

ASSEMBLY THIRD READING

AB 1809 (Fong)

As Amended March 23, 2026

Majority vote

SUMMARY

Removes the sunset provision for school district and community college utilization of job order contracting (JOC), thereby making the authorization permanent.

Major Provisions

- 1) Removes the sunset provision for school district and community college utilization of JOC if only if the school district has entered into a project labor agreement (PLA) or agreements that will apply to all public works awarded through JOC and to all other public works of the school district that exceed a monetary threshold set by the school district, regardless of what contracting procedure is used to award that work, thereby making the authorization permanent.
- 2) Requires the duration of any task order procurement contract issued, as specified, to not exceed five years. Requires any individual task order or job order issued pursuant to these contracts to remain valid and enforceable despite the expiration of the term of the task order procurement contract or JOC pursuant to which the individual task order or job order was validly issued.
- 3) Removes a requirement for the school district to prepare an execution plan for all modernization projects that may be eligible for JOC. Removes a requirement for the school district to select from that plan a sufficient number of projects to be initiated as job order contracts during each calendar year and to determine for each selected project that JOC will reduce the total cost of that project.

COMMENTS

Public project competitive bidding. Current law establishes the Local Agency Public Construction Act, which requires the governing boards of school districts to let contracts involving an expenditure in excess of \$50,000 for specified purposes (including the purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district) to the lowest responsible bidder. School districts are also required to competitively bid any public works contract over \$15,000 (relating to construction, renovation, demolition, repair work, and painting, but excluding maintenance work) and award the contract to the lowest responsible bidder. Under this process for school construction, a school district would first hire an architect to design a school facility and then issue a bid for the construction phase, awarding the contract to the lowest responsible bidder. This process is commonly called "design-bid-build."

Alternative methods for awarding contracts include: (a) design-build, with a school district issuing a request for proposal for both the design and construction of projects for projects in excess of \$1 million; (b) best value, allowing school districts to consider factors other than cost; and (c) JOC, based on prices for specific construction tasks.

Job order contracting. JOC 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, typically maintenance or modernization, 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 prequalified contractor, rather than bid a total price for the project, will bid an adjustment factor to the preset unit prices, which reflects all the contractor's costs (indirect and direct), and profit not included in the preset unit prices. Task orders are the individual projects assigned under a JOC. A unique aspect of JOC is that the contracts are awarded prior to when the services are needed, whereas other contract types are typically awarded at the time when services are needed.

Selection of the contractors is based on the lowest responsible bidder; however, a school district may select more than one contractor. When the school district has a project that requires the tasks for which a contractor has been awarded, the school district will provide a job order with the details of the job. JOC allows a school district to identify contractors for specific tasks and lock in the price for up to \$5 million of work.

This process 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.

Current law authorizes JOC for school districts and community colleges until January 1, 2027. This bill would remove the authorization end date for JOC, thereby making the authorization permanent.

This bill also removes a requirement for the school district to prepare an execution plan for all modernization projects that may be eligible for JOC. This requirement was put in place to provide information to the school district to compare the price of JOC versus standard contracts to ensure the most cost-effective delivery method was chosen. According to the sponsor, since the school district typically determines that JOC will be used before a contract is executed, this requirement is no longer useful.

"Individual" or "daughter" contracts. JOC is considered a master contract and contains "individual" or "daughter" contracts for each job or task. Current law authorizes continuing contracts for work, services, materials, or equipment not to exceed five years, and for materials or supplies not to exceed three years. The duration of those contracts is five years under current law, however, it is silent as to whether it also applies to the individual contracts. Some school districts expressed concern over this point and sought clarity as to the maximum duration of individual contracts.

This bill clarifies that the term for an individual contract under the Master JOC contract is five years, consistent with EC 17596. This is to ensure that a contractor is able to complete work being done under an individual contract even if the primary contract expires.

Project labor agreements. Current law requires the school boards utilizing JOC to have a PLA in place. The term "project labor agreement" describes a category of agreements between a construction project's managers and its workers. Individual agreements within this class vary widely. They are pre-hire collective bargaining agreements, meaning they are signed before the project is started, and before workers are hired. They include an agreement by the union

signatories to not conduct any strikes or work stoppages, while the contractors and their subcontractors agree to no lockouts during the length of the construction project.

According to the Author

According to the author, "AB 1809 removes the sunset for school districts and community college districts to use JOC, thereby allowing the use of JOC indefinitely. JOC was initially authorized as a pilot for the LAUSD over 20 years ago and subsequently extended to all school districts and community college districts. JOC enables school and community college districts to secure contracts for maintenance or repair work for any of the districts' facilities based on specific tasks and agreed upon prices. When services are needed, repair can begin immediately without going out for bid for each project, which saves districts time and money, and enables districts to address potentially hazardous conditions immediately. JOC has been reauthorized four times since 2003. It is time to stop wasting legislative resources by making it permanent."

Arguments in Support

The LAUSD writes, "The JOC statute was first enacted as a Los Angeles Unified pilot in 2004 and expanded to all school districts in 2016. The Community College statute was first enacted in 2018. Without legislative action, the current authorizations are set to sunset on January 1, 2027. Assembly Bill 1809 permanently authorizes school districts and community colleges to award job order procurement contracts for public works projects for the purpose of performing services, repairs, and construction. To ensure public trust, school district and community colleges are required to adhere to all existing public procurement laws and maintain a project labor agreement. Contracts are awarded to the most qualified bidder who is licensed, bonded, and general liability insured. The bidder agrees to a fixed period, fixed unit price, and indefinite quantity contract for public works or maintenance projects. This bill also clarifies that "individual" contracts issued under a "master" contract are valid for five years, as is the case for other public works contracts."

Arguments in Opposition

The Western Electrical Contractors Association writes, "Under existing law, a school district or community college district may only use JOC if it has entered into a PLA that applies broadly to district public works above a locally determined threshold. This mandate excludes many qualified contractors who choose not to operate under PLAs, thereby reducing the bidder pool and limiting school districts' access to the full construction marketplace. JOC is intended to provide flexibility, efficiency, and cost-effectiveness for routine construction work. Conditioning its use on a PLA requirement runs counter to those goals by: discouraging participation by experienced merit shop contractors; reducing competitive pressure that helps control project costs; and limiting opportunities for small and locally owned businesses. Extending the sunset without addressing this structural barrier would continue to disadvantage a significant portion of the construction industry."

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

No new state costs.

VOTES

ASM EDUCATION: 7-0-1

YES: Patel, Hoover, Alvarez, Bonta, Garcia, Lowenthal, Zbur

ABS, ABST OR NV: Castillo

ASM HIGHER EDUCATION: 6-3-1

YES: Fong, Boerner, Jackson, Muratsuchi, Patel, Sharp-Collins

NO: DeMaio, Jeff Gonzalez, Tangipa

ABS, ABST OR NV: Celeste Rodriguez

ASM APPROPRIATIONS: 12-3-0

YES: Wicks, Hoover, Bauer-Kahan, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Ellis, Ta, Tangipa

UPDATED

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