

Legislation & Communications Committee



Seek legislation to increase the local agency dollar threshold for public works construction contracts

Item 7-6

November 19, 2024

Subject

Bill proposal to amend public works bidding threshold for Metropolitan

Purpose

Board authority to seek legislation

Recommendation & Fiscal Impact

Authorize possible sponsorship of legislation; if successful, potential cost savings of up to \$50,000 per public works construction contract under the \$75,000 threshold

Background

General Definition of Public Works

- Construction, alteration, demolition, installation, or repair work; completed under contract and paid with public funds (in part or whole)
- Includes some maintenance and/or inspection activities
- Bidding threshold varies by agency

Public Works Bidding for Metropolitan

- Established in 1984
- Set minimum threshold at \$25,000

Background

1984 Statute & Inflationary Trends

- Per CPI and indices

Public Works Solicitations since 2020

- 25 public works solicitations under \$75K
- Staff & consultant cost ranges from \$25K-\$50K for preparation of specifications

Benefits of Increasing Threshold

- Update statute to reflect inflationary impacts
- Overall cost and time savings

Examples of Local Agency Thresholds

Agency	Threshold
Castaic Lake Water Agency	\$30,000
Orange County Water District	\$40,000
Inland Empire Utilities Agency	\$35,000
Santa Clara Valley Water District	\$50,000
San Francisco BART	\$150,000

Recent Minor Construction Contract Examples

Specification	Project Title	Contract Cost (A)	Staff Cost (B)	Ratio (B/A)
M-3025 (2019)	Gene Airport Fencing Repair and Replacement	\$34,619	\$19,000	55%
M-3041 (2020)	F.E. Weymouth Water Treatment Plant Sedalia Property Grading and Drainage Improvements	\$38,000	\$20,075	53%
M-3063 (2023)	Iron Mountain Pumping Plant Operation and Maintenance Building Demolition and Abatement	\$34,000	\$25,450	72%
M-3078 (2024)	Hinds Pumping Plant Elevator Hydraulic Power Unit Replacement	\$42,211	\$13,700	32%

Options for Board Action

- Option #1
Authorize the General Manager to sponsor legislation for Metropolitan to increase the minimum threshold for competitive bidding on public works construction contracts from \$25,000 to \$75,000
- Option #2
Do not authorize the General Manager to sponsor legislation for Metropolitan to increase the minimum threshold for competitive bidding on public works construction contracts from \$25,000 to \$75,000

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Recommendation

Option #1

