

The Value of and Need for Adopting Alternative Bidding Procedures

PUBLIC WORKS BIDDING



September 12, 2023



CALIFORNIA PUBLIC CONTRACTING CODE (PCC)

What is the Public Contracting Code?

- PCC §20160-20175: Outlines the standard bidding and award procedures that must be followed for **any work valued over \$5,000** that is considered a “Public Project.”

Who does this Code apply to?

- General law cities, school districts, counties and other local public agencies. **This include Hermosa Beach.** It also applies to charter cities unless other formal bidding procedures have been adopted via local ordinance.



WHAT QUALIFIES AS A PUBLIC PROJECT

- **Construction**, reconstruction, erection, alteration, renovation, improvement, demolition
- **Repair** work involving any publicly owned, leased, or operated facility.
- **Painting** or repainting of any publicly owned, leased, or operated facility.

State PCC guidelines
require formally
bidding and award for
projects >**\$5,000**.

Public projects do NOT include
maintenance work (e.g, minor painting,
elevator servicing, etc.)

Municipal Code
requires bidding for
projects
>**\$30,000**

FORMAL BID REQUIREMENTS

Hermosa Beach is currently required to formally bid every single public project valued over \$5,000.



There are a lot of steps involved.

1. Research standards for the project
2. Develop and prepare plans and specifications
3. Write and release a formal bid package
4. Answer requests for information, release addendums
5. Advertise at least 15 days
6. Host a public bid opening
7. Award the project
8. Implement the project

\$5,000 IS SO LOW!

Is there an Alternative that would be more efficient, and save Hermosa Beach time and money?



YES!

The State allow public agencies to adopt

**Alternative Bid
Procedures**

in lieu of the more
restrictive formal bid
procedures

TELL US MORE ABOUT ALTERNATIVE BIDDING



- The CA State Legislature introduced alternative bidding procedures in 1983.
- **Purpose: to provide greater flexibilities to local governments when bidding smaller projects.**
- Allows agencies to be more nimble and responsive
- Primarily for repairs and small construction & renovation projects.

WHAT ARE ITS ADVANTAGES?

Project Cost	Bidding Options	Benefits
\$0 – \$60,000	<ul style="list-style-type: none">• Negotiated contracts• Purchase order• Force account	<ul style="list-style-type: none">• Allows spot quotes• Saves time in preparing bids/spec, advertising an awarding contracts
\$60,000 – \$200,000	<ul style="list-style-type: none">• Informal bidding procedures allowed	<ul style="list-style-type: none">• City may publish in trade journals• Saves time in awarding contracts
Over \$200,000	<ul style="list-style-type: none">• Formal Bidding required	<ul style="list-style-type: none">• No additional benefits

TYPES OF PROJECTS THAT WILL BENEFIT;

All smaller public projects valued under \$60,000 will benefit from adopting Alternative Bidding Procedures due to the expedited bidding and award process.

- Exterior and Interior Painting
- Fencing Repairs/Replacement
- Parks and Playground Upgrades/Repairs
- Curb and Gutter Repairs
- Lighting Retrofits
- HVAC Repairs
- Elevator Repairs
- Roof Repairs
- Carpet Replacements
- Window Replacements
- On-call Repair Services
- Electrical Repairs/Installations
- Valve Repairs/Replacements
- Building Repairs and Renovations



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TIME SAVING COMPARISONS

Project Type	Cost	Formal Bidding	Alternative Bidding
Fencing Project	\$8,000	3-4 Months	vs. → 2-3 Weeks
Roof Repair	\$53,000	6-8 Months	vs. → 5-7 Weeks
Elevator Repair	\$31,000	4-6 Months	vs. → 3-4 Weeks



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**Alternative Bidding saves weeks
to months in implementation**

EXAMPLE: ELEVATOR REPAIR PROCEDURES



Roof Repair \$53,000 (not an emergency)	Formal Bidding	Alternative Bidding
Obtain Estimate	-	1-2 weeks
Draft Specs	16 weeks	n/a
Bid Project	3 weeks	n/a
Award Project	3 weeks	n/a
Execute Contract	3 weeks	2 weeks
Conduct Work	2 weeks	2 weeks
<u>Accept Project</u>	<u>3 weeks</u>	<u>1 day</u>
TOTAL	8 months	6 weeks

