

ASSEMBLY BILL

No. 10

Introduced by Assembly Member Levine

August 19, 2015

An act to add Section 7101.5 to the Public Contract Code, relating to public works.

LEGISLATIVE COUNSEL'S DIGEST

AB 10, as introduced, Levine. Public works: contracts: extra compensation.

Existing law sets forth requirements for provisions in public works contracts awarded by a state entity. Under existing law, the state or any other public entity in any competitively bid public works contract may provide for the payment of extra compensation to the contractor for cost reduction changes.

This bill would provide that a state entity in a megainfrastructure project contract, as defined, may not provide for the payment of extra compensation to the contractor until the megainfrastructure project, as defined, has been completed and an independent third party has verified that the megainfrastructure project meets all architectural or engineering plans and safety specifications of the contract. This bill would apply to contracts entered into or amended on or after the effective date of this bill.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7101.5 is added to the Public Contract
2 Code, to read:

3 7101.5. (a) Notwithstanding any other law, a state entity in a
4 megainfrastructure project contract may not provide for the
5 payment of extra compensation to the contractor until the
6 megainfrastructure project has been completed and an independent
7 third party has verified that the megainfrastructure project meets
8 all architectural or engineering plans and safety specifications of
9 the contract.

10 (b) This section shall apply to contracts entered into or amended
11 on or after the effective date of this section.

12 (c) This section shall only apply to megainfrastructure projects
13 that, consistent with the requirement of subdivision (b) of Section
14 3 of Article IV of the California Constitution, relate to the
15 proclamation issued by the Governor on June 16, 2015, to convene
16 the Legislature to assemble in extraordinary session to, among
17 other things, consider and act upon legislation necessary to
18 incorporate project development efficiencies to expedite project
19 delivery or reduce project costs.

20 (d) For purposes of this section, all of the following definitions
21 shall apply:

22 (1) “Extra compensation” means any extra compensation that
23 is provided for in the megainfrastructure project contract pursuant
24 to the authorization in Section 7101.

25 (2) “Megainfrastructure project” means the erection,
26 construction, alteration, repair, or improvement of any public
27 structure, building, road, or other public improvement of any kind
28 that exceeds one billion dollars (\$1,000,000,000) in cost.

29 (3) “Megainfrastructure project contract” means an agreement
30 for a megainfrastructure project.

31 (4) “State entity” means every state office, department, division,
32 bureau, board, or commission, but does not include the Legislature,
33 the courts, any agency in the judicial branch of government, or the
34 University of California.

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