

California Uniform Construction Cost Accounting Commission

Minutes of Friday, December 8, 2023

The following minutes are not official and are subject to change until approved by the California Uniform Construction Cost Accounting Commission (Commission) at a subsequent public meeting.

1. Call to Order

Chair John Nunan called the meeting to order at 10:00 a.m.

Commissioners present: John Nunan, Leann Errotabere, Eddie Bernacchi, Will Clemens, Chad Rinde, and Johannes Hoevertsz

Commissioners present via Teleconference: Nathaniel Holt, Chuck Poss, and Jennifer Wakeman

Excused Absences: Jeremy Smith, Mary Teichert, Mike James, Hertz Ramirez, and Peter Worhunsky

State Controller's Office Staff present: Jia Liu, Luis Gonzalez, Anthony Carver, and Alexander Fay

2. Introductions

Mr. Gonzalez from the State Controller's Office (SCO) conducted roll call.

3. Approval of the Minutes

A. Meeting held on September 15, 2023

There were no comments from the Commission or the public.

Commissioner Bernacchi motioned to approve the meeting minutes of September 15, 2023, without any changes. Commissioner Errotabere seconded the motion.

The motion passed unanimously 8-0 on a roll call vote.

Note: Commissioner Hoevertsz joined the meeting after the vote for approval of the minutes.

4. Commission Updates

A. Participating Agencies

Mr. Gonzalez, SCO staff, presented an update on participating agencies, noting that SCO had received 22 resolutions from agencies that opted into the California

Uniform Public Construction Cost Accounting Act (CUPCCAA) since the previous meeting. The 22 new participating agencies include 3 cities, 13 school districts, 5 special districts, and 1 county. The number of agencies participating in CUPCCAA, including newly opted-in agencies, currently totals 1,585.

There were no further questions or public comments.

B. Funding Update

Mr. Gonzalez reported that one grant has been received since the last meeting. The California Construction Advancement Program donated a total of \$625.00. There were five travel expenses totaling \$1,633.52. A total of \$16,367.06 is available for unrestricted funds and travel reimbursement for the Commission to use.

C. Inquiry Update

Mr. Gonzalez presented a report on inquiries received since the last meeting. He stated that SCO received 17 following the meeting held on September 15th.

5. Public Comments

Chair Nunan asked if there were any comments from the public.

There were no comments from the public at this time.

6. Staff Comments/Requests

A. SCO Staff Update

Mr. Gonzalez introduced Anthony Carver as a new policy analyst in the SCO Local Government Policy Unit.

B. Form 700

Mr. Gonzalez stated that he will be sending out reminders for commissioners to complete their Form 700's early next year.

Chair Nunan asked if they are up to date on the Ethics Course and Mr. Gonzalez confirmed they are up to date.

C. Appointment & Reappointment Updates

Mr. Gonzalez noted that the reappointment for Commissioner Ramirez and Commissioner Poss have been submitted and notices will be sent out once there is a response.

Commissioner Clemens announced he will be retiring on December 30th and is willing to remain in position until his term ends. Vice-Chair Errotabere and Chair Nunan asked that Commissioner Clemens stay on until his term ends.

7. Reports of Officers

A. Chair

Chair Nunan stated the next meeting will be held at the State Controller's Office C Street location.

B. Vice-Chair

Vice-Chair Errotabere shared that she was reached out to by 5 different school districts with questions about CUPCCAA. She guided them to the State Controller's website FAQ page and provided documents from previous distributions to share with other districts who are opted into CUPCCAA. She participated in a CUPCCAA presentation to a public works contract construction group consisting of school districts and special districts. She also talked about inflation in construction projects significantly increasing using an example from a classroom construction in 2020 as opposed to a similar construction done in 2022.

C. Secretary

Commissioner Holt shared he will be giving a CUPCCAA presentation at the conference held by the California Association of Public Procurement Officials in January.

