 42632/85232** mandates that each order drawn on the funds of a Local Educational Agency (LEA) be signed by at least a majority of the members of the governing board of the LEA, or by a person or persons authorized by the governing board to sign orders in its name. No person other than an officer or employee of the district shall be authorized to sign orders. The Los Angeles County Office of Education(LACOE) has established review objectives to ensure compliance with this mandate.

The affirmation included with the backup documents can be in the form of the minutes showing the vote or the actual board approval form signed by the secretary of the Board.

If you have any questions about information covered in this bulletin, please contact Jenny Zermeño at (562) 922-8874 or [zermeno\\_jenny@laoe.edu](mailto:zermeno_jenny@laoe.edu).



### **Download SFS Bulletins from LACOE Website**

This bulletin, as any other SFS bulletin, may be downloaded from the LACOE Website as follows:

<https://www.lacoe.edu/bulletins>

Approved:

Nkeiruka Benson, Director

Division of School Financial Services

NB:lt

SFS-A39-2022-2023



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

April 12, 2024

**TO:** Business, Payroll and Personnel Administrators  
Los Angeles County School and Community College Districts  
Charter Schools and Other Local Educational Agencies

**FROM:** Jonah Austria, Payroll Systems Coordinator  
District Personnel Information Services  
Division of School Financial Services

**SUBJECT:** Processing HRS Warrants Issued to Deceased Employees

Districts may be in possession of uncashed payroll warrants issued to employees who are now deceased. This bulletin provides information on processing such warrants and provides answers to related frequently asked questions.

In order to release these warrants, the district must have the following:

- A valid Warrant Recipient Designation form executed by the employee, or submission of court Letters of Administration or Letters of Testamentary, or an affidavit allowing the release of funds to a beneficiary
- and
- Proof of death

An example of a Warrant Recipient Designation form is included as an attachment to this bulletin. Districts should encourage all employees to update this form every five years, or when a life change occurs.

Districts can expect a few business days turnaround upon receipt of the appropriate documentation.

## **PROCEDURE**

District Accounting/Payroll Units wishing to re-issue wages to a qualified beneficiary should perform the following steps:

- Secure the uncashed payroll “A” Warrant
- Produce a valid Warrant Recipient Designation form or other legal documentation permitting wage distribution to a beneficiary, as mentioned previously
- Create a GAX document in FIN BEST Advantage for the net amount of the original “A” Warrant
- Make note of the original “A” Warrant number in “Document Description” in the Header section
- Charge Object code 9601, Employee Final Pay Liability Account

Processing of HRS Warrants Issued to Employees Who Are Now Deceased

April 12, 2024

Page 2

- Scan and email all documents and the original warrant to SFS Payroll for verification and approval
- Return the original warrant to SFS Payroll via JET delivery
- Upon approval of the replacement warrant, create a journal entry for the stop payment of the original payroll warrant. For more information, refer to the last bullet on the attached FAQ document

**Please note that Districts should not cancel the payroll “A” Warrant in HRS.** SFS Payroll will perform a “stop payment” transaction on the original warrant.

If you have questions, please contact the corresponding area:

<i>Subject Matter</i>	<i>Email</i>
Commercial Claims: Payment Review/Release	<a href="mailto:sfscommercialclaims@laoe.edu">sfscommercialclaims@laoe.edu</a>
SFS Payroll: Documentation Verification	<a href="mailto:sfs_payroll_requests@laoe.edu">sfs_payroll_requests@laoe.edu</a>
General Ledger: Accounts Payable:	<a href="mailto:sfsgeneralledger@laoe.edu">sfsgeneralledger@laoe.edu</a> <a href="mailto:sfsaccountspayable@laoe.edu">sfsaccountspayable@laoe.edu</a>

Approved:

Nkeiruka Benson, Director

Division of School Financial Services

JA:sm

Attachments

SFS-A44-2023-2024

# Frequently Asked Questions

## Processing of HRS Warrants Issued To Employees Who Are Now Deceased

- Where do I start?
  - Secure the payroll warrant and gather the required documentation.
- We don't have a Warrant Recipient Designation form on file for this employee. Where do I obtain an affidavit?
  - Contact SFS Payroll.
- The named Warrant Recipient Designation beneficiary is deceased. What should we do now?
  - Ask the family (or next-of-kin) to provide court issued "Letters of Administration" or to complete an affidavit.
- Can an employee designate more than one beneficiary?
  - Yes. If more than one primary beneficiary is named, the net amount of the original payroll warrant should be divided equally.
- What if the designated beneficiary is a minor?
  - A minor can receive the payment. If there is no designated beneficiary and the child is immediate family, the parent or guardian of the child can submit an affidavit on his/her behalf.
- Can the beneficiary be in another country?
  - Yes
- Can the beneficiary be an undocumented person?
  - Yes
- Can a trust be listed as a beneficiary?
  - Yes. However, if the employee named a trustee, the check will be payable to the trustee as an individual.
- What if we cannot locate the designated beneficiary?
  - Districts should develop policies for situations such as this. If in doubt, consult the district's General Counsel.
- Do I have to wait for approval from LACOE before submitting the GAX Document in FIN BEST Advantage?
  - No. You can enter the transaction at the time you submit the documents to SFS Payroll.
- Do we need to return the original payroll warrant to LACOE?
  - Yes. Return the voided warrant to SFS Payroll via JET mail.

