

Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1019 (Chiu) – As Amended March 28, 2017

SUBJECT: California Uniform Construction Cost Accounting Commission.

SUMMARY: Removes a requirement that staff and other support made available by the State Controller's Office (SCO) for the conduct of the California Uniform Construction Cost Accounting Commission's business not conflict with the accomplishment of the other business of the SCO.

EXISTING LAW:

- 1) Establishes the Uniform Public Construction Cost Accounting Act (Act), which is a voluntary program that allows public agencies to perform projects costing \$45,000 or less with the public agency's force account, by negotiated contract, or by purchase order, and to use an alternative bidding procedure set forth in the Act for projects costing \$175,000 or less.
- 2) Establishes the California Uniform Construction Cost Accounting Commission (Commission) to administer the Act.
- 3) Requires the Controller to make available for the conduct of the Commission's business staff and other support as does not conflict with the accomplishment of the other business of the SCO.

FISCAL EFFECT: This bill is keyed fiscal.

COMMENTS:

- 1) **Bill Summary.** This bill removes a requirement that staff and other support made available by the State Controller's Office (SCO) for the conduct of the California Uniform Construction Cost Accounting Commission's business not conflict with the accomplishment of the other business of the SCO. This bill is sponsored by Construction Industry Force Account Council.
- 2) **Author's Statement.** According to the author, "The Uniform Public Construction Cost Accounting Act (UPCCAA) allows local agencies increased bidding flexibility, like using their own workforce, if the agency follows the procedures set forth by the Commission. When framework for administering the program was adopted, the Controller's office was provided some flexibility in providing staff to the Commission. At the time there were less than 100 participants and this was understandable. Now there are more than 1000 signatory agencies and the workload has increased as a result. In order (to) ensure that fair and open construction and accounting practices are being applied and voluntary participants are getting the support they need, the statute should be clarified that staff will be provided by the Controller's office."
- 3) **Background.** The Act was created 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." The Act is a voluntary program that is available to all public entities in the State. The Act allows public projects costing \$45,000 or less to be performed by the public agency's force account, by negotiated contract, or by purchase order. Projects costing \$175,000 or less can use informal bidding procedures set forth in the Act.

The Act promotes statewide uniformity of cost accounting standards and flexibility in bidding procedures on construction work performed or contracted by public entities in California. This results in cost savings and improved efficiency to public agencies in the bidding, award, execution and completion of public works projects.

The 14-member Commission, which must meet at least once a year, administers the Act and provides technical support to public agencies by prescribing uniform construction cost accounting procedures for agencies that opt into the Act. The Commission also reviews public complaints and recommends audits when the criteria of the Act are not fulfilled. In addition, the Commission conducts meetings open to the public, provides a manual for use by public agencies signatory to the Act and maintains a Commission web page on the SCO's website. Commissioners also facilitate and participate in outreach and training to participating agencies, candidate agencies, and professional organizations.

According to the SCO, there were 105 participating in 1989 (the earliest year for which the SCO has participation data). As of March 2017, there are 1,040 participants. The SCO has one or two staff members who assist the Commission, but this is a discretionary activity and their other duties are mandatory. Therefore, the assistance is only provided when these staff members have no conflicting duties. It appears the SCO's last request for a budget augmentation for assisting the Commission was in FY 2007-08, which was denied. Since then, it appears that budget requests have been to perform functions that are mandated by statute.

In its annual report to the Legislature for 2015, the Commission noted that it "continues to be concerned that the lack of adequate and stabilized funding hampers the Commission's ability to fully implement the statutory requirements of the Act. In response, the Commission Chair appointed a subcommittee to review the feasibility of an annual registration fee. After review by various agencies, the subcommittee recommended seeking an alternative funding avenue to provide continued support to informing and training participating agencies as well as conduct audits in a timely manner."

- 4) **Arguments in Support.** The Construction Industry Force Account Council, sponsor of this bill, writes, "The State Controller's Office provides staff and other support to the Commission for its operations, where such support does not hinder the Controller's other business. Current law is unclear on the extent to which the controller must staff and service the Commission and the agencies subject to the Act...This bill will help ensure that the Commission's operating statutes provide for the greatest amount of functionality and efficiency...Ensuring the Commission has the ability to service and responds to the greatly increased number of participating agencies is imperative to the continued success of the Act."
- 5) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Construction Industry Force Account Council [SPONSOR]
Air Conditioning Sheet Metal Association
Air-conditioning & Refrigeration Contractors Association
California Legislative Conference of the Plumbing, Heating and Piping Industry
California State Council of Laborers
Finishing Contractors Association of Southern California
National Electrical Contractors Association
Northern California Allied Trades
United Contractors
Wall and Ceiling Alliance

Opposition

None on file

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