
CONSENT

Bill No: AB 1658
Author: Kalra (D)
Introduced: 1/29/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 6/10/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

ASSEMBLY FLOOR: 70-2, 5/11/26 - See last page for vote

SUBJECT: Local Agency Public Construction Act: change orders: County of
Los Angeles: County of Santa Clara

SOURCE: Santa Clara County

DIGEST: This bill repeals the sunset date and cap on the number of eligible projects for the Counties of Los Angeles and Santa Clara to use higher change order limits for specified contracts.

ANALYSIS:

Existing law:

- 1) Requires, pursuant to the Local Agency Public Construction Act (LAPC Act), local officials to invite bids for construction projects and then award contracts to the lowest responsible bidder under the traditional design-bid-build project delivery system
- 2) Allows a county board of supervisors or a local governing board to approve change orders in construction contracts by a 4/5 vote,
 - a) A board may delegate authority to a county engineer or other officer, with the limits:
 - i) For contracts up to \$50,000, a change order may not exceed \$5,000.

- ii) For contracts exceeding \$50,000, but not exceeding \$250,000, the change order is limited to 10% of the contract.
 - iii) For contracts over \$250,000, the change order cannot exceed \$25,000, plus 5% of the amount of the original contract cost above \$250,000, with a total cap of \$210,000.
- b) Allows the County of Los Angeles (LA County) and Santa Clara County delegated change order authority limits for specific projects, as specified:
- i) For contracts exceeding \$25 million, increased the delegated change order cap to \$400,000 with an annual Consumer Price Index (CPI) adjustment;
 - ii) For contracts exceeding \$50 million, increased the delegated change order cap to \$750,000, with an annual CPI adjustment;
 - iii) Limits the delegated authority to seven projects;
 - iv) Requires a report to the appropriate Legislative committees; and
 - v) Sunsets January 1, 2027.

This bill:

- 1) Removes the cap on the total number of contracts, which is seven under existing law, for which LA County and Santa Clara County may use higher change order limits.
- 2) Removes a requirement that LA County and Santa Clara County provide reports to the Assembly Local Government Committee and the Senate Governance and Finance Committee if they elect to utilize higher change order limits.
- 3) Removes the sunset date of January 1, 2027, on existing law that authorizes LA County and Santa Clara County to utilize higher change order limits.

Background

County of Los Angeles. The County of Los Angeles (LA County) provides a range of services to its over 10 million residents, including county highways, bridges, subways, water, and flood control. To provide these services, LA County must construct and maintain many kinds of public infrastructure. In 2021, the

Legislature approved AB 712 (Calderon, Chapter 95, Statutes of 2021), which granted LA County an increase in delegated authority limits for specified contracts. AB 712 increased the caps on contracts generally, and for construction contracts on county highways, bridges, and subways, as well as construction by the county's waterworks district and flood control district. Specifically:

- For contracts exceeding \$25 million, AB 712 increased the delegated change order cap to \$400,000 with an annual Consumer Price Index (CPI) adjustment; and
- For contracts exceeding \$50 million, AB 712 increased the delegated change order cap to \$750,000, with an annual CPI adjustment.

AB 712 also provided that if the board of supervisors delegates authority for these change orders, the decision by the county engineer or other county officer is binding on the county, and all existing protest and grievance procedures regarding that decision remain valid. LA County must implement appropriate measures to prevent fraud and ensure accountability for this delegated authority. The bill limited the delegated authority to a total of seven contracts and required the County to provide a report to the appropriate committees if it utilized the provisions of the bill. AB 712 sunsets on January 1, 2027.

According to LA County, it has exercised this authority on five projects. Those projects include: Adventure Park Multi-Benefit Stormwater Capture Project, Pacoima Spreading Grounds Basin Enhancement Project, Harbor-UCLA Medical Center Replacement Program, North Hollywood Health Center, and Los Angeles General Psychiatric Subacute Facility. In its report to the Legislature, LA County states, "Use of this authority has avoided significant administrative costs, reduced exposure to schedule delays, and generated documented cost avoidance exceeding \$40 million, including the prevention of approximately 12 months of delay on the Harbor-UCLA Medical Center Replacement Program."

Santa Clara County. Following the passage of AB 712 in 2021, the Legislature approved AB 1649 (Kalra, 2023), which extended nearly the same authority to Santa Clara County that the Legislature granted to LA County.

According to the report from Santa Clara County, "...the County of Santa Clara has used the higher-level authority on one project and plans to use it on some other existing projects before the existing legislation sunsets. The one project where the authority has been used is the following: The Child & Adolescent Psychiatric Facility/Behavioral Health Services Center... This authority resulted in saving staff time and cost to develop and process items on the Board agenda for three separate

Board actions. In addition, the authority minimized project schedule delays and mitigated extended general conditions costs.” Santa Clara reports the following projects will meet or exceed the change order threshold: Santa Clara Valley Medical Center seismic upgrade, O’Connor Hospital seismic upgrade, and Regional Medical Center Operating Suite Remodel.

Comments

- 1) *According to the author*, “AB 1658 will provide Santa Clara County and Los Angeles County with expedited ability to avoid construction delays in complex projects, such as the replacement of the Harbor-UCLA hospital in Los Angeles County, where the authority has allowed the project to avoid approximately 12 months of delay, or the Behavioral Health Services Center on the campus of Santa Clara Valley Medical Center, where the County has avoided approximately 20 months of delay in constructing an inpatient/outpatient center for child and adolescent psychiatric and behavioral health care.”
- 2) *Ch-Ch-Changes*. AB 712 and AB 1649 (Kalra, Chapter 281, Statutes of 2023) raised the delegated change order limits for Los Angeles and Santa Clara Counties for specified construction and highway projects. According to these counties, this authority has reduced administrative costs and project delays, helping keep projects on schedule. The Legislature originally granted the authority based on the size and complexity of these counties’ public works construction projects. However, other local agencies also manage large and increasingly complex public works projects and may face similar challenges when responding to unforeseen conditions that result in change orders. If higher change order limits improve project delivery and reduce administrative costs, the Legislature may wish to raise the existing statewide threshold to reflect the rising costs of construction.
- 3) *Safeguards*. When LA County previously sought legislative authorization to increase the dollar threshold for change orders, the Legislature approved the ask with several safeguards, including: a limit on the number of projects eligible for the authority, provisions specifying that the county’s protest and grievance processes still apply, a sunset date, and reporting requirements to the appropriate legislative committees if the authority was used. When the Legislature extended the same authority to Santa Clara County, it retained the same safeguards. In the intervening years, there have been no reports of any misdeeds using the higher delegated authority threshold. This bill repeals the sunsets, the project cap, and reporting requirements, but maintains the

requirement that the county's protest and grievance processes apply. This ensures that public dollars continue to be spent appropriately.

- 4) *Special legislation.* The California Constitution prohibits special legislation when a general law can apply (Article IV, §16). This bill contains findings and declarations explaining the need for legislation that applies to the unique need for flexibility given the contract costs of public contracts within Santa Clara and Los Angeles Counties.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/12/26)

County of Santa Clara (Source)
Los Angeles County

OPPOSITION: (Verified 6/12/26)

None received

ASSEMBLY FLOOR: 70-2, 5/11/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Ramos, Ransom, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Tangipa

NO VOTE RECORDED: Arambula, Lowenthal, Patterson, Quirk-Silva, Celeste Rodriguez, Michelle Rodriguez, Solache, Soria

Prepared by: Itzel Vargas / L. GOV. / (916) 651-4119
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