- What if I need to make balance adjustments in HRS because of this transaction?
  - Complete and submit an “HRS Balance Adjustment Request – Deceased Employee” form, found on the LACOE SFS Payroll website. [www.lacoe.edu/payroll](http://www.lacoe.edu/payroll)
- What happens on the accounting side?
  - District makes the following accrual entries upon approval of the transaction:
 

▪ Credit - 01.0-00000.0-00000-00000-9601-0000000	(100.00)
▪ Debit - 01.0-00000.0-00000-00000-9110-0000000	100.00
  - District’s B warrant request creates the following entries:
 

▪ Debit - 01.0-00000.0-00000-00000-9601-0000000	100.00
▪ Credit - 01.0-00000.0-00000-00000-9110-0000000	(100.00)
  - The credit and debit to 9601 should net to zero.
  - Timely year-end accounting is critical to ensure that both transactions involving 9601 occur within the same fiscal year.

\_\_\_\_\_  
*Unified School District*  
12345 Plaza Drive  
Los Angeles, CA 90242

## WARRANT(S) RECIPIENT DESIGNATION

*Under the provisions of Section 53245 of the California Government Code, in the event of my death I hereby designate the following named person to be entitled to receive all warrants payable to me by the \_\_\_\_\_ Unified School District had I survived:*

### Beneficiary Information

TYPE OR PRINT FULL NAME OF DESIGNEE	RELATIONSHIP TO EMPLOYEE
ADDRESS (NUMBER, STREET, CITY, STATE AND ZIP CODE)	
PHONE NUMBER	SOCIAL SECURITY NUMBER

### Contingent Beneficiary Information

IF THE BENEFICIARY NAMED ABOVE IS NOT LIVING THEN PAY:	RELATIONSHIP TO EMPLOYEE
ADDRESS (NUMBER, STREET, CITY, STATE AND ZIP CODE)	
PHONE NUMBER	SOCIAL SECURITY NUMBER

*This designation cancels and replaces any previously signed by me for this purpose and shall remain in effect until cancelled in writing by me.*

It is expressly understood and agreed that the \_\_\_\_\_ *Unified School District* is not obligated to deliver said warrants to the person designated herein above unless said designated person, within two years after the date of said warrant or warrants, claims said warrants from the \_\_\_\_\_ *Unified School District* and provides to said \_\_\_\_\_ *Unified School District* sufficient proof of identity pursuant to the provisions of Section 53245 of California Government Code.

TYPE OR PRINT FULL NAME OF EMPLOYEE	SIGNATURE OF EMPLOYEE
EMPLOYEE IDENTIFICATION NUMBER	DATE SIGNED

FORM NO \_\_\_\_\_

Attachment 2 to:  
Info. Bul. No. 6826  
SFS-A44-2023-2024



## HRS BALANCE ADJUSTMENT REQUEST DECEASED EMPLOYEE

NAME OF EMPLOYEE		DISTRICT	
EID		DATE OF DEATH	
ISSUE DATE(S)		WARRANT No	
REQUESTOR NAME AND POSITION			

**Scenario ①:** Employee dies during the calendar year, but wages were issued while alive whether or not they were in possession of the employee. Wages are treated as regular wages and fully reportable to the IRS (W-2) and the EDD. In this scenario only - no wage adjustment necessary. **Do not submit this form.**

**Scenario ②:** Employee dies, and payment issued after death but in the same calendar year of death. Wages are taxable for Social Security and Medicare (if applicable), UI and SDI, but not subject to Federal or State Personal Income Tax. Retirement contributions for wages should occur.

Adjustment Type	HRS Element No.	Adjustment Amount
Federal Gross YTD/QTD	5509/5510	\$
State Gross YTD/QTD	5505/5506	\$

**Scenario ③:** Employee dies, and payment issued after the year of death (regardless of accrual date). Wages are not subject to employment taxes but can be subject to retirement.

Adjustment Type	HRS Element No.	Adjustment Amount
Federal Gross YTD/QTD	5509/5510	\$
State Gross YTD/QTD	5505/5506	\$
OASDI Gross NL YTD*	5513	\$
Medicare Gross NL YTD*	5570	\$
SUI Gross YTD/QTD	5507/5508	\$

\* When OASDI and Medicare grosses are adjusted, a warrant may be issued payable to the deceased employee to refund taxes.

For questions or to submit a request: Contact DPIS SFS Payroll at [sfs\\_payroll\\_support@laoe.edu](mailto:sfs_payroll_support@laoe.edu) or (562) 922-6447.

For Internal Use Only		
ADJUSTMENT ENTERED BY	DATE	PAY SCHEDULE



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

November 19, 2024

**TO:** Business and Accounting Administrators  
Los Angeles County K-12 Schools and Community College Districts  
and Other Local Educational Agencies

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

**SUBJECT:** Annual Certification of Signature Resolution

The governing board of each school district and community college district is required to hold an annual organizational meeting according to Education Code Section 35143/72000 as follows:

- The governing board of each school district shall hold an annual organizational meeting. In a year in which a regular election for governing board members is conducted, the meeting shall be held on a day within a 15-day period that commences with the second Friday in December following the regular election. Organizational meetings in years in which no such regular election for governing board members is conducted, shall be held on any date in December, but no later than December 20th.
- Only a city board of education, whose members are elected in accordance with a city charter, are exempt from this requirement.

