

ASSEMBLY THIRD READING

AB 1786 (Harabedian)

As Amended March 12, 2026

Majority vote

SUMMARY

Expands a pilot program that authorizes counties to use best value contracting to include cities and the San Gabriel Valley Council of Governments (COG), reduce the dollar threshold for eligible projects, and extend the sunset date for an additional 10 years.

Major Provisions

- 1) Expands the types of local agencies that may use best value contracting, pursuant to existing law governing the use of best value for counties, to include cities (including charter cities) and the San Gabriel Valley COG.
- 2) Reduces the dollar threshold for construction projects that are eligible for this authorization, from \$1 million to \$500,000.
- 3) Extends the existing sunset date on this authorization from January 1, 2030, to January 1, 2040.

COMMENTS

Best value contracting has generally been recognized as a viable alternative for construction projects. Traditionally, construction projects were put out to bid and awarded based upon a lowest-cost approach (the lowest bidder). Best value, which is a competitive contracting process, allows projects to be awarded to the contractor offering the best combination of price and qualifications, instead of just the lowest bid. In addition to submitting bids for project cost, prospective contractors also submit technical proposals. The technical proposals are evaluated based on objective criteria and scores are compiled. The scores are then used to weigh or adjust the submitted bid price. The contract is awarded to the contractor that represents the best value to the contracting agency.

SB 762 (Wolk), Chapter 627, Statutes of 2015, established a pilot program until January 1, 2020, that allowed the counties of Alameda, Los Angeles, Riverside, San Bernardino, San Diego, Solano, and Yuba to award contracts for construction projects in excess of \$1 million to the bidder representing the best value. Participating counties must satisfy a number of requirements in order to use this authority, including:

- 1) Adopting and publishing procedures and required criteria that ensure all selections are conducted in a fair and impartial manner.
- 2) Evaluating at a public meeting the alternative of awarding the contract on the basis of the lowest bid price.
- 3) Making a written finding that awarding a contract on the basis of best value will reduce project costs, expedite project completion, and/or provide features not achievable via the low-bid method.
- 4) Preparing bid solicitations and providing notice as required by the Local Agency Public Construction Act (LAPC Act) and complying with the Subcontracting Fair Practices Act regarding subcontractors identified in a bid.

- 5) Establishing prequalification procedures in accordance with the LAPC Act.
- 6) Including in bid solicitations the criteria and rating system a county will consider in evaluating bids.
- 7) Prequalifying or shortlisting only those contractors who provide an enforceable commitment to use a skilled and trained workforce to perform all work on the project that falls within an apprenticeable occupation, with specified exceptions.
- 8) Appointing an evaluation committee, which must evaluate bidders solely upon the criteria in the bid solicitations and assign a qualifications score to each bid.
- 9) Determining best value by dividing each bidder's price by its qualifications score, with the lowest cost per quality point representing the best value bid.
- 10) Publicly announcing bid awards, including the score of the selected contractor in relation to all other bidders.
- 11) Submitting a report to the Legislature, including information about the county's use of the bill's authority, before the pilot program sunsets.

SB 793 (Hill) Chapter 627, Statutes of 2017, expanded the pilot program with the following provisions:

- 1) Adding San Mateo County to the list of counties authorized to use the pilot program.
- 2) Allowing counties in the pilot program to also use the program's best value contracting method to award individual annual contracts for repair, remodeling, or other repetitive work to be done according to unit prices – also known as job order contracting or a job order contract. These contracts cannot exceed \$3 million, adjusted for inflation, and must be based on plans and specifications for typical work. They also cannot be for new construction. Best value criteria must be applied to the annual contract for construction services, rather than to an individual, specific project. Annual contracts may be extended or renewed for two subsequent annual terms at a maximum of \$6 million over the subsequent terms. Contract values must be adjusted annually to reflect the percentage change in the California Consumer Price Index.

SB 128 (Beall) added the Counties of Monterey and Santa Clara to the authorization and extended the sunset date from January 1, 2020, to January 1, 2025.

AB 1957 (Wilson), Chapter 58, Statutes of 2024, expanded the pilot program again to include all counties and extend the sunset date to January 1, 2030.

According to the Author

AB 1786 provides local governments and the San Gabriel Council of Governments with the flexibility to select contractors based not only on cost, but also on proven experience, safety records, and past performance, ensuring taxpayer dollars deliver the highest possible value. By allowing the San Gabriel Council of Governments to use best-value contracting for complex projects, this bill helps reduce costly delays, improve project quality, and promote safer worksites. The result is more efficient delivery of critical public investments, including roads,

housing, and infrastructure, that communities rely on every day, completed on time and within budget.

Arguments in Support

The San Gabriel Valley Council of Governments, sponsor of this measure, writes, "We are currently implementing a robust portfolio of large-scale transportation and infrastructure projects throughout the region. These efforts include delivery of the Alameda Corridor-East (ACE) Program, which consists of 19 highway-rail grade separations and at-grade crossing safety improvements; management of construction for the SR-57/SR-60 Interchange Improvement Project; and delivery of the La Verne Metro A Line Pedestrian Bridge Project. In addition, the SGVCOG is partnering with seven cities including Azusa, Claremont, Covina, Glendora, La Verne, Pomona, and San Dimas, to implement a range of active transportation, first- and last-mile, pedestrian and bicycle safety enhancements, as well as bus system improvements across the eastern San Gabriel Valley. We are also advancing transit corridor improvements throughout the broader region to improve mobility, safety, and regional connectivity. Looking ahead, the SGVCOG is preparing to launch the next phase of grade separation projects and at-grade safety improvements under the ACE Program, further strengthening the region's transportation network and supporting long-term economic vitality.

"These efforts require close coordination with freight and passenger rail operators, utility companies, state regulatory agencies such as Caltrans and the California Public Utilities Commission, and multiple local and regional jurisdictions. Many of these projects are located within active urban corridors, necessitating careful traffic management, robust community outreach, and diligent schedule coordination to ensure safe and timely delivery.

"Projects of this nature involve significant technical complexity, heightened safety considerations, strict grant deadlines, and exposure to volatile material and labor markets. Under a lowest responsible bidder framework, agencies are constrained to award contracts based solely on price once responsibility is established. While appropriate for many types of projects, this approach can limit an agency's ability to meaningfully evaluate a contractor's demonstrated experience with comparable rail, corridor, or multijurisdictional projects; capacity to manage and sequence work within constrained and active environments; safety performance record; and proven ability to minimize community impacts while delivering projects on schedule.

"Best value contracting allows agencies to evaluate objective qualifications in conjunction with price to identify proposals that offers the best overall value to taxpayers. By incorporating measurable criteria related to relevant experience, management competency, workforce compliance, financial capacity, and safety record, agencies can reduce the risk of costly change orders, claims, delays, and long term lifecycle cost escalation. For complex regional infrastructure, this procurement method enhances predictability, strengthens accountability, and protects public funds.

"Providing the SGVCOG with best value contracting authority would promote more efficient delivery of critical transportation improvements that enhance safety at rail crossing and along key infrastructure corridors, reduce congestion, improve regional mobility, and strengthen economic vitality across the San Gabriel Valley. As a regional agency responsible for delivering infrastructure that spans multiple jurisdictions and funding sources, the SGVCOG requires procurement tools that align with the complexity and risk profile of modern public works delivery."

Arguments in Opposition

None on file.

FISCAL COMMENTS

No state costs.

VOTES

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Aguiar-Curry, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ABS, ABST OR NV: Arambula

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