8. Committee Reports

A. Legislative Update

I. Proposed Changes to CUPCCAA

Commissioner Bernacchi shared that a subcommittee gathered to look at the presented proposal and made a few tweaks to it. A major difference is the creation of a fourth tier to contracting on small projects under CUPCCAA. The proposed new tier would allow for public projects of less than \$100,000 to be performed by negotiated contract or purchase order from the previously proposed force limit of \$70,000. This new tier would separate the limit for public projects to be performed by force account and the limit for projects contracted by negotiated contract or by purchase order. He mentioned an alteration made to the first section of Public Contract Code Section 22002 that would allow public-private partnerships to opt in to CUPCCAA.

Commissioner Bernacchi noted the Commission needs to reach out to labor groups, contractor associations, and the public agencies they represent in order to ensure they are comfortable with what is being proposed. Vice-Chair Errotabere stated she can reach out to the California Association of School Business Officials and the Coalition for Adequate School Housing for their support.

Commissioner Bernacchi stated bill reduction requests will be happening in late January through February.

Vice-Chair Errotabere suggested reaching out to participating agencies for their support as well.

Chair Nunan asked if the Construction Industry Force Account Council (CIFAC) would be okay with taking the force account threshold away from the contracting threshold. Michelle Pickens, Executive Director of CIFAC, responded "yes".

Chair Nunan asked for comments from the public regarding what had been discussed. A few members of the public shared their support for the proposed bid limit increases.

Vice-Chair Errotabere noted the bid limit increases are proposed increases and would need to be approved by legislation before they go into effect.

Vice-Chair Errotabere answered a public question regarding inflation affecting bid limit increases and stated the school district bid limits are set by the California Department of Education (CDE), not legislation.

Commissioner Bernacchi stated issues with Cost of Living Adjustments (COLA) have come up in the past regarding there being no specific language for bid limit increases in the public contract code. Commissioner Bernacchi stated that the code gives the Commission the flexibility to increase or decrease the bid limits as appropriate rather than relying on automatic increases in the statute. Vice-Chair Errotabere stated that if the bid limits had been set to incremental increases or COLAs, the bid limits would have taken decades to get to where they needed to be.

The commission took a public question asking when the proposed changes will be on the floor. Commissioner Bernacchi stated the bill would be introduced in February. Chair Nunan stated the earliest the change would go into effect would be January 2025.

Commissioner Rinde asked whether compliance reviews for private entities would come before the Commission, if they were allowed to opt-in to CUPCCAA as proposed. Commissioner Bernacchi stated private entities should be subject to the same compliance review as public entities.

Vice-Chair Errotabere and Chair Nunan responded to a question from the public regarding post bid opportunities and restrictions for work to be performed in house. Chair Nunan stated that, in the example provided, the electrical work is essential to the project and must be bid. He added that the two portions of the project can be bid separately and in the event that no bids

are received then there is a path under CUPCCAA for the work to be performed by force account.

Commissioner Bernacchi answered a question from the Teams chat regarding an increase in informal bidding threshold. He stated threshold increases are around 10% but that modifications to a bill can change that. Vice-Chair Errotabere added that if a bid is above the formal bid threshold, then it can still be approved with board or council approval.

Commissioner Clemens motioned to approve the proposed changes to the California Uniform Public Construction Cost Accounting Act. Motion seconded by Commissioner Hovertsz.

Motion passed unanimously 9-0 on roll call vote.

B. CUCCAC Manual

I. Proposed changes – Legislative updates

Nothing to report.

II. Proposed changes – Non-Legislative updates

Nothing to report.

9. Commissioner Comments/Requests

A. Comments

Commissioner Rinde stated himself, Commissioner Wakeman, and Commissioner James will be presenting on February 1st to the California Society Municipal Finance Officers.

10. Old Business

Nothing to report.

11. New Business

Nothing to report.

12. Next Meeting

The Commission agreed to schedule the next meeting for:

Friday, April 19, 2024
10:00 a.m. – 12:00 p.m.
California State Controller's Office
3301 C Street
Buckeye Meeting Room
Sacramento, CA 95816

13. Adjournment

Chair Nunan motioned to adjourn meeting 10:55 a.m., all in favor with zero opposition.

If you would like more information regarding this meeting, please contact:

State Controller's Office
Local Government Programs and Services Divisions
Local Government Policy Section
LocalGovPolicy@sco.ca.gov