California Uniform Construction Cost Accounting Commission

Meeting Agenda
Tuesday, November 17, 2015
10:00AM – 2:00PM

Teleconference Number: (888) 278-0296
Participation Code: 221558

Location
California State Controller’s Office
300 Capitol Mall
6th Floor, Terrace Room
Sacramento, CA 95814

Attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Representing</th>
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<tbody>
<tr>
<td>Linda Clifford, Chair</td>
<td>Chief Financial Officer</td>
<td>C.C. Myers, Inc. – Contractors State License Board</td>
</tr>
<tr>
<td>Will Clemens, Vice Chair</td>
<td>Public Works Department Administrator</td>
<td>County of San Luis Obispo – Counties</td>
</tr>
<tr>
<td>Guiselle Carreon, Secretary</td>
<td>Commercial Warrants and Accounts Payable Manager</td>
<td>San Diego County Office of Education – School Districts (ADA &lt;25,000)</td>
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<tr>
<td>Jeff Armstrong</td>
<td>Apprenticeship Director</td>
<td>Northern California Laborers’ Union – Labor</td>
</tr>
<tr>
<td>Eddie Bernacchi</td>
<td>President</td>
<td>Politico Group – Subcontractors</td>
</tr>
<tr>
<td>Robert Campbell</td>
<td>Auditor-Controller</td>
<td>County of Contra Costa – Counties</td>
</tr>
<tr>
<td>David Cruce</td>
<td>VP- Estimating, Business</td>
<td>Papich Construction Co., Inc. – General Contractors</td>
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<tr>
<td>Cesar Diaz</td>
<td>Legislative Director</td>
<td>State Building and Construction Trades Council – Labor</td>
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<tr>
<td>Lisa Ekers</td>
<td>Port Director</td>
<td>Santa Cruz Harbor – Special Districts</td>
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<tr>
<td>Steven L. Hartwig</td>
<td>Director of Public Works</td>
<td>City of Vacaville – Cities</td>
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<tr>
<td>Michael R. Hester</td>
<td>President</td>
<td>McGuire and Hester – Subcontractors</td>
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<tr>
<td>George Hicks</td>
<td>Director of Public Works</td>
<td>City of Fairfield – Cities</td>
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<tr>
<td>Nathaniel Holt</td>
<td>Director of Purchasing and Contracts</td>
<td>Pomona Unified School District – School Districts (ADA &gt;25,000)</td>
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<tr>
<td>David A. McCosker</td>
<td>Chairman of the Board</td>
<td>Independent Construction Co. – General Contractors</td>
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State Controller’s Office

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<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Ron Placet</td>
<td>Senior Staff Counsel</td>
<td>State Controller’s Office</td>
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<tr>
<td>Anita Dagan</td>
<td>Manager</td>
<td>Local Government Policy Section</td>
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<tr>
<td>Jenny Jones</td>
<td>Supervisor</td>
<td>Local Government Policy Section</td>
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<tr>
<td>Michael Gungon</td>
<td>Fiscal Analyst</td>
<td>Local Government Policy Section</td>
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Meeting Agenda

1. Call to Order

2. Introductions

3. SCO Legal Discussion on CUCCAC’s Responsibilities and Authority

4. Approval of the Minutes (Refer to attachment Item 4)
   a. Meeting September 9, 2015

5. Commission Update (Refer to attachment Item 5)
   a. Participating Agencies
      i. New
   b. Funding Update
   c. Inquiry Update

6. Public Comment

7. Staff Comments/Requests

8. Reports of Officers
   a. Chair
   b. Vice Chair
   c. Secretary

9. Committee Reports (Refer to attachment Item 9a)
   a. Frequently Asked Questions (FAQs) – Review and discuss

10. Commissioner Comments/Requests

11. Old Business (Refer to attachment Item 11a & 11b)
    a. CIFAC’s complaint against the County of Ventura’s “Santa Clara Avenue Storm Drain Installation” project
    b. Bidding Limitation Change Process

12. New Business
13. Next Meeting

14. Adjournment

If you would like further information regarding this meeting or require special accommodation for attending this meeting, please contact:

State Controller’s Office
Local Government Policy Section
localgovpolicy@sco.ca.gov
Commission Update
For the period September 1, 2015 – November 17, 2015

4a. Report on new participating agencies

11 new agencies have opted into the CUPCCAA, bringing the number of agencies participating in the Act to 926. Reconciliation of participating agencies by SCO is continually ongoing.

### New Participating Agencies

<table>
<thead>
<tr>
<th>Agency Type</th>
<th>City</th>
<th>Community College District</th>
<th>County</th>
<th>School District</th>
<th>Special District</th>
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<tbody>
<tr>
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<tr>
<td>City of Reedley</td>
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<td>Columbia Elementary School District</td>
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<td>Town of Windsor</td>
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<tr>
<td>Windsor Water District</td>
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<td>Alexander Valley Union School District</td>
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<tr>
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Commission Update
For the period September 1, 2015 – November 17, 2015

**Cities**
- Participating Cities: 213 (44%)
- Non-participating: 269 (56%)

**Counties**
- Participating Counties: 40 (69%)
- Non-participating: 18 (31%)
Commission Update
For the period September 1, 2015 – November 17, 2015

Community Colleges
- Participating Community Colleges: 41 (37%)
- Non-participating: 71 (63%)

School Districts
- Participating School Districts: 342 (33%)
- Non-participating: 686 (67%)
Commission Update
For the period September 1, 2015 – November 17, 2015

Special Districts
- Participating Special Districts: 290; 13%
- Non-participating: 1,873; 87%

Total Participating Agencies (926)

- Cities: 342
- Community College Districts: 213
- Counties: 41
- School Districts: 40
- Special Districts: 290
Commission Update
For the period September 1, 2015 – November 17, 2015

4b. Funding update

The Commission has $1,354.90 of unrestricted donations available for its use.

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<td>Expenditures</td>
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Pending Transactions

1.) Deposits from Donation Checks

- CIFAC: $1,500
- United Contractors: $2,500
- Total: $4,000

2.) Travel Expense Claims

- Total Outstanding: $438.99

Note: Travel Expense Claims are now to be paid from SCO funds.
CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

FREQUENTLY ASKED QUESTIONS (FAQs)

1. What is the Uniform Public Construction Cost Accounting Act?

A program created in 1983 which allows local agencies to perform public project work up to $45,000 with its own work force if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission (Commission). The Uniform Public Construction Cost Accounting Act (Act) is enacted under Public Contracts Code Section 22000 through 22045 (hereafter abbreviated as PCC 22000-22045).

