



BUSINESS & FACILITIES

News and Legal Developments in Business,
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AB 846 – Authorizes Job Order Contracting By School Districts And Community College Districts Until January 1, 2027.

Current law authorizes school districts and community college districts to enter into job order contracts until January 1, 2022. AB 846 extends that authorization to January 1, 2027.

Job order contracting is a procedure that allows for the awarding of contracts based on prices for specific construction tasks rather than bids for a specific project. A catalog or book identifies all work that could be performed and the unit prices for each of those tasks. The tasks are based on accepted industry standards and prices include the cost of materials, labor, and equipment for performing the work, but exclude overhead and profit. A contractor will bid an adjustment factor to the pre-set unit prices rather than a total price for the project. The selection of contractors is based on the lowest responsible bidder.

Job order contracting is intended to reduce costs and accelerate completion of smaller projects; it is not generally viewed as an appropriate method of contracting for large, complex construction projects that require extensive or innovative design or are likely to encounter changes and revisions during constructions.

AB 846 also adds a requirement that a contractor awarded a job order contract in excess of \$25,000 must provide the school district or community college district an enforceable commitment that the contractor and all of its subcontractors will use a skilled and trained workforce for all work performed on the contract that involves an apprenticeship occupation in the building and construction trades. This new requirement, however, does not apply if the job order contract is subject to a project labor agreement that already binds the contractor and all subcontractors to use a skilled and trained workforce to perform the job order contract.

(AB 846 amends Sections 20665.23, 20665.33, 20919.23, and 20919.33 of the Public Contract Code.)

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