The Certification of Signatures Resolution must be approved at that meeting.

**ANNUAL CERTIFICATION OF SIGNATURE RESOLUTION SUBMISSION DUE DATES**

The annual Certification of Signatures is due to the Los Angeles County Office of Education (LACOE) as follows:

<b><u>Date Expiring</u></b>	<b><u>Date Due</u></b>
December 31, 2024	December 27, 2024
May 31, 2025	May 15, 2025
June 30, 2025	June 16, 2025
July 31, 2025	July 17, 2025
August 31, 2025	August 15, 2025



## **NEW RESOLUTION REQUIRED FOR ANY CHANGE IN SIGNATURE AUTHORIZATIONS**

When changes in signature authorizations occur before the expiration of the annual Resolution, the district must submit a new Resolution. The new Resolution will rescind all previous signature Resolutions. The Resolution should be signed by the Clerk of the Board, and be submitted with the relevant Board minutes. If the change is removing a signatory, a cover letter describing the change and the Board minutes will suffice.

## **REMOVE OR DEACTIVATE BEST ADVANTAGE FINANCIALS OPERATOR APPROVING RIGHTS TO SIGNATORIES WHO ARE NO LONGER AUTHORIZED**

Whenever changes in signature authorizations occur, a User Maintenance Document (UDOC) should be completed and submitted to the Security & Workflow Unit. Use the UDOC to request deactivation of the approving rights given to signatories who are no longer authorized. For any questions about the UDOC, please contact the Security & Workflow Unit at [SFSSecurity@laoe.edu](mailto:SFSSecurity@laoe.edu).

## **SUBMITTING NEW CERTIFICATION OF SIGNATURES**

Submit by email: a cover letter, the Board Minutes, the approved Certification of Signature Resolution, and the adopted list of authorized district personnel (with their delegated duties) to SFS's Commercial Claims Unit at [SFSCommercialClaims@laoe.edu](mailto:SFSCommercialClaims@laoe.edu). In the cover letter, please indicate whether the submission is to replace an expiring Certification of Signature, or to enact changes occurring before the expiration of the annual Resolution.

## **SIGNATURES ON EXPIRED CERTIFICATION**

Signatures on expired Certifications of Signatures Resolution will not be honored. If the resolution expires before the scheduled organizational meeting, please submit a letter requesting an extension to honor the signature(s) until a new resolution is approved via email to [SFSCommercialClaims@laoe.edu](mailto:SFSCommercialClaims@laoe.edu). A new resolution must be approved within thirty (30) days of the expiration date. In the letter, please include the expiration date of the expiring Certification of Signatures and the anticipated Board date on which the new resolution will be approved.

The Certification of Signatures Resolution form may be accessed on the website: <https://laoe.edu/services/business/sfs/commercial-claims>, select "Certification of Signatures" under "Resources."

There is no need to send hard copies. The Certification of Signatures and letters can be sent by email to SFS Commercial Claims at [SFSCommercialClaims@laoe.edu](mailto:SFSCommercialClaims@laoe.edu). Indicate District Name and Certification of Signatures in the subject line. For any questions regarding this bulletin, contact Gabriel Leung at (562) 922-6416 or by email at [Leung\\_Gabriel@laoe.edu](mailto:Leung_Gabriel@laoe.edu).

This bulletin and its attachments are posted on the LACOE website at the following address:  
<https://www.lacoe.edu/bulletins>

Approved:  
Nkeiruka Benson, Director  
Division of School Financial Services

GL:ei  
Attachments

SFS-A30-2024-2025

DISTRICT \_\_\_\_\_

**CERTIFICATION OF SIGNATURES**

As clerk/secretary to the governing board of the above named district, I certify that the signatures shown below in Column 1 are the verified signatures of the members of the governing board. I certify that the signatures shown in Column 2 are the verified signatures of the person or persons authorized to sign notices of employment, contracts and orders drawn on the funds of the district. These certifications are made in accordance with the provisions of Education Code Sections:

**K-12 Districts:** 35143, 42632, and 42633

**Community College Districts:** 72000, 85232, and 85233

If persons authorized to sign orders as shown in Column 2 are unable to do so, the law requires the signatures of the majority of the governing board.

These approved signatures are valid for the period of: \_\_\_\_\_ to \_\_\_\_\_

In accordance with governing board approval dated \_\_\_\_\_, 20 \_\_\_\_\_.

Signature \_\_\_\_\_  
Clerk (Secretary) of the Board

Typed Name \_\_\_\_\_  
Clerk (Secretary) of the Board

**NOTE:** Please TYPE name under signature.

**Column 1**

Signatures of Members of the Governing Board

SIGNATURE	INITIALS
TYPED NAME	
President of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Clerk/Secretary of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Member of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Member of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Member of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Member of the Board of Trustees/Education	
SIGNATURE	INITIALS
TYPED NAME	
Member of the Board of Trustees/Education	

If the Board has given special instructions for signing warrants or orders, please attach a copy of the resolution to this form.