In addition, the Act provides for alternative bidding procedures when an agency performs public project work by contract.

a) Public projects of $45,000 or less may be performed by negotiated contract or by purchase order (PCC 22032(a)).

b) Public projects of $175,000 or less may be let to contract by the informal procedures set forth in the Act (PCC 22032(b)).

c) Public projects of more than $175,000 shall be let to contract by formal bidding procedures (PCC 22032(c)).

Every five years, the Commission shall consider whether there have been material changes in public construction costs and make recommendations to the State Controller regarding adjustments to the bidding procedure monetary limits (PCC 22020). Adjustments should be effective for the fiscal year that commences not less than 60 days following the State Controller’s notification to all participating agencies.

2. What are the benefits of the program?

a) Increased force account limit

b) Informal bidding for projects between $45,001 and $175,000 which do not require advertising.

c) Reduces the number of formal bids.

d) Expedited contracting for small projects.

Many participants laud the program because it gives them more leeway in the execution of public works projects; has speeded up the awards process; has improved timeliness of the project completion; has eliminated considerable red tape and cumbersome paperwork relative to advertising and filing of reports; and has simplified administration. Many agencies have encountered only minimal challenges with the accounting requirements and the overhead portion. Moreover, where required, the adjustment was relatively simple; most of the required procedures were already actually in place, so there was no noticeable change in the existing operations. The Standard Accounting Codes Structure will satisfy the reporting requirements when used properly.
3. Is the Uniform Public Construction Cost Accounting Act mandatory for local agencies?

No. The Act is a voluntary program. However, it is available to all local agencies, counties, and cities, both general law and charter.

4. How does a local agency become subject to the Act?

The governing body must elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office (PCC 22030). Sample documents are available at: http://www.sco.ca.gov/ard_cuccac.html. Once an agency has opted into the Act it will remain a part of the program until it opts out. There is no need for renewal/re-opting in.

5. May a local agency withdraw from the Act?

An agency may withdraw by filing a resolution of the agency’s election to withdraw with the State Controller’s Office.

6. What is the California Uniform Construction Cost Accounting Commission?

A state commission created under the Act (PCC 22010). It consists of fourteen (14) members: thirteen (13) members are appointed by the State Controller and one is a designated member of the Contractors’ State License Board. Seven members represent the public sector (counties, cities, school districts, and special districts). Six members represent the private sector (public works contractors and unions). The Commission members receive no salary, but are eligible for reimbursement of their direct expenses related to the Commission. The Commission is responsible for administration of the Act. The State Controller provides limited staff and other support to the Commission (PCC 22015(a)).

7. What are the Uniform Public Construction Cost Accounting Procedures?

The cost accounting procedures were developed by the Commission. They are to be used to estimate costs for determining if a public project is required to be bid out and to capture and record actual costs when a public project is performed by the agency’s own work force. The procedures follow normal accounting in the industry and in many cases are not much different from those already in place at the agency. Sample forms are available in the CUCCAC Cost Accounting Policies and Procedures Manual.

School districts may use the Standard Accounting Code Structure to comply with the tracking requirements.

8. Are the cost accounting policies and procedures applicable for agencies whose work force only performs maintenance tasks as defined in the Act and whose public projects are all contracted out?

The cost accounting policies and procedures are only applicable for agencies that perform public project work by force account. This does not exclude from the program agencies whose public projects are all contracted out. In fact, they might want to review the benefits available and elect to participate now in the event conditions change at some time in the future.
9. The Public Contract Code section 22034(a) states “the agency shall maintain a list of qualified contractors...”. What is meant by the term “qualified contractors”?

The term "qualified contractors" is intended to define contractors who request to be added to an agency's list for specified types of specialty work and are licensed and otherwise legally qualified to perform that work as licensed contractors. In addition, the Commission has determined that nothing in the Act prohibits a participating agency from, at their discretion, using an objective pre-qualification process in the formation and maintenance of their contractor's lists. This change will be added to the language on Section 3, page 7, of the Cost Accounting Policies and Procedures Manual.

10. Can a local agency disqualify or exclude certain contractors from the Qualified Contractors List required pursuant to PCC 22034(a)?

Agencies may disqualify contractors from the Qualified Contractors List when a contractor fails to furnish information to meet the minimum criteria as established by the Commission pursuant to PCC 22034(a).

11. For agencies that do not maintain an informal bidders list, are they allowed to choose who will get notifications on information projects?

The Act requires that an informal bid project is either advertised and/or notifications are sent to all contractors on the informal bidders list. We have noticed that a very large percentage of signatory local public agencies do not maintain or update an informal bidders list and are sending notices to only one or two contractors.

There is no exemption to maintaining a list of bidders. PCC 22034(a). The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. If an agency is not maintaining a list or notifying all contractors or trade papers, then they are not in compliance with the Act.

The Public Contract Code states that participating agencies shall adopt an ordinance requiring that a list of all qualified contractors, identified according to categories of work be maintained. It does not require the list to be used however, and allows notifications to the required trade journals and exchanges be used as an alternate if desired. For agencies that elect to use the alternative authorized method of advertising, the purpose of the list is effectively negated.

If an agency is using the contractor's list then they must send the notification to all contractors on the list for that category of work and the list must be maintained in accordance with the Manual.

12. What is the difference between qualifying contractors under UPCCAA and prequalification of contractors under PCC 20101?

Qualification of contractors is a process that allows contractors to register with the agency for notification of public works opportunities. The prequalification process under PCC 20101 is a more complex process that requires a standardized questionnaire and evaluation of contractors using standard scoring criteria.

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1 The term Qualified Contractors is pending legislative change. The proposed term is Registered Contractors.
13. Must a local agency: (1) Notify contractors pursuant to PCC 22034(b) if the contractor is believed not to have the skills, credentials, or experience to perform the work? (2) Consider bids submitted if the agency believes the contractor does not have the skills, credentials, or experience to perform the work?

a) If a contractor is on the Qualified Contractors List (PCC 22034(b)), the contractor must be notified by the agency of public projects for which he is licensed to perform.
b) All bids received from qualified contractors must be considered.

14. Does the Act allow flexibility in cases of great emergency and when repair or replacements are necessary to permit the continued conduct of the operations or services of a public agency?

PCC 22035 provides that in cases of great emergency the governing body may, by majority vote, proceed without adopting plans and giving notice to bids to let contracts. In addition, this section provides that the governing body may delegate to the appropriate agency manager the power to declare an emergency and/or proceed with repairs or replacements without approval by the board. PCC 22050 provides contracting procedures without giving notice for bids to let contracts for these emergencies.

15. Do the alternative bidding procedures apply only to public projects as defined in PC 22002(c) or can they be used for the following types of items:

a) Maintenance work to be performed by contract?
b) Purchase of heavy equipment?
c) Purchase of materials?

