

Date of Hearing: June 18, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 272 (Becker) – As Amended March 18, 2025

SENATE VOTE: 39-0

SUBJECT: San Mateo County Transit District: job order contracting: pilot program.

SUMMARY: Authorizes the San Mateo County Transit District (SamTrans) to enter into job order contracts (JOCs). Specifically, **this bill:**

- 1) Authorizes SamTrans to use the procurement method outlined in this bill for JOCs.
- 2) Prohibits SamTrans from contracting for work that is protected by applicable collective bargaining agreements. Requires all JOCs to comply with all SamTrans collective bargaining agreements.
- 3) Requires JOCs of SamTrans to be competitively bid and awarded to bidders providing qualified responsive bids.
- 4) Requires JOCs to be for construction that is repetitive, for repair or remodeling, to be done according to unit prices.
- 5) Prohibits JOC annual contracts from being awarded for new construction.
- 6) Requires JOCs to be subject to the project labor agreement (PLA) between SamTrans and the San Mateo Building Trades Council or an amendment or extension of that agreement.
- 7) Requires solicitations for JOCs to progress as follows:
 - a) SamTrans shall prepare a set of solicitation documents for JOCs. The documents shall include a unit price catalog or other established unit prices, JOC terms, JOC technical specifications, and any other information SamTrans deems necessary to adequately describe SamTrans' needs.
 - b) An architect, engineer, consultant, or contractor retained by SamTrans to assist in the development of the JOC solicitation documents shall not be eligible to bid or to participate in the preparation of a JOC bid.
 - c) SamTrans may award multiple JOCs in response to a single JOC solicitation.
- 8) Requires SamTrans to develop a system for evaluating JOC bids for award of JOCs.
- 9) Requires the award of a JOC to progress as follows:

- a) SamTrans shall prepare a request for bids for specific job orders based on the solicitation documents prepared under the solicitation process that invites job order contractors to submit sealed bids in the manner prescribed by SamTrans.
 - b) Each bidding job order contractor shall include in its bid one or more adjustment factors to the established unit prices provided in the request for bids based on the contract technical specifications.
 - c) The job order contractor's bids for job orders shall identify any subcontractors to be used for the performance of the JOC.
 - d) The award of the JOC, if any, shall be made to a job order contractor or to job order contractors that SamTrans determines to be qualified and responsive based upon pre-established criteria to be determined by SamTrans. However, SamTrans, by a process determined by SamTrans, may award any job order for repair or renovation work with a value equal to or less than \$250,000 to a job order contractor that is also a certified small business enterprise (SBE), as established by SamTrans' SBE certification process or any similar certification process acceptable to SamTrans, or to a job order contractor that is also a disabled veterans business enterprise (DVBE), as certified by the Department of General Services (DGS).
 - e) The job order contractors shall comply with SamTrans' PLA, as applicable.
- 10) Provides that the maximum total dollar amount that may be awarded under a single JOC shall not exceed \$5 million dollars in the initial contract term of the JOC. No single job order may exceed \$1 million.
 - 11) Provides that JOCs may be executed for a contract term of no more than 12 months and may be extended or renewed for two subsequent annual terms and a maximum of \$10 million over the subsequent two terms of the contract.
 - 12) Prohibits work from being split or separated into smaller job orders for the purpose of evading the cost limitation provisions of this bill.
 - 13) Authorizes SamTrans to adjust the amounts in the bill to the California Consumer Price Index (CPI).
 - 14) Requires a JOC to set forth in the general conditions of the JOC the party or parties responsible for seeing that existing law governing prevailing wages on public works projects, Article 2 (commencing with Section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code, is complied with.
 - 15) Requires, for purposes of job order contracting, prevailing wages to apply to all work ordered under the JOC regardless of thresholds set forth in Section 1771.5 of the Labor Code.
 - 16) Requires the job order contractor to pay the prevailing wage in effect at the time the job order is issued by SamTrans and all increases as published by the Department of Industrial

Relations (DIR) for the term of the JOC, including all overtime, holiday, and shift provisions published by the DIR.