**Column 2**

Signatures of Personnel and/or Members of Governing Board authorized to sign Orders for Salary or Commercial Payments, Notices of Employment, and Contracts:

SIGNATURE	INITIALS
TYPED NAME	
TITLE	
SIGNATURE	INITIALS
TYPED NAME	
TITLE	
SIGNATURE	INITIALS
TYPED NAME	
TITLE	
SIGNATURE	INITIALS
TYPED NAME	
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SIGNATURE	INITIALS
TYPED NAME	
TITLE	
SIGNATURE	INITIALS
TYPED NAME	
TITLE	
SIGNATURE	INITIALS
TYPED NAME	
TITLE	

Number of Signatures required:

ORDERS FOR SALARY PAYMENTS	ORDERS FOR COMMERCIAL PAYMENTS
NOTICES OF EMPLOYMENT	CONTRACTS

*Place on District Letterhead*

**CERTIFICATION OF SIGNATURES RESOLUTION**

Date:

Gabriel Leung  
Assistant Director  
Accounting and Financial Services  
Division of School Financial Services  
Los Angeles County Office of Education

Per LACOE Bulletin #6931, attached is the Certification of Signatures Resolution expiring on \_\_\_\_\_ which was approved during our organizational meeting on \_\_\_\_\_.

If you have any questions, please contact, (Name and title of district representative) at (Phone number), and (e-mail address).

Sincerely,

District Representative  
Title and Division

*Place on District Letterhead*

**REQUEST FOR EXTENTION OF THE  
CERTIFICATION OF SIGNATURES RESOLUTION**

Date:

Gabriel Leung  
Assistant Director  
Accounting and Financial Services  
Division of School Financial Services  
Los Angeles County Office of Education

Per LACOE Bulletin #6931, this is a request to honor the Certification of Signatures Resolution which expired on \_\_\_\_\_ until a new resolution is approved on our next organizational meeting scheduled on \_\_\_\_\_.

A copy of the new, approved Certification of Signatures Resolution will be sent to you after the organizational meeting.

If you have any questions, please contact, (Name and title of district representative) at (Phone number), and (e-mail address).

Sincerely,

District Representative  
Title and Division

*Place on District Letterhead*

**NOTICE OF REVISION/AMENDMENT ON THE CERTIFICATION OF SIGNATURES**

Date:

Gabriel Leung  
Assistant Director  
Accounting and Financial Services  
Division of School Financial Services  
Los Angeles County Office of Education

Per LACOE Bulletin #6931, this is a notice of revision in our current Certification of Signatures Resolution.

Effective \_\_\_\_\_, (*describe changes*). Enclosed is the revised Certification of Signatures Resolution signed by the Secretary of the Board and the approved minutes for the revision.

If you have any questions, please contact, (Name and title of district representative) at (phone number), and (e-mail address).

Sincerely,

District Representative  
Title and Division



October 4, 2022

**TO:** Business Administrators  
Los Angeles County School and Community College Districts  
and Other Local Educational Agencies

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

**SUBJECT:** County Approval Process of Emergency Resolution Requests

The purpose of this bulletin is to provide information regarding the County approval process of Emergency Resolution Requests.

### **Legal Provision**

In emergency situations, the Public Contract Code (PCC) contains a provision for public agencies to enter into contracts for public work projects without competitive bidding when the total cost exceeds \$15,000. Public Contract Code Sections 20113 (school districts) and 20654 (community college districts) read as follows:

- (a) In an emergency when any repairs, alterations, work, or improvement is necessary to any facility of public schools/the college to permit the continuance of existing school/college classes, or to avoid danger to life or property, the board may, by unanimous vote, with the approval of the county superintendent of schools, do either of the following:
- (1) Make a contract in writing or otherwise on behalf of the district for the performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.
  - (2) Notwithstanding PCC Section 20114 / 20655, authorize the use of day labor or force account for the purpose.
- (b) Nothing in this section shall eliminate the need for any bonds or security otherwise required by law.

## **Definition of Emergency**

Public Contract Code Section 1102 describes emergencies as follows:

“Emergency,” as used in this code, means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

***The following are the requirements to permit our office to approve payments under emergency conditions:***

1. An Emergency Resolution unanimously approved by the governing board (Attachment 1) must be forwarded to our office with a cover letter (Attachment 2) requesting approval of the county superintendent of schools to waive the competitive bidding requirement under PCC Section 20113 (school districts) and Section 20654 (community college districts). In all situations, the definition of emergency as defined by PCC Section 1102 must be met. The request should describe facts showing the need for repairs and justifying an emergency exists, e.g., *“The boiler at Anywhere Elementary School exploded on December 31, 2020, during the winter break and must be replaced. Classes will resume in 4 days. The superintendent reports that existing classes will not be able to continue without an immediate repair of the boiler.”* The request should also include the district’s best estimate of the total expenditures needed to correct the emergency and, when known, the name(s) of the vendor(s) contracted with for the repairs/alterations.
2. When the nature of the emergency is such that corrective action is required **before** the regular scheduled governing board meeting, and the estimated cost exceeds the competitive bidding limit, you may secure the county office’s conditional approval to proceed by submitting information relevant to the emergency to our office in letter form (Attachment 3) by e-mail to [Leung\\_Gabriel@lacoed.edu](mailto:Leung_Gabriel@lacoed.edu). The district’s governing board members must approve the emergency repairs. We will review the information and respond to you quickly. Once approved, an electronic copy is sent to the district. A copy of the formal resolution adopted by the governing board must still be sent to our office.
3. Once LACOE approves an emergency waiver, a copy of the approved resolution will be sent to the district as confirmation. The resolution number should be referred to or a copy of the approved emergency resolution should be submitted as supporting documentation for all payment requests related to the emergency resolution.