Pursuant to PCC 22003, a participating agency may use the alternative bidding procedures on maintenance work as defined in PC 22002(d), items 1-5. PCC 22003 is permissive and agencies can continue to exclude maintenance from the alternative bidding procedures. However, if an agency misclassifies a project ($45,001 or more) as maintenance and therefore, does not uses the applicable bidding procedures, a review by the Commission may be conducted pursuant to PCC 22042(c).

The purchase of equipment and supplies fall under PCC 20111; however, when purchased or used as part of a public works project, the costs associated with the purchase or use become part of the project cost and must be considered when applying the bid limits under the Act.

16. What will membership in the Act cost my agency?

At the present, no required membership fees or dues are assessed. However, the Commission has never received direct state funding for a short period of its history. The State has indicated that the participating agencies, contractors, and unions that benefit from the Commission should be responsible for its funding. Therefore, in November 2004, the Commission asked member agencies, contractor’s associations, and construction related unions for voluntary donations to support the Commission. There may be additional requests for voluntary support. Any mandatory fees or dues would require legislation and would be for a nominal amount.
17. What are the most common concerns?

There are three leading areas of expressed concern and mostly all are quickly alleviated when addressed properly. These are:

a) Cost accounting policies and procedures;
b) Informal bidding procedures;
c) Accounting review procedures.

The cost accounting requirements follow those common to the construction industry. The informal bidding up to $175,000 is seen by the agencies as an asset enhancing project completion. Maintenance of a Qualified Contractor Bid List is routine, since interested contractors make it a point to be included on the list. While a review could potentially hold up a project for 30 days pursuant to PCC 22043, formal complaints have been rare in the Commission's history.

18. Does an agency have to calculate an overhead rate in order to apply the accounting procedures?

Cities with populations of less than 75,000 may use an overhead rate of 20% of all direct costs in lieu of the overhead rate calculation specified in Section VI of the Cost Accounting Policies and Procedures Manual. Cities with a population of more than 75,000, counties, special districts, and school districts may use an overhead rate of 30% of all direct costs, in lieu of a calculated rate.

19. When a local entity opts into the Act, does the Act supersede other contracting legal requirements such as statutory requirements for performance bonds, prevailing wages, and certificates of insurance, etc.?

The Act only supersedes the bidding procedures used once a public agency has adopted a resolution and notified the Controller. All other contracting requirements are applicable whether or not a public entity opts into the Act.

The specific mention of bidding procedures emphasizes the omission of other statutory requirements (such as bond payments, prevailing wages, addenda, change orders, etc.) and implies that their applicability is found in specific statutory provisions rather than the Act.

Therefore, the Act does not supersede other contracting requirements for performance bonds, prevailing wages, and certificates of insurance, etc.

20. Can a signatory agency, claim to be to be exempt from requirements in the Public Contract Code (PCC) by claiming they only have to follow the language and procedures within the Act?

No. The Commission has ruled in the past that where the Act is silent, the Public Contract Code applies.
21. If signatory agencies are not following the advertising requirements in the Act, will the Commission address those agencies? Can a complaint be brought to the Commission?

Yes, a complaint can be brought to the Commission. PCC 22042 lists the categories of complaints that the Commission can consider.

22. PCC 20112 specifically requires school districts to advertise twice for a two week period, while PCC 22037 requires advertising once, 14 days in advance of the date of opening of bids. Which code applies to school districts?

PCC 22037. When the Act is in conflict with any other code, the Act shall supersede. Districts may choose to maximize their outreach by continuing to advertise twice.

23. May an agency contract separately for like work at the same site at the same time using the under $45,000 Force Account method?

Per section 22033 of the Public Contract Code, “It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding”. Separating “like work” would only be permitted as long as the total of all the “like work” is less than $45,000. Otherwise the work would be required to be advertised and bid according to the provisions of the Act (i.e., bid informally if the total amount is less than $175,000 and bid formally if the total amount exceeds $175,000).

24. May an agency bid out 2 separate projects that occur at the same time and site, but are different types of work?

Yes, there is no violation if the work is being competitively bid. If the agency wants to use the negotiated or informal bidding processes, the agency must apply the appropriate limits to each of the projects. Each project must be separate in scope. Projects may not be separated by trade to avoid bidding. If the total of all jobs is greater than $45,000; the informal or formal bid limit will apply.

25. How does an agency process change orders when the standard code conflicts with the Act?

For contracts below $45,000, the total cost of the contract may not exceed $45,000. For informal contracts, under the Act, the limit is $175,000. If the agency is a school district, there may be additional limits and it is recommended the agency consult with their legal counsel for interpretation of change order limits.

26. Does an agency by opting into the Act, automatically bring

a) all departments of the agency into the Act?

When a local agency elects to become subject to the uniform construction cost accounting procedures, the entire legal entity is considered subject to the Act and no divisions or departments will be exempt.
b) all districts under control of the board into the Act?

Special Districts, which are governed by a board of supervisors or city council, are only subject if a separate election is made for each special district.

27. PCC section 22034 requires that participating agencies adopt an Informal Bidding Ordinance. What do school and special districts that cannot adopt Ordinances do to comply?

For those agencies who cannot legally adopt an Ordinance, a Board Policy / Administrative Regulation or other legally applicable action of the governing board may be substituted. Such substitute shall include the provisions of PCC section 22034 (a) through (f). If an Ordinance is adopted, it does not take effect until 30 days following its second reading. If a substitute to an Ordinance such as Board Policies / Administrative Regulations are utilized which go into effect immediately upon adoption, no 30-day waiting period is required before utilizing the procedures outlined in the Act.
Additional inquiries and questions can be directed to:

State Controller’s Office
Division of Accounting and Reporting
Local Government Policy Section or LocalGovPolicy@sco.ca.gov
3301 C Street, Suite 740
Sacramento CA, 95816
August 18, 2015

Jeff Pratt, Director
Public Works/Road Commissioner
800 S. Victoria Avenue
Ventura, CA 93009

Sent via Certified Mail

Subject: Violation of the California Uniform Construction Cost Accounting Act
Oxnard Area, Santa Clara Avenue Storm Drain Installation

Dear Mr. Pratt,

This letter is to serve as notice to you, per California Public Contract Code (PCC) Section 22043 (b) that we are filing a formal complaint with the California Uniform Construction Cost Accounting Commission that you are in violation of the Act. We assert that you have violated your force account limit of $45,000 on the Santa Clara Avenue Storm Drain Installation project by not publicly declaring the intent to self-perform this work prior to the commencement of work, as required by PCC Section 22031 (c). We are requesting that the California Uniform Construction Cost Accounting Commission review this project.

The Construction Industry Force Account Council is a non-profit organization that represents members of the public works construction industry.

