

---

THIRD READING

---

Bill No: AB 1786  
Author: Harabedian (D)  
Amended: 6/18/26 in Senate  
Vote: 21

---

SENATE LOCAL GOVERNMENT COMMITTEE: 6-0, 6/17/26  
AYES: Durazo, Choi, Arreguín, Cervantes, Laird, Seyarto  
NO VOTE RECORDED: Ashby

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 72-0, 5/11/26 - See last page for vote

---

**SUBJECT:** Public contracts: best value construction contracting for counties, cities, and the San Gabriel Valley Council of Governments

**SOURCE:** San Gabriel Valley Council of Governments

---

**DIGEST:** This bill 1) extends the best-value contracting pilot program to include cities and the San Gabriel Valley Council of Governments, 2) reduces the dollar threshold for projects to qualify, and 3) extends the sunset date to January 1, 2032.

**ANALYSIS:**

Existing law:

- 1) Establishes a pilot program for counties to select bidder on the basis of best value.
- 2) Awards contracts for construction projects in excess of \$1 million to the bidder representing the best value.
- 3) Establishes that participating counties must satisfy a number of requirements in order to use this authority, including:

- a) Adopting and publishing procedures and required criteria that ensure all selections are conducted in a fair and impartial manner.
- b) Evaluating at a public meeting the alternative of awarding the contract on the basis of the lowest bid price.
- c) 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.
- d) 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.
- e) Establishing prequalification procedures in accordance with the LAPC Act.
- f) Including in bid solicitations the criteria and rating system a county will consider in evaluating bids.
- g) 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.
- h) Appointing an evaluation committee, which must evaluate bidders solely upon the criteria in the bid solicitations and assign a qualifications score to each bid.
- i) 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.
- j) Publicly announcing bid awards, including the score of the selected contractor in relation to all other bidders.
- k) Submitting a report to the Legislature, including information about the county's use of the bill's authority, before the pilot program sunsets.

This bill:

- 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, 2032.
- 4) Makes a number of technical and conforming changes.
- 5) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this bill creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

## **Background**

*Contracting.* The Local Agency Public Construction Act (the Act) generally requires local agencies to invite bids for construction projects and award contracts to the lowest responsible bidder. Local agencies typically use the traditional design-bid-build method for constructing public works. This approach splits construction projects into two distinct phases: design and construction. During the design phase, the local agency prepares detailed project plans and specifications using its own employees or by hiring outside architects and engineers. Once project designs are complete, local agencies invite bids from the construction community and award the contract to the lowest responsible bidder.

Over the last couple of decades, the Legislature has gradually expanded local agencies' authority to procure construction projects using various alternatives to the design-bid-build project delivery method. These alternatives include:

- “Design-build” contracting, which allows local agencies to procure both design and construction services from a single company before the development of complete plans and specifications SB 785 (Wolk, Chapter 931, Statutes of 2014).
- “Construction manager at risk” contracting, which allows local agencies to retain a construction manager, who provides pre-construction services during the design period, later becomes the general contractor during the construction process, and is responsible for delivering the project within an agreed upon

price, thereby assuming the risk for cost overruns SB 328 (Knight, Chapter 517, Statutes of 2013).

During the bidding phase, these alternative procurement methods allow a local agency to evaluate bids on a “best-value” basis, incorporating technical factors, such as qualifications, in addition to price. For example, the statutes authorizing design-build contracting allow local agencies to award a contract based on consideration of objective criteria that include features, functions, lifecycle costs, experience, and past performance.

*County best-value contracting pilot.* 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 using the best-value method.

SB 793 (Hill, Chapter 627, Statutes of 2017) added San Mateo County to the pilot program and allowed counties participating in the pilot to use the program 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.” If a county uses the best-value method for job order contracts, the contracts must:

- Not exceed \$3 million, adjusted for inflation;
- Not be for new construction; and
- Apply the best-value method criteria to the annual contract for construction services, not to an individual project.

Additionally, participating counties can extend annual contracts for two annual terms to a maximum of \$6 million over that period. Counties must adjust contract values annually to reflect the percentage change in the California consumer price index.

SB 128 (Beall, Chapter 501, Statutes of 2019) added Monterey and Santa Clara counties to the authorization and extended the sunset date from January 1, 2020, to January 1, 2025. As a result, ten counties were eligible to use the best-value procurement method: Alameda, Los Angeles, Monterey, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, Solano, and Yuba.

Most recently, AB 1957 (Wilson, Chapter 58, Statutes of 2024) expanded the authority to all counties and extended the sunset date to January 1, 2030.

*Best-value contracting requirements.* Participating counties must satisfy a number of requirements to use the best-value contracting authority, including to:

- Adopt and publish procedures and required criteria to ensure local agencies select bids in a fair and impartial manner;
- Evaluate at a public meeting the alternative of awarding the contract on the basis of the lowest bid price;
- Make a written finding that awarding the 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;
- Prepare bid solicitations and provide notice as required by the Act, and comply with the Subcontracting Fair Practices Act regarding subcontractors identified in a bid;
- Establish prequalification procedures in accordance with the Act;
- Include in bid solicitations the criteria and rating system a county will consider in evaluating bids;
- Prequalify or shortlist 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;
- Appoint an evaluation committee, which must evaluate bidders solely upon the criteria in the bid solicitations and assign a qualifications score to each bid;
- Determine best value by dividing each bidder's price by its qualifications score, with the lowest cost per quality point representing the best-value bid;
- Announce bid awards publicly, including the score of the selected contractor in relation to all other bidders; and
- Submit a report to the Legislature, including information about the county's use of the bill's authority on or before March 1, 2029.

## **Comments**

*According to the author,* "AB 1786 provides local governments and contract cities 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 contract cities 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."

*Clear as mud.* The Joint Exercise of Powers Act authorizes public agencies to jointly exercise powers that they share in common. Because this bill extends best value procurement authority to all cities, the member agencies of SGVCOG would share that authority in common and could exercise it through the JPA. While this bill specifically grants the authority to SGVCOG, other JPAs with membership consisting of cities and counties would also gain best value procurement authority because their members would gain this new shared power.

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

**SUPPORT:** (Verified 6/30/26)

San Gabriel Valley Council of Governments (Source)  
American Society of Civil Engineers-region 9  
California Chapters of the American Public Works Association  
California Infrastructure Delivery Coalition  
California State Association of Counties  
City of Azusa  
City of Baldwin Park  
City of Claremont  
City of Diamond Bar  
City of Duarte  
City of Glendora  
City of Hesperia  
City of Industry  
City of Monrovia  
City of Monterey Park  
City of Rosemead  
City of San Dimas  
City of Sierra Madre  
City of South Pasadena  
City of Thousand Oaks  
City of Tulare  
City of Walnut  
City of Westminster  
LA County Board of Supervisor Hilda Solis  
League of California Cities  
Los Angeles County

**OPPOSITION:** (Verified 6/30/26)

Associated General Contractors, California Chapters  
Western Electrical Contractors Association

ASSEMBLY FLOOR: 72-0, 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, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, 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, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

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

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

7/1/26 16:54:59

\*\*\*\* END \*\*\*\*