

**Assembly Bill No. 2448**

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Passed the Assembly August 24, 2010

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*Chief Clerk of the Assembly*

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Passed the Senate August 19, 2010

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2010, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 20659 of, and to add and repeal Section 20651.7 of, the Public Contract Code, relating to public contracts.

## LEGISLATIVE COUNSEL'S DIGEST

AB 2448, Furutani. Public contracts: community college districts: purchases.

(1) Existing law requires the governing board of a community college district, in accordance with certain requirements, to let any contract involving an expenditure of more than \$50,000 for purchases of equipment, materials, supplies, repairs, and services, other than construction services, to the lowest responsible bidder or to reject all bids.

This bill would authorize the district, if the purchase of supplies and materials exceeds \$50,000 and the district determines that it can expect, among other things, long-term savings through the use of a life-cycle cost methodology, to provide for the purchase of the supplies and materials by contract let in accordance with best value at the lowest cost acquisition policies adopted by the district's board. The bill would require a district that elects to purchase supplies and materials by contract let in accordance with those policies to submit specified information to the Chancellor of the California Community Colleges on or before January 1, 2013, and would require the Legislative Analyst to request this information from the chancellor. The bill would require the Legislative Analyst to report to the Legislature on the use of this type of procurement by community college districts on or before January 1, 2015.

This bill would require a district to ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts awarded pursuant to its provisions and would prohibit discrimination in the award and performance of those contracts.

These provisions would be repealed on January 1, 2016, unless a later enacted statute that is enacted before January 1, 2016, deletes or extends that date.

(2) Existing law requires any change or alteration in certain contracts with a community college district to be in writing, and

allows the governing board of the district to authorize the contractor to proceed without securing bids if the cost does not exceed specified amounts.

This bill would allow the governing board of the district to authorize a contractor to proceed with multiple changes or alterations without securing bids if the cost of all changes or alterations to the original contract does not exceed specified amounts.

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

SECTION 1. Section 20651.7 is added to the Public Contract Code, to read:

20651.7. (a) Notwithstanding Section 20651, when the expenditure for the purchase of supplies and materials exceeds fifty thousand dollars (\$50,000) and the district determines that it can expect long-term savings through the use of a life-cycle cost methodology, the use of more sustainable materials and supplies, and reduced administrative costs, the district may provide for the purchase of the supplies and materials by contract let in accordance with best value at the lowest cost acquisition policies adopted by the governing board pursuant to this section.

(b) The best value at the lowest cost acquisition policies adopted pursuant to subdivision (a) shall consider all of the following:

(1) Price and service level proposals that reduce the district's overall operating costs.

(2) Supplies and materials standards that support the district's strategic supplies and materials acquisition and management program direction.

(3) A procedure for protest and resolution.

(4) A life cycle of no fewer than three years.

(c) For purposes of this section, "best value at the lowest cost acquisition" means a competitive procurement process whereby the award of a contract for supplies and materials may take into consideration any of the following factors:

(1) The total cost to the district of its use or consumption of supplies and materials.

(2) The operational cost or benefit incurred by the district as a result of a contract award.

(3) The added value to the district, as defined in the request for proposal, of vendor-added services.

(4) The quality and effectiveness of supplies, materials, and services.

(5) The reliability of delivery or installation schedules.

(6) The terms and conditions of product warranties and vendor guarantees.

(7) The financial stability of the vendor.

(8) The vendor's quality assurance program.

(9) The vendor's experience with the provision of supplies, materials, and services.

(10) The consistency of the vendor's proposed supplies, materials, and services with the district's overall supplies and materials procurement program.

(11) The economic benefits to the local community, including, but not limited to, job creation or retention.

(d) The award of the contract shall be made to the responsible proposer whose proposal is determined, in writing by the community college district, to be the best value to the community college district based on the criteria set forth in the request for proposal.

(e) The governing board of the community college district shall issue a written notice of intent to award supporting its contract award and stating in detail the basis of the award. The notice of intent to award and the contract file must be sufficient to satisfy an external audit.

(f) Notwithstanding any other provision of this code, in making a contract award, the governing board of the community college district shall publicly announce its award identifying the bidder to whom the award is made, the winning contractor's price proposal, and the overall combined rating on the request for proposal evaluation factors. The announcement shall also include the agency's ranking in relation to all other responsive proposers and their respective price proposals and a summary of the rationale for the contract award.

(g) The district shall ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts and shall also ensure that discrimination, as described in subdivision (e) of Section 12751.3 of the Public Utilities Code, in the award and performance of contracts does not occur.

(h) (1) If a district elects to purchase supplies and materials by contract, let in accordance with best value acquisition policies adopted by the board pursuant to this section, the district shall submit the following information to the Chancellor of the California Community Colleges on or before January 1, 2013:

(A) The total number of district procurements for contracts, and the number that were done under best value acquisition policies.

(B) For any contracts awarded under the best value acquisition policies, the bid announcement announcing the bidder to whom the award was made, as required pursuant to subdivision (f), including that bidder's scoring rating compared to other bidders, the winning contractor's price proposal, the overall combined rating on the request for proposal evaluation factors, and a summary of the rationale for the contract award.

(C) For any comparably sized contracts awarded under the traditional low bid method in the three years prior to the adoption of best value acquisition policies, the bid award announcement announcing to whom the contract was awarded and the amount of the award.

(D) The nature of any disputes arising from the use of best value procurement practices and the status of those disputes.

(E) The district's policies adopted pursuant to subdivision (a).

(F) A summary of any noncost value obtained through contracts let under the best value acquisition policies.

(2) The Legislative Analyst shall request the chancellor to provide the information specified in paragraph (1) to the Legislative Analyst on or before July 1, 2013. On or before January 1, 2015, the Legislative Analyst shall report to the Legislature on the use of best value at lowest cost acquisition procurement by community college districts. The Legislative Analyst shall use the information provided by the chancellor to report all of the following:

(A) A comparison of the overall cost of best value acquisition to similar contracts let under traditional low bid procurement practices.

(B) A comparison of the overall benefits of best value acquisition to similar contracts let under traditional low bid procurement practices.

(C) A summary of noncost value reported by the district.

(D) A general summary and evaluation of districts' policies adopted pursuant to subdivision (a).

(E) Recommendations as to whether the best value at lowest cost acquisition procurement authority should be continued.

(i) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 2. Section 20659 of the Public Contract Code is amended to read:

20659. If any change or alteration of a contract governed by the provisions of this article is ordered by the governing board of the community college district, the change or alteration shall be specified in writing and the cost agreed upon between the governing board and the contractor. The board may authorize the contractor to proceed with performance of one or more changes or alterations without the formality of securing bids, if the cost of all of the changes or alterations does not exceed the greater of either of the following:

(a) The amount specified in Section 20651 or 20655, whichever is applicable to the original contract.

(b) Ten percent of the original contract price.



Approved \_\_\_\_\_, 2010

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*Governor*