Sincerely,

Cathryn Hilliard
Executive Director

cc: Michael Powers, County Administrative Officer
August 18, 2015

George Hicks, Chair
California Uniform Construction Cost Accounting Commission
c/o State Controllers’ Office
Local Government Policies Section
P.O. Box 942830
Sacramento, CA 94250

RE: County of Ventura
Santa Clara Avenue Storm Drain Installation

Dear Chairperson Hicks and Commissioners:

The Construction Industry Force Account Council (CIFAC) is a non-profit organization that represents various members of the public works construction industry throughout California. We work to ensure compliance with the California Public Contract Code by public entities. Thus, we qualify as an interested party per the California Uniform Construction Cost Accounting Act requirements.

We request that the Commission review the County of Ventura, “Santa Clara Avenue Storm Drain Installation” project. It is our belief that they have exceeded their force account limit, as established in Public Contract Code Section 22032 (a). This violation occurred due to the Road Commissioner’s failure to publicly declare that this work was to be performed by force account prior to commencing work. This is a requirement under PCC 22031 (e).

Here is the sequence of events:

• On April 20, 2015, CIFAC received a report, and photographs, of County of Ventura crews building a new culvert along Santa Clara Avenue at Eucalyptus Drive. It appears that the work began on April 15th with the installation of K-rail.
• Bacon spoke to Raul Gallo, Road Maintenance Engineering Manager, on April 20, 2015, and he confirmed the work in progress by county forces and said the work would take eight (8) weeks.
• Bacon contacted the County of Ventura again on April 21, 2015, and inquired if there was a Declaration of Intent to Perform Road Work for this project under Road Commissioner authority. The Management Assistant, PWA Transportation Dept., searched and could not locate the document.
• Bacon contacted them again on April 21, 2015 asking for the copy of the Declaration and was told by the Management Assistant, PWA Transportation Dept., it is “awaiting signature”.
• When Bacon spoke to Raul Gallo, Road Maintenance Engineering Manager, on April 22, 2015 he said “I don’t care” talk to my boss and his intent is to continue the work.
• On April 22, 2015, David Fleisch Transportation Department Director, had a conversation with Bacon stating possibilities of why the work was not declared. Bacon suggested an informal bid process (or formal, if over $175,000) could be used for the work to be in compliance with CUCCAA.
• On April 26, 2015, David Fleisch, Transportation Department Director, said they pulled off the project and they are going to continue the work as noted on the Declaration of Intent to Perform Work that was dated on April 20, 2015. He admitted it was after the work began and he also stated “but they have now remedied it.”
County of Ventura
Santa Clara Avenue Storm Drain Installation-Formal Complaint
Page 2

- The Declaration of Intent to Perform Road Work was “dated” April 20, 2015, and actually “signed” on April 21, 2015, after the work started on April 15, 2015.
- The County of Ventura, Declaration of Intent to Perform Road Work states “the following work is currently scheduled to begin May 4, 2015, on Santa Clara Avenue.
- On May 1, a report from the field listed K-rail and traffic control signs, service tanks, active stock piles of materials remained at the site and noted it looked like a project in progress. This work began on April 15, 2015, and was confirmed by a representative of the County as “in progress” on April 20, 2015.
- The Construction Costs noted on the Declaration is in the amount of $160,000 which is above the force account limit of $45,000.

It is our opinion that the County has not met the requirement of publicly declaring the work prior to the commencement, that they are thus by their own records in violation of their $45,000 force account threshold. The intent of the Act and its requirements are to allow for equitable accounting and for transparency to the industry and the general public.

We have attached the County of Ventura, Declaration of Intent to Perform Road Work, dated April 20, 2015, and photographs that were received by Bacon on April 20, 2015 of the work already in progress. Please note the “Eucalyptus Drive” sign as it is mentioned in the Limits on the Declaration. We have also attached a copy of the complaint to the County of Ventura, sent via certified mail as required. Please feel free to contact me (800) 755-3354 or Shari Bacon, Southern Region Field Representative (951) 214-9196, should you have any questions. We appreciate the Commission’s attention to this complaint.

Sincerely,

Cathryn Hilliard
Executive Director
Construction Industry Force Account Council (CIFAC)

Attachments: Notice of Formal Complaint to CUCCAC addressed to the County of Ventura
8 photographs of the Santa Clara Avenue Storm Drain Installation received on April 20, 2015
County of Ventura, Declaration of Intent to Perform Road Work, dated April 20, 2015
August 31, 2015

George Hicks, Chair  
California Uniform Construction Cost Accounting Commission  
c/o State Controller’s Office  
Local Government Policies Section  
P.O. Box 942850  
Sacramento, CA 94520

SUBJECT CONSTRUCTION INDUSTRY FORCE ACCOUNT COUNCIL  
COMPLAINT REGARDING THE COUNTY OF VENTURA  
SANTA CLARA AVENUE STORM DRAIN INSTALLATION

Dear Chairperson Hicks and Commissioners:

This letter is in response to the Construction Industry Force Account Council (CIFAC) complaint of violation by the County of Ventura Public Works Agency (PWA) of the California Uniform Construction Cost Accounting Act (CUCAA) dated August 18, 2015 and agendized for your September 9, 2015 meeting.

The project in question is the Santa Clara Avenue Storm Drain Installation. This is work in preparation for a federally funded bicycle and pedestrian project expected to be out to bid in June, 2016. The storm drain installation replaced an existing open drainage ditch to easier facilitate the construction of the bicycle lanes, and was not included in the funded scope of the Highway Safety Improvement Funded project. Further, we wanted to complete these drainage modifications prior to the expected weather for the 2015/16 winter season. The work was within the capabilities of the Public Works Agency Transportation Department (PWATD).

In July, 2014, the PWATD Director, David Fleisch, worked with the County of Ventura County Counsel’s office to ensure that the PWATD declaration of intent procedure was in accordance with the CUCAA. At this time, several projects were noticed. Projects noticed can be found at: http://pwa.ventura.org/transportation-department/transportation-active-projects. This project was originally scheduled on the notice list dated July 21, 2014 by the PWATD Operations and Maintenance Division Manager Mr. Raul Gallo, but was removed by Mr. Fleisch because it was not planned to begin until 6 months after the other projects. Another notice was posted on April 14, 2015, the day before this project was to begin, which is when the project should have been noticed. However, it was in inadvertently left off the declaration.

Work began on Wednesday April 15, 2015 with 148 labor hours expended to mobilize, and install K-rail and other traffic-control devices. No work was completed Thursday or...
Friday. On Monday, April 20, 2015, the crew was on site to begin work. As stated in the complaint, Mr. Gallo was contacted by Ms. Shari Bacon from CIFAC regarding the project, informing him that it had not been noticed. Mr. Gallo consulted with Mr. Fleisch, and it was determined that the project had in fact not been noticed, although at the time the project began, they both thought it had been. Mr. Fleisch directed that the project be stopped until appropriate options and remedies could be considered. The crew was pulled from the site and no work was done (except one person out on the site on April 21 to review materials at the site and ensure the site was safe and organized) until May 5, 2015.

