



January 18, 2019

**TO:** Business and Accounting Administrators  
Purchasing and Contract Officers  
Los Angeles County K-12 Schools and Community College Districts

**FROM:** Nkeiruka Benson, Disbursement and Financial Systems Manager  
Accounting and Financial Services  
Division of School Financial Services

**SUBJECT:** COMPETITIVE BID LIMIT INCREASE TO \$92,600

Public Contract Code (PCC) Section 20111(a) for school districts and Section 20651(a) for community college districts, respectively, require district governing boards to competitively bid before awarding any contract involving an expenditure of more than \$50,000 for:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in PCC Section 20115, that are not public projects as defined in PCC Section 22002(c).

The State Superintendent of Public Instruction (SSPI) is required to annually adjust the \$50,000 amount to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services. The inflation amount is rounded to the nearest one hundred dollars (\$100).

Pursuant to the above calculation, effective January 1, 2019, the SSPI has determined that the inflation adjusted bid threshold will increase by \$2,400 from \$90,200 to \$92,600. Shown below are the inflation adjusted bid thresholds for the current and two prior years:

| <u>Calendar Year</u>   | <u>Bid Threshold</u> | <u>Percent Change in Implicit Price Deflator</u> |
|------------------------|----------------------|--|
| January 1, 2017        | \$88,300             | .63%   |
| January 1, 2018        | \$90,200             | 2.20%  |
| <b>January 1, 2019</b> | <b>\$92,600</b>      | <b>3.40%</b>                                     |

The \$15,000 threshold for construction contracts under the PCC remains unchanged. The link to the CDE correspondence is <https://www.cde.ca.gov/fg/ac/co/bidthreshold2019.asp>.

For districts that adopted the CUPCCAA (California Uniform Public Construction Cost Accounting Act), limits have changed as follows:

| Code Section | Requirement   | Limit             |
|--------------|---|-------------------|
| PCC 22032(a) | No bid requirements. May be performed by employees of a public agency | \$60,000 or less  |
| PCC 22032(b) | Informal bid procedures (PCC 22034)                                   | \$200,000 or less |
| PCC 22032(c) | Formal bidding procedure  | Over \$200,000    |

#### **Commercial Claims – Amount Hold**

The amount hold threshold for all districts will automatically be increased to \$92,600 effective January 1, 2019.

Please contact Luz Spanks at (562) 922-6454 or e-mail [Spanks\\_Luz@lacoed.edu](mailto:Spanks_Luz@lacoed.edu) or Amy Honculada at (562) 922-6633 or e-mail [Honculada\\_Amy@lacoed.edu](mailto:Honculada_Amy@lacoed.edu) if you have any questions regarding this bulletin.

Approved:  
Patricia Smith, Executive Director  
Business and Finance

NB:lt  
Attachment

SFS-A40-2018-2019

## CALIFORNIA CODES

### Public Contract Codes

|               |
|---------------|
| Section 20111 |
|---------------|

#### **20111.**

- a) The governing board of any school district, in accordance with any requirement established by that governing board pursuant to subdivision (a) of Section 2000, shall let any contracts involving an expenditure of more than fifty thousand dollars (\$50,000) for any of the following:
- 1) The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.
  - 2) Services, except construction services.
  - 3) Repairs, including maintenance as defined in Section 20115, that are not a public project as defined in subdivision (c) of Section 22002.

The contract shall be let to the lowest responsible bidder who shall give security as the board requires, or else reject all bids.

- b) The governing board shall let any contract for a public project, as defined in subdivision (c) Section 22002, involving an expenditure of fifteen thousand dollars (\$15,000) or more, to the lowest responsible bidder who shall give security as the board requires, or else reject all bids. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:
- 1) Cash.
  - 2) A cashier's check made payable to the school district.
  - 3) A certified check made payable to the school district.
  - 4) A bidder's bond executed by an admitted surety insurer, made payable to the school district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the school district beyond 60 days from the time the award is made.

- c) This section applies to all equipment, materials, or supplies, whether patented or otherwise, and to contracts awarded pursuant to subdivision (a) of Section 2000. This section shall not apply to professional services or advice, insurance services, or any other purchase or service otherwise exempt from this section, or to any work done by day labor or by force account pursuant to Section 20114.
- d) Commencing January 1, 1997, the Superintendent of Public Instruction shall annually adjust the dollar amounts specified in subdivision (a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustments shall be rounded to the nearest one hundred dollars (\$100).

CALIFORNIA CODES

Public Contract Codes

|               |
|---------------|
| Section 20651 |
|---------------|

**20651.**

- a) The governing board of any community college district shall let any contracts involving an expenditure of more than fifty thousand dollars (\$50,000) for any of the following:
- 1) The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.
  - 2) Services, except construction services.
  - 3) Repairs, including maintenance as defined in Section 20656, that are not a public project as defined in subdivision (c) of Section 22002.

The contract shall be let to the lowest responsible bidder who shall give security as the board requires, or else reject all bids.

- b) The governing board shall let any contract for a public project, as defined in subdivision (c) of Section 22002, involving an expenditure of fifteen thousand dollars (\$15,000) or more to the lowest responsible bidder who shall give security as the board requires, or else reject all bids. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:
- 1) Cash.
  - 2) A cashier's check made payable to the community college district.
  - 3) A certified check made payable to the community college district.
  - 4) A bidder's bond executed by an admitted surety insurer, made payable to the community college district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the district beyond 60 days from the time the award is made.

- c) This section applies to all equipment, materials, or supplies, whether patented or otherwise. This section shall not apply to professional services or advice, insurance services, or any other purchase or service otherwise exempt from this section, or to any works done by force account pursuant to Section 20655.
- d) Commencing January 1, 1997, the Board of Governors of the California Community Colleges shall annually adjust the dollar amounts specified in subdivision (a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustments shall be rounded to the nearest one hundred dollars (\$100).