## **CUPCCAA Districts do not have to submit an Emergency Resolution Request to LACOE**

Districts who have elected to be subject to the California Uniform Public Construction Cost Accounting Act (Pub. Contract Code Section 22000, et seq., “CUPCCAA”), do not have to submit an Emergency Resolution Request to LACOE for approval. Emergency work of \$200,000



or more and as defined in PCC 22035 must be done pursuant to the terms of PCC Section 22050(a).

- (1) In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action require by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.*
- (2) Before a governing body takes any action pursuant to paragraph (1), it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids and that the action is necessary to respond to the emergency.*

**An emergency waiver does not eliminate the need for any bonds or security otherwise required by law.**

A retention of not less than 5 percent is required for progress payments on public works projects exceeding \$5,000 per PCC Section 9203(a) *“Payment on any contract with a local agency for the creation, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement, of any kind which will exceed in cost a total of five thousand dollars (\$5,000), shall be made as the legislative body prescribes upon estimates approved by the legislative body, but progress payments shall not be made in excess of 95 percent of the percentage of actual work completed plus a like percentage of the value of material delivered on the ground or stored subject to, or under the control of, the local agency, and unused. The local agency shall withhold not less than 5 percent of the contract price until final completion and acceptance of the project. However, at any time after 50 percent of the work has been completed, if the legislative body finds that satisfactory progress is being made, it may make any of the remaining progress payments in full for actual work completed.”*

A payment bond per Civil Code Section 9550 will be required if the contract amount for public works exceeds \$25,000 before performance of the work.

**Please be advised that Emergency Resolution may not be considered for major construction and/or modernization projects unless they meet the criteria of the PCC Sections 1102, 20113 and 20654.**

This bulletin and its attachments are posted on the Los Angeles County Office of Education (LACOE) website at [www.lacoe.edu/bulletins](http://www.lacoe.edu/bulletins).

Should you have any questions regarding the bulletin, please contact Neeti Rajput at (562) 922-6659 or via email at [Rajput\\_Neeti@lacoe.edu](mailto:Rajput_Neeti@lacoe.edu).

County Approval Process of Emergency Resolution Requests

October 4, 2022

Page 4

Approved:

Nkeiruka Benson, Director

Division of School Financial Services

NB:ei

Attachments

SFS-A11-2022-2023



## GOVERNING BOARD RESOLUTION FOR EMERGENCY RESOLUTION - PUBLIC PROJECT

\_\_\_\_\_ District Resolution # \_\_\_\_\_

On Motion of Member \_\_\_\_\_, seconded by Member \_\_\_\_\_,

the following resolution is adopted by the Governing Board of the \_\_\_\_\_ District:

**WHEREAS**, \_\_\_\_\_; and

**WHEREAS**, \_\_\_\_\_; and

**WHEREAS**, \_\_\_\_\_; AND

**WHEREAS**, Public Contract Code Section 20113 (school districts) or 20654 (community college districts) provides that public agencies may, with the unanimous approval of the governing board and approval of the county superintendent of schools, contract for the performance of labor and purchase of materials without advertising for or inviting bids in an emergency when such work is necessary to permit the continuance of existing school classes or to avoid danger to life and property;

**THEREFORE, BE IT HEREBY RESOLVED**, That the Governing Board of the \_\_\_\_\_ District has determined that these circumstances constitute an emergency condition and request approval from the county superintendent of schools to enter into contracts for:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

without advertising or inviting bids pursuant to Public Contract Code Section 20113 (school districts) or 20654 (community college districts.)

**PASSED AND ADOPTED** by unanimous vote of the members of the Governing Board of the

DISTRICT	MONTH/DAY/YEAR	NUMBER OF VOTES	ESTIMATED COST*
----------	----------------	-----------------	-----------------

**With the approval of the County Superintendent of Schools, the Board will**

<input type="checkbox"/> Make a contract for the performance of labor and furnishing of materials or supplies, or <input type="checkbox"/> Authorize the use of day labor or force account.**	
AYES:	NOES:
ABSENT:	

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } SS

I, \_\_\_\_\_ Clerk/Secretary of the Governing Board of the \_\_\_\_\_ District, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the said Board at a regularly called and conducted meeting held on said date.

\_\_\_\_\_  
Clerk/Secretary of the Governing Board

\*Civil Code Section 9550 (Public works projects of \$25,000 or more would require a payment bond.)

\*\*Community College Districts subject to limitations of PCC 20655; K-12 School Districts subject to limitations of PCC 20114; CUPCCA Districts subject to PCC 22050



\_\_\_\_\_ District

## **EMERGENCY RESOLUTION REQUEST**

In accordance with Public Contract Code Section 20113 for school districts or 20654 for community college districts, your district meet the requirements pursuant to the Public Contract Code, unanimously resolved by vote of all members present, and constituting a quorum, that an emergency exists wherein certain repairs, alterations, works or improvements are necessary to permit the continuance of existing school classes, or to avoid danger to life and property as described in

Resolution No. \_\_\_\_\_ dated \_\_\_\_\_.