Between April 20 and April 24, Mr. Fleisch spoke with Ms. Bacon and received her input regarding CIFAC’s concerns and desires and consulted with the County Counsel’s office to request research on legal requirements and remedies. Also, Mr. Fleisch had a Declaration of Intent to Perform Work for this project prepared and signed by the PWA Director/Road Commissioner Jeff Pratt. It was e-mailed to Ms. Bacon on April 21, 2015 at 3:17 pm and posted on April 21, 2015 at 3:55 pm. Upon completion of the review with County Counsel, a determination was made that no specific remedy is required if a declaration of intent is not noticed properly. With this in mind, on Monday, April 27, Mr. Fleisch contacted Ms. Bacon and informed her that the County would commence work again on the project the week of May 4, 2015, having now properly noticed the project.

There were 238 labor hours expended (mobilization, installation of K-rails and traffic-control devices, and material preparation) on April 15 and 20, and 10 hours expended on April 21 to review materials at the site and ensure the site was safe and organized. No other work was performed until the project was restarted on May 5, 2015. The cost for the effort expended between April 15 and April 21 was $19,951.37, which includes labor, heavy equipment, and miscellaneous equipment rentals. This is less than the $45,000 limit. Once properly noticed, the project was restarted and completed on August 5, 2015.

The County of Ventura Public Works Agency takes its responsibilities seriously regarding compliance with all local, state, and federal laws and regulations. Attached is the PWATD internal process which was reviewed and updated after this incident to ensure appropriate declarations are completed and posted prior to work being performed.

Sincerely,

Jeff Pratt
Director

cc: Michael Powers, CEO

Attachment: PWATD internal declaration process
## TRANSPORTATION DEPARTMENT

**Effective:** 08-25-15  
**Revised:** 08-25-15  
**Drafted:** 04-14-2015

### Description of Process

<table>
<thead>
<tr>
<th>Step</th>
<th>Responsible Party</th>
<th>Description</th>
</tr>
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</table>
| 1    | Engineering Manager – Operations & Maintenance | Initiates the draft Notice of Intent to Perform Work utilizing the appropriate template: Declaration of Intent to Perform Road Work.  
- Public projects as defined below listed in the draft are greater than $45,000.  
- Saves a draft of the letter (Word file) as well as any attachments in the appropriate file (see #11 below).  
- Sends OAII/MAIII a hyperlink of the draftDeclaration. |
| 2    | Office Assistant III (SOY)/Management Assistant III | 1. Receives hyperlink of the draft from the Originator. Turn tracking on, proof, and make any changes that are necessary to draft. Add in dates construction will begin for each project if available.  
2. Send back to Originator via hyperlink to review changes. |
| 3    | Engineering Manager – Operations & Maintenance | Reviews draft, inserts dates for construction if not already given; either accepts or makes other changes. Sends back to OAII/MAIII via hyperlink for finalization. |
| 4    | OA III (SOY)/MA III | OAII/MAIII sends hyperlink of Declaration to PWATD Director for review. |
| 5    | PWATD Director | Approves for signature by PWA Director. |
| 6    | MA III | Prints out Declaration and sends to PWA Director (Jeff Pratt/via Clerical Services Manager Glenn Inouye) for signature. |
| 7    | PWA Director | Signs and returns to MA III (via Glenn Inouye) |
| 8    | MA III | Scans signed hard copy of Declaration and saves to appropriate file. |
| 9    | MA III | Posts on the PWATD website:  
- Send Agnes Kish (Engineering Technician IV) a link to the scanned Declaration for posting to website  
- Post for at least 5 work days prior to start of new construction and the first day of work  
- Declaration is moved to website archives after first day of work starts |
| 10   | MA III | Posts signed hard copy of Declaration in the Hall of Administration Bulletin Board Glass Case in the main entryway:  
- Gets keys from CSD OA IV (CJ Farrar) for outside bulletin board  
- Post for at least 5 work days prior to start of new construction and through the first day of work |
| 11   | | Save the final, signed letter as a PDF on T drive under the specific road file. See T:\Roads - Areas - Cities\Roads  
If more than one road is on the notice, save to the road with largest dollar amount associated with the construction being performed. |
For the definition of public projects and construction, see below (in addition to the AB720/PCC language), which is extracted from the California Uniform Construction Cost Account Commission Manual (http://www.sco.ca.gov/files-ard-local/cuccac_cuccac_man.pdf)

22002 Definitions
(a) “Public agency” for purposes of this chapter, means a city, county, city and county, including chartered cities and chartered counties, any special district, and any other agency of the state for the local performance of governmental or proprietary functions within limited boundaries. “Public agency” also includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.
(b) “Representatives of the construction industry” for purposes of this chapter, means a general contractor, subcontractor, or labor representative with experience in the field of public works construction.
(c) “Public project” means any of the following:
(1) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
(2) Painting or repainting of any publicly owned, leased, or operated facility.
(3) In the case of a publicly owned utility system, “public project” shall include only the construction, erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.
(d) “Public project” does not include maintenance work. For purposes of this section, “maintenance work” includes all of the following:
(1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
(2) Minor repainting.
(3) Resurfacing of streets and highways at less than one inch.
September 9, 2015

Mr. Jeff Pratt  
Director of Public Works  
Ventura County  
800 S. Victoria Avenue  
Ventura, CA 93009

RE: Commission Findings Regarding Complaint Review

Dear Mr. Pratt:

On September 9, 2015, the California Uniform Construction Cost Accounting Commission (Commission) held a hearing to review a complaint filed by the Commission by the Construction Industry Force Account Council (CIFAC) against the County of Ventura regarding the Santa Clara Avenue Storm Drain Installation Project (Project). In their complaint, CIFAC alleged that the County of Ventura violated section 22031(c) of the Public Contract Code by failing to publicly declare your intention to use the alternative procedures allowed by PCC 22031 prior to the start of construction on the Project.

After deliberation of the written evidence and oral testimony provided by Mr. David Fleisch of your staff, the Commission determined that Ventura County did violate the Uniform Public Construction Cost Accounting Act (Act) by failing to publicly declare your intention to use the County Road Commissioner exemption for new construction allowed by PCC 22031 prior to commencing work. According to our records, this is the first violation of the Act by Ventura County within the past ten-year period.

Pursuant to PCC section 22044(b), the County of Ventura “...shall present the Commission’s findings to its governing body and that governing body shall conduct a public hearing with regard to the Commission’s findings within 30 days of receipt of the findings” by mail. A copy of this letter shall be made part of the record transmitted to the governing body in support of the public hearing.