- 17) Requires SamTrans to designate one individual to act as a monitor to inspect job sites for labor compliance violations at the request of the designated labor representative in its PLA.
- 18) Requires, in order to prevent fraud, waste, and abuse, SamTrans to prepare for each individual job order developed under a JOC an independent cost estimate. The estimate shall be prepared prior to the receipt of any job order contractor's bid for the work and shall be compared to the job order contractor's bid price to determine the reasonableness of that price before issuance of any job order. If SamTrans finds the job order contractor's bid to perform work for a given job order to be unreasonable, not cost effective, or undesirable, SamTrans may elect not to issue the job order to the job order contractor, and may, instead, utilize any other available procurement procedures or choose not to move forward with the work.
- 19) Requires SamTrans to submit to the appropriate policy and fiscal committees of the Legislature, on or before January 1, 2030, a report on the use of job order contracting under this bill. The report shall include, but shall not be limited to, all of the following information:
 - a) A description of SamTrans' system for evaluating JOC bids for award of JOCs, including, but not limited to, the criteria used by SamTrans to determine a qualified and responsive job order contractor.
 - b) A description of each JOC awarded and the contractor awarded the contract.
 - c) An assessment of the use of job order contracting under this bill.
- 20) Provides a sunset date of January 1, 2032.
- 21) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the need for a pilot program to determine the potential benefits of job order contracting to a large transportation agency without setting policy for smaller local agencies.

FISCAL EFFECT: None

COMMENTS:

- 1) **Author's Statement.** According to the author, "SB 272 provides the San Mateo County Transit District (SamTrans) with a proven, cost-effective procurement tool Job Order Contracting (JOC) to expedite small maintenance and repair projects while maintaining full compliance with public contracting laws. Other transit agencies, including LA Metro and VTA, already use JOC to streamline project delivery, reduce administrative burdens, and save taxpayer dollars. By authorizing a pilot program for SamTrans, this bill ensures that critical transit infrastructure can be maintained efficiently, improving service reliability and rider experience."

- 2) **Background.** SamTrans operates 76 bus routes throughout San Mateo County and into parts of San Francisco and Palo Alto. It began operating bus service in 1976 after consolidating 11 municipal transit services in the county into a coordinated network. In mid-1977, SamTrans inaugurated its mainline service from Palo Alto to San Francisco, previously operated by Greyhound.

Also in 1977, SamTrans initiated service for persons with mobility impairments through its Redi-Wheels program more than a decade before the passage of the Americans with Disabilities Act. The service, provided by Redi-Wheels on the bayside and RediCoast on the coastside, regularly provides more than 1,000 trips in a day. SamTrans also serves as the administrative body for Caltrain commuter rail and the San Mateo County Transportation Authority, who have contracted with SamTrans to serve as their managing agency, under the direction of their appointed boards.

- 3) **Job Order Contracting.** A JOC is a competitively bid, fixed price, indefinite quantity contract for the performance of minor construction, as well as the renovation, alteration, painting and repair of existing public facilities. A JOC is generally a multi-year contract that includes a base year and multiple “option years,” and is awarded before the awarding agency has identified specific work that it needs the contractor to perform. A typical JOC involves a variety of tasks such as roofing, electrical work, plumbing and painting, that are required for all of a public agency’s buildings for a period of years.

A JOC is a fixed price agreement in that it is based upon specified charges contained in a Unit Price Book (UPB), which is prepared by the public agency or by independent commercial sources. The UPB sets forth detailed repair and construction tasks, including task descriptions, specifications, units of measurement, and unit prices for each task (“Unit Price” means the amount paid for a single unit of an item of work). A contractor’s bid is expressed in terms of a percentage of the specified UPB charges. The UPB is then used to determine the costs of each proposed project during the term of the contract. As an example, if a procuring agency’s per unit catalog price for an HVAC installation is \$1,000, and a contractor submits a bid to do that work with an adjustment factor of 1.13, the contractor is agreeing to install the HVAC for \$1,130.

The total JOC value may be specified as a range with a certain guaranteed minimum. The award of annual contracts on a unit price basis enables what would otherwise be multiple separately-bid projects to be combined into one bid. This contracting method is intended to reduce costs and accelerate completion of smaller projects. It is not generally viewed as an appropriate method of contracting for large, complex construction projects that require extensive or innovative design or are likely to encounter changes and revisions during construction. JOC are typically used for well-defined, recurring or repetitive work where quick execution is essential, not for single larger projects.

The Legislature has authorized multiple agencies to use JOC, some state and some local, including counties, school districts, community college districts, the California State University system, and Caltrans. California counties have enjoyed the authority to use JOC since 1983. Counties may award annual JOCs of up to \$3 million, adjusted annually to reflect the California Consumer Price Index, to the lowest responsible bidder or using best value (for specified counties).

Additionally, as part of the 2021-2022 state budget, the Legislature authorized Caltrans to use JOC, but the authority was limited to the new Clean California Beautification Program. In 2023, as part of the Governor's Infrastructure package Caltrans' authority was expanded. SB 146 (Gonzalez), Chapter 58, Statutes of 2023, authorized Caltrans to use JOCs, through 2033, for general highway and traffic maintenance. Finally, the Legislature approved JOC authority for some regional transportation agencies including the Santa Clara Valley Transportation Authority and, most recently, for the Los Angeles County Metropolitan Transportation Authority (LA Metro).