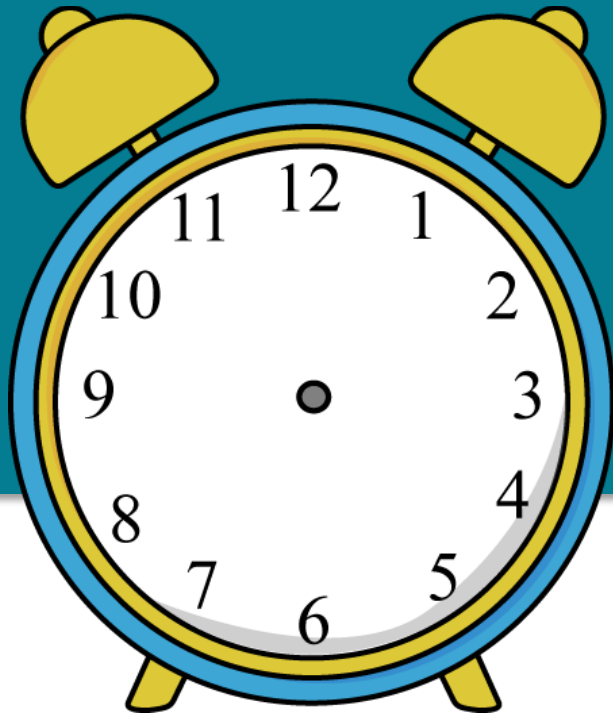


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BENEFITS OF ALTERNATIVE BIDDING

Tremendous time and
resource savings can be
achieved.

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- Better serves the public and staff; improved response time
- City Attorney still approves all contracts
- Awards still require CM approval and signature
- Insurance and bonding requirements must still be met
- Public projects are already approved through the annual budget process
- Provides greater flexibility for quickly implementing projects

WHO ELSE HAS ADOPTED ALTERNATIVE BIDDING?

1,553 Public Agencies in California

289 Cities (51 in LA County)
67 Community College Districts
744 School Districts
408 Special Districts
45 Counties

Area School Districts

Centinela Valley USD
El Camino College
El Segundo Unified
Hermosa Beach USD
Manhattan Beach USD
Redondo Beach USD
Lawndale Elementary
Palos Verdes Peninsula USD

Surrounding Cities

Beverly Hills
Calabasas
Carson
El Segundo
Gardena
Hawthorne
Lawndale
Malibu
Manhattan Beach
Rancho Palos Verdes
Rolling Hills Estates
West Hollywood

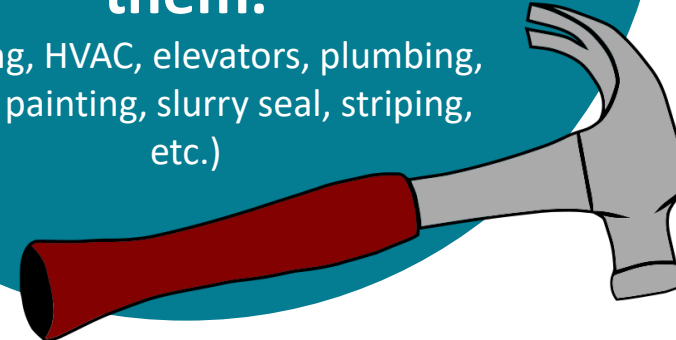


BENEFITS OF ADDING MAINTENANCE WORK TO THE PROPOSED SIGNATORY THRESHOLD

- ❖ Helps expedite preservation of city facilities
- ❖ Saves significant staff time in preparing bids/approving work
- ❖ Can save money (limited city \$ resources)
- ❖ City Attorney still approves all contracts
- ❖ Allows quick response to citizen complaints

Many maintenance projects are similar in nature to public projects and may, in fact, be confused with them.

(Roofing, HVAC, elevators, plumbing, minor painting, slurry seal, striping, etc.)



STAFF RECOMMENDATIONS



1. **Adopt a Resolution** declaring the City's intent to become subject to UPCCAA and establishing signatory authority of the City Manager for public works and maintenance projects.
2. **Introduce an Ordinance** adding Chapter 3.14 to the HBMC providing for Alternative Bidding Procedures, and amending Chapter 3.12.140 delegating City Manager authority for award of contracts for maintenance services up to the informal bidding limit per PCC 22032(b)



1. Approve 2nd Reading on September 26
2. Ordinances becomes effective on October 26
3. New Alternative Bid Procedures and Maintenance thresholds begin being utilized.