Upon conclusion of the public hearing on this matter, please submit a copy of the County of Ventura governing board’s meeting minutes by mail to:

California Uniform Construction Cost Accounting Commission  
c/o State Controller’s Office  
Division of Accounting and Reporting  
Local Government Policy Section  
P.O. Box 942850  
Sacramento, California 94250
I would like to thank you and Mr. Fleisch for your cooperation and professionalism in responding to the Commission regarding this matter. The Commission was extremely impressed with the written procedures prepared by your staff to be used to prevent a similar noticing oversight from occurring in the future. With Mr. Fleisch's permission, the Commission will use these procedures as recommendations for other agencies to utilize to help ensure notice is published prior to commencement of work on county road commissioner work in other jurisdictions.

If you have any questions regarding this matter, please contact me at (707) 428-7493.

Sincerely,

GEORGE HICKS, Chair

cc: Mr. Jeff Pratt (via email)
Mr. David Fleisch (via email)
Anita Dagan, State Controller's Office (via email)
Linda Clifford, Vice Chair (via email)
September 21, 2015

California Uniform Construction Cost
Accounting Commission
State Controller’s Office
Division of Accounting and Reporting
Local Government Policy Section
Post Office Box 942850
Sacramento, California 94250

Re: Commission Findings Regarding Complaint by Construction Industry Force Account Council (CIFAC) Against the County of Ventura

Dear Commissioners:

Your Commission’s findings regarding CIFAC’s complaint, as described in your September 9, 2015, letter to Jeff Pratt, are unauthorized by law and exceed your Commission’s jurisdiction. The County of Ventura therefore requests that you withdraw your September 9, 2015, letter and enter new findings against CIFAC.

A. SUMMARY OF FACTS

On April 20, 2015, CIFAC first complained to the County about force account work that had begun on Santa Clara Avenue without the County’s having posted a public declaration as required by Public Contract Code section 22031, subdivision (g).1 (CIFAC complaint, August 18, 2015, p. 1.) CIFAC then spoke with County representatives about

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1 All further undesignated statutory references will be to the Public Contract Code.
California Uniform Construction Cost
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Page 2

this issue on multiple occasions on April 21 and April 22, 2015. (Ibid.) The County
stopped work on this project, posted the required declaration, and resumed work. (Ibid.)

CIFAC then waited approximately four months, until August 18, 2015, before it
requested your Commission to review the matter. (CIFAC complaint, p. 1.) In its request
for review, CIFAC made a single claim, asserting that the County had violated
section 22031, subdivision (e):

"it is our belief that they have exceeded their force account limit, as
established in Public Contract Code Section 22032(a). This violation
occurred due to the Road Commissioner’s failure to publicly declare that
this work was to be performed by force account prior to commencing work.
This is a requirement under PCC 22031(e). [Sic.]" (Ibid., emphasis
removed.)

Your Commission found that the County “did violate the Uniform Public
Construction Cost Accounting Act (Act) by failing to publicly declare your intention to
use the County Road Commissioner exemption for new construction allowed by PCC
22031 prior to commencing work.” (Commission letter, September 9, 2015, p. 1.) Your
Commission’s September 9 letter does not explain how a failure to post a public
declaration constitutes one of the three permissible grounds for review under
section 22042.

Your Commission directed the County to present the September 9 findings to the
County’s Board of Supervisors within 30 days, citing section 22044, subdivision (b). But
the September 9 letter does not explain how a failure to post a public declaration is
subject to any of the requirements in section 22044, subdivision (b).

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2) The County assumes that CIFAC intended to cite section 22031, subdivision (g),
instead of subdivision (e). Subdivision (e) contains no public declaration requirement
and applies only to a county with a population below 50,000. Ventura County, in fact,
has a population approximately 17 times that figure. (Census Bureau, 2014 estimated
population: 846,178. See http://quickfacts.census.gov/qfd/states/06/Q6111.html, as of
September 16, 2015.)
B. YOUR COMMISSION’S THREE ERRORS

In receiving CIFAC’s complaint and issuing its findings, your Commission has committed three serious legal errors that may be corrected only by withdrawing your September 9 letter and replacing it with findings against CIFAC.

1. CIFAC Violated the Eight-Day Deadline in Section 22043

CIFAC’s letter requesting your Commission review this matter was nearly four months late. Once CIFAC complained to the County about the failure to publicly declare, CIFAC had eight days to request review by your Commission. (§ 22043, subd. (b).) CIFAC first complained to the County on April 20, 2015, and discussed the matter with County personnel as late as April 22, 2015. (CIFAC complaint, p. 1.) Giving CIFAC the benefit of the doubt, CIFAC then had until April 30—eight days after April 22—to request review by your Commission. (§ 22043, subd. (b).) But CIFAC, without explanation or excuse, waited until August 18, 2015, to request review by your Commission. (CIFAC complaint, p. 1.)

CIFAC violated the Act’s simple eight-day deadline, and by doing so deprived your Commission of jurisdiction over CIFAC’s complaint. CIFAC’s failure to comply with the statutory limitations period is fatal. A violation of the statute of limitations deprives an administrative body of jurisdiction and requires dismissal of the complaint. (Coachella Valley Mosquito and Vector Control Dist. v. California Public Employment Relations Bd. (2005) 35 Cal.4th 1072, 1082 [expiration of limitation period deprives board of authority to act].) The purposes of limitations statutes are to ensure complainants do not sit idly on their rights and to protect defending parties from having to contest stale claims. (Jolly v. Eli Lilly & Co. (1988) 44 Cal.3d 1103, 1112.) It is obvious, from other provisions in the Act, that a four-month delay is unreasonable. For example, under section 22044, when the Commission finds that an agency has improperly rejected all bids and concluded that work can be done less expensively with its own forces, the Commission must require the agency to either abandon the project or award the project to the lowest bidder. (§ 22044, subd. (a).) The eight-day limitations period in section 22043 thus serves to ensure public agency projects are not unduly delayed. Even on the claim alleged here, the remedy is for the agency to conduct a public hearing within 30 days; there is no excuse for CIFAC to have waited nearly four months before bringing this matter to your Commission. (§ 22044, subd. (b).)
CIFAC will likely claim that the eight-day period only began to run when it submitted its August 18, 2015, letter to the County, but this claim does not withstand scrutiny. The Act says the eight-day period begins to run when “an interested party formally complains to the public agency.” (§ 22043.) CIFAC “formally complained” to the County in April, when it spoke to County officials, notified them of the public declaration requirement, requested a copy of the declaration, and claimed that the contract needed to be put out to informal bid. (CIFAC complaint, p. 1.) The Act does not define its term, “formally complaints,” but under any reasonable definition, CIFAC’s detailed April complaints would qualify as “formal.” They were “formal” enough to cause the County to halt work and remedy the error. The Act does not require a complaint to be in writing to be “formal,” and there is no question that CIFAC was making an actual complaint based on its understanding of statutory requirements. It would be strange indeed if the Act allowed an interested party to make the sorts of detailed complaints that CIFAC made in April but required no action by the public agency until CIFAC, months later, managed to put them in writing. CIFAC’s delay defeats the purpose of the Act, which includes enforcement of accounting standards. (§ 22001.) A four-month delay, in light of the public’s need for public works projects to be completed in a timely fashion, is unreasonable. CIFAC’s April 20, 21, and 22, 2015, complaints to the County were formal, and the eight-day limitations period began then.