**Approved by the County Superintendent of Schools**

\_\_\_\_\_  
BY (DEPUTY)

\_\_\_\_\_  
DATE SIGNED

*Place on District Letterhead*

**SAMPLE LETTER**  
*(After governing board approval)*

Date:

Gabriel Leung, Assistant Director  
Accounting and Financial Services  
Division of School Financial Services  
Los Angeles County Office of Education  
9300 Imperial Highway  
Downey, CA 90242-2890

Emergency Resolution Request – Governing Board Approval

In accordance with Public Contract Code Sections 1102, 20113 (school districts) / 20654 (community college districts), our district is seeking the approval of the County Office of Education to waive the requirement for competitive bids as a result of the following emergency condition(s):

[Description of emergency, including scope of work, cost estimate, and statement to indicate the effect of the emergency with regard to “permitting the continuance of existing school classes or to avoid danger to life or property.”]

Our Governing Board met on (date of governing board meeting) and unanimously adopted the attached emergency waiver resolution.

A payment bond will be furnished before allowing the performance of any public project work costing more than \$25,000.

Please contact (name and title of district representative) at (phone number), or (e-mail address) if additional information is needed.

Sincerely,

Chief Business Official  
Attachment (Approved Emergency Resolution)

*Place on District Letterhead*

**SAMPLE LETTER**  
*(Before governing board approval)*

Date:

Gabriel Leung, Assistant Director  
Accounting and Financial Services  
Division of School Financial Services  
Los Angeles County Office of Education  
9300 Imperial Highway  
Downey, CA 90242-2890

Emergency Resolution Request – Preliminary Approval

Our governing board has approved an emergency related to:

[Description of emergency, including scope of work, cost estimate, and statement to indicate the effect of the emergency with regard to “permitting the continuance of existing school classes or to avoid danger to life or property.” As provided for under Public Contract Code Sections 1102 and 20113 (school districts) or 20654 (community college districts).]

Your concurrence is needed for the district to proceed. A payment bond will be furnished before allowing the performance of any public work costing more than \$25,000.

A formal resolution will be acted upon by our governing board on (date of governing board meeting) and a copy will be sent to you so that the formal approval from the County Superintendent of Schools may be considered and granted.

Please contact (Name and title of district representative) at (Phone number), or (e-mail address) if additional information is needed.

Sincerely,

Chief Business Official  
Attachment



9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

July 25, 2024

**TO:** Business Administrators  
Los Angeles County K-12 School and Community Districts, and Other Local  
Education Agencies (LEAs) – BEST Advantage Agencies

**FROM:** Jenny Zermeño, Disbursements and Financial Systems Manager  
Accounting and Financial Systems  
Division of School Financial Services

**SUBJECT:** Processing Requests for Global Vendor Set Up

A Global Vendor is a vendor that is exempt from LACOE’s School Financial Services (SFS) Commercial Claims review. To ensure payments for these vendors are received in a timely manner, the vendor code used should be classified as “global” and the account string an allowable fund/object combination.

Agencies create or modify Global Vendors using a Vendor Customer Creation (VCC) or a Vendor Customer Modification (VCM) document. The VCC and VCM documents used to create or modify global vendors, are routed for approval by SFS.

The table below explains which types of vendors and types of payments qualify for a Global Vendor designation:

Type of Payment	Fund Code	Object Code
Fringe Benefits	All Funds	3400-3499/3700-3799
Fringe Benefits Offsetting Accounts	All Funds	9525-9589
Utilities	All Funds	5500-5539/5550-5599/5900-5999
Employee Benefits (Self Insurance Funds)	67.x	5800-5899
Associated Student Trust Fund	71.x	5800-5899
Financial Aid	74.0	7530/7531/7550
Withholding/Payroll Liabilities	76.0	9511-9518

When submitting back-up documentation for Global designation, the documentation must be attached to VCC/ VCM documents in FIN. The VCC/ VCM will be routed through workflow to the District Approver (if applicable) then to SFS for approval.

Please use the link below for instructions on the Global Vendor set up and approval process in FIN:

<https://bestcrc.lacoe.edu/kb/fin3-ap-global-vendor-setup>

Should you have any questions regarding the bulletin, please contact the LACOE SFS Accounts Payable department by e-mail at [SFSAccountsPayable@lacoe.edu](mailto:SFSAccountsPayable@lacoe.edu).

Approved:  
Nkeiruka Benson, Director  
Division of School Financial Services

JZ:ei

SFS-A5-2024-2025





9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

August 16, 2016

**TO:** Business Administrators  
Los Angeles County School and Community College Districts and Other Local Educational Agencies

**FROM:** Nkeiruka Benson, Disbursements & Financial Systems Manager  
Disbursements & Financial Services  
Division of School Financial Services

**SUBJECT:** Inspection of Work/Inspector and Architect Requirement on Works of Design, Construction, Alterations, or Additions to Any School Buildings  
Per the Field Act Education Codes (EC) 17280-17317

**IMPORTANT INFORMATION**

Progress and final payments on works of design, construction, alterations, or additions cannot be processed without the required architect and inspector signatures.

