



School Business Law Update

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FURTHER UPDATE ON “ INFORMAL ” BID LIMIT

In a prior advisory (May 19, 2011) we indicated that the value of contracts requiring formal bids by districts having adopted the Uniform Public Construction Cost Accounting (UPCCA) rules was increased by the State Controller from \$125,000 to \$175,000, effective July 1, 2011. We also noted that various bills to change the statutory language to reflect the impact of the Controller’s actions were pending in the Legislature. AB 943 has been signed into law, effective January 1, 2012, increasing the special UPCCA exemption where all informal bids come in higher than the permitted limit.

The old rule was that where all bids came in higher than \$125,000 but under \$137,500, the Board of Trustees could, on a four-fifths vote, award a contract not to exceed \$137,500. AB 943 raises these numbers by \$50,000 each so that where informal bids come in above \$175,000, but not in excess of \$187,500, the Board can, by the same vote, award a contract not to exceed the sum or \$187,500. Until January 1, no award is permitted after informal bidding for a contract in excess of \$175,000.

AB 720 contains the same provisions as AB 943 but also increases the scope of informal bids under Public Contract Code Section 22032. Where that section of the code currently permits contracts to be awarded without informal bidding in any amount up to \$30,000, the limits are raised to permit award without bidding of contracts that do not exceed \$45,000. This bill has passed the Legislature and is awaiting action before the Governor. If not vetoed, it will also go into effect January 1, 2012.

As always, If you have questions concerning any of these changes, please to do not hesitate to contact our office.

– William A. Hornback

School Business Law Updates are intended to alert clients to developments in legislation, opinions of courts and administrative bodies and related matters. They are not intended as legal advice in any specific situation. Please consult legal counsel as to how the issue presented may affect your particular circumstances.