In sum, your Commission had no authority to review this matter after the April 30, 2015, deadline had passed, and your doing so was beyond your Commission’s jurisdiction and therefore a void act.

2. Your Commission Has Exercised a Power It Does Not Have

Even leaving aside CIFAC’s violation of the eight-day deadline, your Commission does not have the power to review every violation of the Act. The Act gives your Commission the power to review only three types of cases: (1) when the agency has rejected all bids and claimed the work can be done less expensively with its own forces; (2) where an entity exceeded its force account limits; and (3) where the work has been improperly classified as maintenance. Yet your Commission took it upon itself to review this matter, even though none of these three things had occurred. Your Commission had no power to do so.

Your Commission, like all administrative bodies, has only the power that is granted to it by the Legislature. Where the Legislature has created an administrative body
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September 21, 2015
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and given it power to act, that power is strictly limited by the creating legislation. (Ferdig v. State Personnel Bd. (1969) 71 Cal.2d 96, 103 [administrative agencies have only those powers conferred on them].) An administrative agency has no inherent power to act, but instead may exercise only those powers conferred by the Legislature. (Security Nat. Guar., Inc. v. California Coastal Comm’n (2008) 159 Cal.App.4th 402, 419.) Any act by an administrative body that exceeds the powers granted to it is unlawful and void. (Ferdig v. State Personnel Bd., supra, 71 Cal.2d at p. 104.)

Nowhere in the Act has the Legislature given your Commission the power to review violations of section 22031, subdivision (g). And none of the three cases described in section 22042 applies to the County in this case.

CIFAC claimed only that the County exceeded its force account limits, invoking your Commission’s authority to review the case under section 22042, subdivision (b), but this is impossible. (CIFAC complaint, p. 1.) Section 22042, subdivision (b), does not apply here. The County’s project was not undertaken using any of the procedures in the Act. The County, in fact, exercised its authority to proceed outside the Act, using the procedures in Article 25 of the Public Contract Code. This is explicitly allowed by section 22031, subdivision (b), and is the only action for which a public declaration is required under subdivision (g) of that same section. The Act’s only limitation on work performed under Article 25 is that “the total value of the new road construction and the road reconstruction . . . during a fiscal year does not exceed 30 percent of the total value of all work performed by force account . . . ,” but there is no evidence to show that—and the County has not—exceeded this limit. (§ 22031, subd. (b)(2).) The County, in other words, was not subject to the $45,000 limit imposed by the Act. (§ 22032, subd. (a).)

CIFAC has attempted to bootstrap this case into your Commission’s jurisdiction by claiming that a failure to declare under section 22031, subdivision (g), is the same as exceeding force account limits under section 22032, subdivision (a). Again, this is impossible: the force account limits in the Act did not apply to this project.

Thus, even though the County concedes that its posting of the public declaration did not comply with the literal terms of section 22031, subdivision (g), that noncompliance is outside your Commission’s purview. That the Legislature saw fit to give your Commission some authority under the Act does not mean your Commission has authority to address all violations of the Act. (Security Nat. Guar., Inc. v. California Coastal Comm’n, supra, 159 Cal.App.4th at p. 419 [“that an agency has been granted some
authority to act within a given area does not mean that it enjoys plenary authority to act in that area”). Your commission’s authority is limited to review of only the three types of cases listed in section 22042.

The Legislature, just this year, has made this limitation doubly clear. Senate Bill 184, recently signed by the Governor and effective as of January 1, 2016, adds to the Act a fourth type of case that your Commission may review: where “the public agency is not in compliance with Section 22034.” (Sen. Bill 184 (2015-2016 Reg. Sess.) § 32.) This addition illustrates the Legislature’s intent to allow your Commission to review only those cases listed in section 22042. If your Commission had the authority to enforce all provisions of the Act, this addition would have been unnecessary. Until the Legislature explicitly authorizes your Commission to enforce section 22031, subdivision (g), your Commission’s authority is limited to the three types of cases listed in section 22042 (and, as of next year, in the new section 22042.5). The County’s case, being none of these, is beyond your Commission’s authority to enforce.

Therefore, your Commission has exceeded its authority under the Act, and your review of CIFAC’s complaint is unlawful and void.

3. Your Commission Has No Power to Impose a “Strike” Against the County

Because your Commission’s review of this matter was beyond the powers granted by the Act, your Commission has no authority either to demand the County notify its Board of Supervisors or to find that the County has suffered one of the three “strikes” the Act imposes on violators. As discussed above, your Commission lacked jurisdiction over this matter, both because CIFAC violated the eight-day deadline and because the County’s violation of section 22031, subdivision (g), is not within your Commission’s power to review. Your Commission therefore had no power to impose the remedies described by the Act. Where an administrative body has acted beyond its authority, any remedy ordered by that body is void. (Ferdig v. State Personnel Bd., supra, 71 Cal.2d at p. 104.) A court will refuse to enforce your Commission’s void act and may in fact nullify or rescind it. (Aylward v. State Bd. of Chiropractic Examiners (1948) 31 Cal.2d 833, 839; Department of Parks & Recreation v. State Personnel Bd. (1991) 233 Cal.App.3d 813, 824.) An administrative agency that acts in excess of its jurisdiction is subject to a writ of mandate. (Code Civ. Proc., § 1094.5, subd. (b) [writ of mandate extends to question whether agency has proceeded in excess of jurisdiction].)
C. THE COUNTY’S CLAIMS ARE NOT WAIVED

Although the County is raising the above claims for the first time only after your Commission heard this matter, the County’s claims are not waived, for the simple reason that your Commission’s unauthorized acts are not waivable. When a body acts outside of its subject-matter jurisdiction, or exercises authority it does not have, that error is never waived. (Young v. City of Los Angeles (1927) 86 Cal.App. 13, 17 [lack of subject-matter jurisdiction cannot be waived, and failure to object cannot confer subject-matter jurisdiction]; Department of Parks & Recreation v. State Personnel Bd., supra, 233 Cal.App.3d at p. 824 [acts in excess of jurisdiction are void and unenforceable].) Indeed, it is precisely this principle that enables your Commission to revisit this matter, even after having ruled on it. Ordinarily your Commission would have no authority to re-examine its prior order. (Heap v. City of Los Angeles (1936) 6 Cal.2d 405, 407 [commission had no jurisdiction, after hearing matter, to retry it and enter different finding].) But here, where your action is void and unenforceable, the rule points the other way:

“Implicit in the cases denying a board’s power to review or re-examine a question, however, is the qualification that the board must have acted within its jurisdiction and within the powers conferred on it. Where a board’s order is not based upon a determination of fact, but upon an erroneous conclusion of law, and is without the board’s authority, the order is clearly void and hence subject to collateral attack, and there is no good reason for holding the order binding on the board.” (Aylward v. State Bd. of Chiropractic Examiners, supra, 31 Cal.2d at p. 839, emphasis added.)