*This bulletin is a reminder that "no contract for the construction or alteration of any school building, made or executed by the governing board of any school district or other public board, body, or officer otherwise vested with authority to make or execute a contract, is valid, and no public money shall be paid for any work done under a contract or for any labor or materials furnished in constructing or altering any building, unless the plans, specifications, and estimates comply in every particular with the provisions of this article and the requirements prescribed by the Department of General Services and unless the approval thereof in writing has first been had and obtained from the Department of General Services" [EC17307].*

"Construction or alteration" as used in this article includes any construction, reconstruction, alteration of, or addition to, any school building. [EC17294]

Summarized below are the Department of General Services (DGS) approval requirements. Please refer to Ed Code 17295 for more details.

- Plans that require approval are for the construction or, if the estimated cost exceeds one hundred thousand (\$100,000), the alteration of any school building.

August 16, 2016

Inspection of Work/Inspector and Architect Requirement on Works of Design, Construction, Alterations, or Additions to Any School Buildings Per the Field Act Education Codes (EC) 17280 – 17317

Page 2

- Plans where the estimated cost exceeds one hundred thousand dollars (\$100,000), but does not exceed two hundred twenty-five thousand dollars (\$225,000), a determination has to be made by a licensed structural engineer if the alteration is nonstructural or structural. For nonstructural alterations, DGS require a statement indicating so by the licensed structural engineer.

If a licensed structural engineer submits a report to the DGS stating that the plans or activities authorized do not involve structural elements, then all of the following shall apply:

1. The design professional shall certify that the plans and specifications meet applicable fire and life safety standards, and do not affect the disabled access requirements of Section 4450 of the Government Code.
2. Within 10 days of completion, the inspector of record on the project shall certify in writing to DGS that the reconstruction, alteration, or addition has been completed in compliance with the plans and specifications.

“Design professional” here, means the licensed architect, licensed structural engineer, or licensed civil engineer who is responsible for the completion of the design work involved with the project.

The signatures of Architect, Inspector, Contractor, and District Representative on Application and Certificate for Payment accompanying each progress payment requests are required on works that must comply with the Field Act. A sample form is attached in this bulletin and is available on the Commercial Claims website at:

<http://www.lacoe.edu/BusinessServices/SchoolFinancialServices/CommercialClaims.aspx>.

If you have any questions in reference to this bulletin, please contact Luz Spanks at (562) 922-6454 or [Spanks\\_Luz@lacoe.edu](mailto:Spanks_Luz@lacoe.edu).

Approved:  
Patricia Smith, Executive Director  
Business and Finance

TM:lg  
Attachments

SFS-A11-2016-17

**EC 17280.**

(a) (1) The Department of General Services under the police power of the state shall supervise the design and construction of any school building or the reconstruction or alteration of or addition to any school building, if not exempted under Section 17295, to ensure that plans and specifications comply with the rules and regulations adopted pursuant to this article and building standards published in Title 24 of the California Code of Regulations, and to ensure that the work of construction has been performed in accordance with the approved plans and specifications, for the protection of life and property. Nothing in this section shall be construed to allow a school district to perform work with its own forces in excess of the limitations set forth in Sections 17595 and 17599. In calculating the cost of any project of reconstruction or alteration of, or addition to, any school building for the purpose of determining the applicability of the rules and regulations adopted pursuant to this article and building standards published in Title 24 of the California Code of Regulations, the Department of General Services shall not include, as an element of that cost, any expenses of air-conditioning equipment or insulation materials for that building, or of installing the equipment or materials. (2) In the alternative, for a leased or purchased building, a school district may comply with this section by complying with Section 17280.5.

(b) Whenever repairs due to fire damage, not including any damage caused by wind or earthquake, must be made to any school building previously approved by the Department of General Services, the approved plans and specifications used in the original work under then existing rules, regulations, and building standards may be used without modification, providing all other provisions of this article are carried out.

(c) Notwithstanding any other provision of law, no school district shall be authorized to construct or reconstruct any school building, regardless of the source of funding, unless and until the governing board of the district, by resolution, has indicated the agreement of the district that any school building construction or reconstruction that exceeds those construction costs and allowable area standards or any allowable building area computed for an attendance area pursuant to Section 17041 shall, in the event of the district's subsequent application for state funding for school facility construction, be deducted from the allowable building area for which the district would otherwise have been eligible, which restriction shall not be subject to waiver or exception as otherwise may be provided by law.

(d) If it is determined that, for any reason, a school district failed to comply with the requirement of this section, the district shall not be eligible for any additional building area pursuant to Section 17049 and may be denied any time priority established for the particular project pursuant to Section 17016.

**EC 17295.**

(a) (1) The Department of General Services shall pass upon and approve or reject all plans for the construction or, if the estimated cost exceeds one hundred thousand dollars (\$100,000), the alteration of any school building.

(2) To enable the Department of General Services to pass upon and approve plans pursuant to this subdivision, the governing board of each school district and any other school authority before adopting any plans for the school building shall submit the plans to the Department of General Services for approval, and shall pay the fees prescribed in this article.

(b) Notwithstanding subdivision (a), where the estimated cost of the reconstruction or alteration of, or an addition to, any school building exceeds one hundred thousand dollars (\$100,000), but does not exceed two hundred twenty-five thousand dollars (\$225,000), a licensed structural engineer shall examine the proposed project to determine if it is a nonstructural alteration or a structural alteration. If he or she determines that the project is a nonstructural alteration, he or she shall prepare a statement so indicating. If he or she determines that the project is structural, he or she shall prepare plans and specifications for the project which shall be submitted to the Department of General Services for review and approval. A copy of the engineer's report stating that the work does not affect structural elements shall be filed with the Department of General Services.