- 4) **Bill Summary.** This bill authorizes SamTrans to enter into JOCs on a competitive basis for repair, remodeling, or other repetitive work according to unit prices. This bill prohibits JOCs from being awarded for any new construction.

The maximum total dollar amount that may be awarded under a single JOC shall not exceed \$5 million dollars in the initial contract term, and no single job order may exceed \$1 million. JOCs may be executed for an initial contract term of no more than 12 months and may be extended or renewed for two subsequent annual terms totaling a maximum of \$10 million.

This bill prohibits SamTrans from contracting for work that is protected by applicable collective bargaining agreements, requires all JOCs to comply with all SamTrans collective bargaining agreements, and requires JOCs to be subject to a PLA between SamTrans and the San Mateo Building Trades Council, as specified.

This bill also provides for specified subcontracting practices, the payment of prevailing wages, and labor compliance consistent with existing law, as specified. The bill also outlines the process for SamTrans to follow in soliciting and awarding JOCs, including the ability to award job orders of \$250,000 or less to SBE or DVBE contractors.

This bill requires SamTrans to submit to the appropriate policy and fiscal committees of the Legislature, on or before January 1, 2030, a report on its use of job order contracting, as specified. This bill provides a sunset date of January 1, 2032.

This bill is sponsored by SamTrans.

- 5) **Previous Legislation.** AB 499 (Luz Rivas), Chapter 87, Statutes of 2023, authorized LA Metro to enter into job order contracts JOCs.

SB 146 (Gonzalez), Chapter 58, Statutes of 2023, expanded Caltrans authorization to use JOCs, through 2033, for general highway and traffic maintenance.

AB 2039 (Luz Rivas) of 2022 was nearly identical to AB 499. AB 2039 was held in the Senate Transportation Committee.

AB 2763 (Kalra), Chapter 803, Statutes of 2022, authorized the Santa Clara Valley Transportation Authority to enter into JOCs.

SB 1366 (McGuire) of 2022 would have authorized DGS to engage in job order contracting for certain public works projects, until July 1, 2027. SB 1366 was held on the Senate Floor.

AB 149 (Committee on Budget), Chapter 81, Statutes of 2021, among other things, authorized Caltrans to utilize job order contracting for the Clean California Beautification Program of 2021, as specified.

AB 846 (Low), Chapter 303, Statutes of 2021, extended the existing authority for school and community college districts to administer job order contracting, until January 1, 2027.

AB 618 (Low), Chapter 296, Statutes of 2017, authorized community college districts to enter into JOCs, until January 1, 2022.

SB 793 (Hill), Chapter 627, Statutes of 2017, allowed specified counties to use the best value construction contracting method to award JOCs for up to \$3 million, adjusted for inflation.

AB 1431 (Gomez), Chapter 753, Statutes of 2015, authorized school districts to utilize job order contracting.

SB 744 (Hughes), Chapter 431, Statutes of 1997, increased the annual maximum contract amount that counties may award for county JOCs from \$1 million to \$3 million.

AB 680 (La Follette), Chapter 164, Statutes of 1983, authorized counties to award annual JOCs of up to \$1 million.

- 6) **Arguments in Support.** SamTrans, sponsor of this bill, writes, “SamTrans is pleased to SPONSOR this important piece of legislation, which would authorize our agency to use Job Order Contracting (JOC), subject to the same standards applicable to other local transportation agencies using JOC and modeled after the authority recently established in AB 499 (Rivas, 2023). JOC is a competitively solicited, fixed-price contracting method used for small maintenance and repair work. JOC results in on-call construction service contracts under which public agencies issue work orders for specific jobs at pre-determined prices. JOC contracts can result in agencies saving time and staff resources when compared to typical bidding processes, allowing projects to begin faster than under traditional procurement methods.

“SB 272 would require consultation with local building trades and all work would be subject to a project labor agreement. SamTrans will use JOC to accelerate project delivery, reduce administrative costs, and lower direct construction costs while simultaneously meeting all federal, state, and local procurement requirements. SamTrans would use JOC for jobs like painting, bus shelter repairs, concrete/asphalt repairs, fencing repair and installation, lighting repairs, etc. JOC is not generally viewed as an appropriate method of contracting for large, complex construction projects that require extensive or innovative design, or that are likely to encounter changes and revisions during construction. As transit agencies across the state look for ways to reduce costs and enhance operations, SamTrans believes the use of JOC would support its efforts in this regard.”

- 7) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

San Mateo County Transit District [SPONSOR]
Sourcewell

Opposition

None on file

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