The County has not waived its claims in this case.

Because your Commission’s powers do not extend to enforcing the public-declaration provision in section 22031, subdivision (g), your Commission’s attempt to enforce that provision against the County must be vacated. Therefore, the County requests that your Commission withdraw its September 9, 2015, letter and issue a new letter finding that CIFAC’s complaint was late and unfounded and that the County has not, as alleged, violated any portion of the Act subject to your Commission’s review.
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Page 8

If your Commission is unable to grant the County’s request without a hearing, the County requests this matter be placed on your Commission’s agenda at the soonest convenient time to consider the claims made in this letter.

Very truly yours,

THOMAS W. TEMPLE
Assistant County Counsel

TWT:sg

cc: Jeff Pratt, Director, Public Works Agency
Construction Industry Force Account Council
September 24, 2015

California Uniform Construction Cost Accounting Commission
State Controller’s Office
Division of Accounting and Reporting
Local Government Policy Section
P.O. Box 942850
Sacramento, CA 94250

RE: COMMISSION FINDINGS REGARDING COMPLAINT BY CONSTRUCTION INDUSTRY FORCE ACCOUNT COUNCIL (CIFAC) AGAINST THE COUNTY OF VENTURA

Dear Commissioners:

Your Commission’s findings regarding CIFAC’s complaint, as described in your September 9, 2015, letter to me have been addressed by our County Counsel in a letter to you dated September 21, 2015.

No further action is anticipated by the Ventura County Public Works Agency.

Cordially,

Jeff Pratt
Director
Public Works Agency

ec: Tom Temple, County Counsel
Process for Changing Bidding Limitations

Within the CUCAC Construction Cost Accounting Policies and Procedures Manual and the CUCAC Frequently Asked Questions (FAQs), it has been noted that code dictates the Commission has the authority to recommend adjustments to the bidding limits to the Controller. The Controller would then send notification of the adjustment to the participating agencies, and the adjustment will take effect not less than 60 days following the notification.

The following codes are within Chapter 2 of Part 3 of Division 2 of the Public Contract Code (PCC), also known as the Uniform Public Construction Cost Accounting Act (the Act, PCC 22000-22045), support this process:

Notification by the Controller to Participating Agencies

22001.5. On or before January 1, 2009, the Controller shall send a notice to all public agencies describing the provisions of this chapter and the benefits of using its provisions. This notice shall also be included in any notification issued by the Controller pursuant to Section 22020.

CUCCAC and the Controller’s Authority to Change Bidding Limits before Legislation

22020. In accordance with procedures and standards adopted pursuant to Section 22017, every five years the commission shall consider whether there have been material changes in public construction costs and make recommendations to the Controller regarding adjustments in the monetary limits prescribed by Section 22032, but in no case shall the amount, as adjusted, be less than fifteen thousand dollars ($15,000). Any adjustment shall be effective beginning with the fiscal year which commences not less than 60 days following the Controller’s notification to all public agencies of the adjustment. That notification shall also describe the provisions of this chapter and the benefits of using its provisions.

CUCCAC “Shall” Recommend Adjustment to the Monetary Limits of PCC 22032

22017. The commission shall do all of the following:

(a) After due deliberation and study, recommend for adoption by the Controller, uniform construction cost accounting procedures for implementation by public agencies in the performance of, or in contracting for, construction on public projects. The procedures shall, to the extent deemed feasible and practicable by the commission, incorporate, or be consistent with construction cost accounting procedures and reporting requirements utilized by state and federal agencies on public projects, and be uniformly applicable to all public agencies which elect to utilize the uniform procedures. As part of its deliberations and review, the commission shall take into consideration relevant provisions of Office of Management and Budget Circular A-76.
(b) After due deliberation and study, recommend for adoption by the Controller cost accounting procedures designed especially for implementation by California cities with a population of less than 75,000. The procedures shall incorporate cost accounting and reporting requirements deemed practicable and applicable to all cities under 75,000 population which elect to utilize the uniform procedures. For purposes of these cost accounting procedures, the following shall apply:

(1) Cities with a population of less than 75,000 shall assume an overhead rate equal to 20 percent of the total costs of a public project, including the costs of material, equipment, and labor.

(2) Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate equal to 30 percent of the total costs of a public project, including the costs of material, equipment, and labor.

(c) Recommend for adoption by the Controller, procedures and standards for the periodic evaluation and adjustment, as necessary, of the monetary limits specified in Section 22032.

(d) The commission shall make an annual report to the Legislature with respect to its activities and operations, together with those recommendations as it deems necessary.

**Bidding Limitation Amounts**

22032.

(a) Public projects of forty-five thousand dollars ($45,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of one hundred seventy-five thousand dollars ($175,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than one hundred seventy-five thousand dollars ($175,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.

In **AB 720** of the 2011-2012 Legislative session, PCC 22032 was amended to increase the bidding limits from previous limits outlined in as follows:

<table>
<thead>
<tr>
<th>Subsection</th>
<th>From</th>
<th>To</th>
<th>Change in Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>22032 (a)</td>
<td>$30,000</td>
<td>$45,000</td>
<td>$15,000 increase</td>
</tr>
<tr>
<td>22032 (b)</td>
<td>$125,000 and less</td>
<td>$175,000 and less</td>
<td>$50,000 increase</td>
</tr>
<tr>
<td>22032 (c)</td>
<td>More than $125,000</td>
<td>More than $175,000</td>
<td>$50,000 increase</td>
</tr>
</tbody>
</table>
22032. (a) Public projects of forty-five thousand dollars ($45,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of one hundred seventy-five thousand dollars ($175,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than one hundred seventy-five thousand dollars ($175,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.

(Amended by Stats. 2011, Ch. 683, Sec. 2. Effective January 1, 2012.)

Law As Amended:

(a) Public projects of forty-five thousand dollars ($45,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of one hundred twenty-five thousand dollars ($125,000) ($175,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than one hundred twenty-five thousand dollars ($125,000) ($175,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.