(c) If a licensed structural engineer submits a report to the Department of General Services stating that the plans or activities authorized pursuant to subdivision (b) do not involve structural elements, then all of the following shall apply to that project:

(1) The design professional in responsible charge of the project undertaken pursuant to this subdivision shall certify that the plans and specifications for the project meet any applicable fire and life safety standards, and do not affect the disabled access requirements of Section 4450 of the Government Code, and shall submit this certification to the Department of General Services. The letter of certification shall bear the identifying licensing stamp or seal of the design professional. This paragraph does not preclude a design professional from submitting plans and specifications to the Department of General Services along with the appropriate fee for review.

(2) Within 10 days of the completion of any project authorized pursuant to subdivision (b), the school construction inspector of record on the project, who is certified by the Department of General Services to inspect school buildings, shall certify in writing to the Department of General Services that the reconstruction, alteration, or addition has been completed in compliance with the plans and specifications.

(3) The dollar amounts cited in this section shall be increased on an annual basis, commencing January 1, 2018, by the Department of General Services according to an inflationary index governing construction costs that is selected and recognized by the Department of General Services.

(4) No school district shall subdivide a project for the purpose of evading the limitation on amounts cited in this section.

(d) For purposes of this section, "design professional in responsible charge" or "design professional" means the licensed architect, licensed structural engineer, or licensed civil engineer who is responsible for the completion of the design work involved with the project.

**EC 17307.5**

(a) Notwithstanding any provision of law to the contrary, including, but not limited to, Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code, the Department of General Services may issue a stop work order when construction work on a public school is not being performed in accordance with existing law and would compromise the structural integrity of the building, thereby endangering the public safety. The Department of General Services shall allow construction of incidental and minor nonstructural additions or nonstructural alterations without invoking its stop work authority.

# APPLICATION AND CERTIFICATE FOR PAYMENT

AIA DOCUMENT G702

PAGE 1 OF

PAGES

TO (OWNER):

APPLICATION NO.:

Distribution to:

FROM (CONTRACTOR):

PERIOD TO:

☐ OWNER  
☐ ARCHITECT  
☐ CONTRACTOR  
☐ INSPECTOR

DSA No.

CONTRACT FOR:

CONTRACT DATE:

## CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for Payment, as shown, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM ..... \$ \_\_\_\_\_  
2. Net change by Change Orders ..... \$ \_\_\_\_\_  
3. CONTRACT SUM TO DATE (Line 1+2)..... \$ \_\_\_\_\_  
4. TOTAL COMPLETED & STORED TO DATE..... \$ \_\_\_\_\_  
(Column G on G702)  
5. RETAINAGE:  
a. \_\_\_\_ % of Completed Work \$ \_\_\_\_\_  
(Column D+E)  
b. \_\_\_\_ % of Stored Material \$ \_\_\_\_\_  
(Column F on G703)  
Total Retainage (Line 5a + 5b or  
Total in Column 1 of G702)..... \$ \_\_\_\_\_  
6. TOTAL EARNED LESS RETAINAGE..... \$ \_\_\_\_\_  
(Line 4 less Line 5 Total)  
7. LESS PREVIOUS CERTIFICATES FOR  
PAYMENT (Line 6 from prior Certificate) ..... \$ \_\_\_\_\_  
8. CURRENT PAYMENT DUE..... \$ \_\_\_\_\_  
9. BALANCE TO FINISH, PLUS RETAINAGE..... \$ \_\_\_\_\_  
(Line 3 less Line 6)

## CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL			
Approved this Month			
Number	Date Approved		
TOTALS			

**Net change by Change Orders**

OWNER:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Attachment No. 2

Info. Bul. No. 4424 SFS-A11-2016-17

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief, the Work covered by this Application for payment has been completed in accordance with the Contract Documents, that all previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

By: \_\_\_\_\_ Date: \_\_\_\_\_

State of: \_\_\_\_\_ County of: \_\_\_\_\_  
Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
Notary Public:  
My Commission expires: \_\_\_\_\_

## CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect/Inspector certifies to the Owner that to the best of the his/her knowledge, information and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED ..... \$ \_\_\_\_\_

Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.

CONSTRUCTION MANAGER

By: \_\_\_\_\_ Date: \_\_\_\_\_

ARCHITECT:

By: \_\_\_\_\_ Date: \_\_\_\_\_

PROJECT INSPECTOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

# CONTINUATION SHEET

AIA DOCUMENT G703

PAGE 2 OF 2 PAGES

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing

APPLICATION NUMBER:

Contractor's signed Certification is attached.

APPLICATION DATE:

In tabulations below, amounts are stated to the nearest dollar.

PERIOD TO:

Use Column I on Contracts where variable retainage for line items may apply.

ARCHITECTS PROJECT NO:

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G		H BALANCE TO FINISH (C - G)	I RETAINAGE
			FROM PREVIOUS APPLICATION (D+E)	THIS PERIOD		TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G÷C)		
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AIA DOCUMENT G703 • APPLICATION AND CERTIFICATE FOR PAYMENT • MAY 1983 EDITION • AIA • 1983

THE AMERICAN INSTITUTE OF ARCHITECTS, 1735 NEW YORK AVENUE, N.W., WASHINGTON, D.C. 20006

G703-1983