

ASSEMBLY THIRD READING
AB 2033 (Papan)
As Amended May 4, 2026
Majority vote

SUMMARY

Authorizes cities to award job order contracts (JOCs) of up to \$3 million, until January 1, 2032.

Major Provisions

- 1) Authorizes cities to award JOCs using the procurement method outlined in this bill.
- 2) Requires JOCs to be competitively bid and awarded to bidders providing qualified responsive bids.
- 3) Requires JOCs to be for repair, remodeling, or other repetitive work to be done according to unit prices.
- 4) Prohibits JOCs from being awarded for any new construction.
- 5) Specifies the solicitation and award process for JOCs and requires cities to develop a system for evaluating JOC bids.
- 6) Provides that the maximum total dollar amount that may be awarded under a single JOC shall not exceed \$3 million in the initial contract term of the JOC, and that no single job order may exceed \$750,000.
- 7) Provides that JOCs may be executed for an initial contract term of no more than 12 months and may be extended or renewed for two subsequent annual terms and a maximum of \$6 million over the subsequent two terms of the contract.
- 8) Prohibits work from being split or separated into smaller job orders for the purpose of evading the cost limits of this bill and authorizes cities to adjust these amounts annually to reflect the percentage change in the California Consumer Price Index.
- 9) Provides delegated authority for JOCs to a city manager, public works director, or other city official for job orders that do not exceed \$150,000 and for changes to job orders that do not exceed 10% of the amount of the original job order or \$150,000, whichever is less, with an aggregate cap of 25% of the original amount, as specified.
- 10) Includes provisions governing the use of a skilled and trained workforce, subcontracting, prevailing wages, compliance with labor laws, and the prevention of fraud, waste and abuse, as specified.
- 11) Prohibits an annual JOC awarded pursuant to this bill from being used to lay off, reduce the hours of, or involuntarily transfer any permanent city employee.
- 12) Requires cities to submit to the appropriate policy and fiscal committees of the Legislature, on or before January 1, 2030, a report on the use of job order contracting under this bill and specifies the contents of that report.

13) Provides a sunset date of January 1, 2032.

COMMENTS

A JOC is a competitively bid, fixed price, indefinite quantity contract for the performance of minor construction, as well as the renovation, alteration, painting and repair of existing public facilities. A JOC is generally a multi-year contract that includes a base year and multiple "option years," and is awarded before the awarding agency has identified specific work that it needs the contractor to perform. A typical JOC involves a variety of tasks such as roofing, electrical work, plumbing and painting, that are required for all of a public agency's buildings for a period of years.

A JOC is a fixed price agreement in that it is based upon specified charges contained in a Unit Price Book (UPB), which is prepared by the public agency or by independent commercial sources. The UPB sets forth detailed repair and construction tasks, including task descriptions, specifications, units of measurement, and unit prices for each task ("Unit Price" means the amount paid for a single unit of an item of work). A contractor's bid is expressed in terms of a percentage of the specified UPB charges. The UPB is then used to determine the costs of each proposed project during the term of the contract. As an example, if a procuring agency's per unit catalog price for an HVAC installation is \$1,000, and a contractor submits a bid to do that work with an adjustment factor of 1.13, the contractor is agreeing to install the HVAC for \$1,130.

The total JOC value may be specified as a range with a certain guaranteed minimum. The award of annual contracts on a unit price basis enables what would otherwise be multiple separately-bid projects to be combined into one bid. This contracting method 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 construction. JOC are typically used for well-defined, recurring or repetitive work where quick execution is essential, not for single larger projects.

The Legislature has authorized multiple agencies to use JOC, some state and some local, including counties, school districts, community college districts, the California State University system, and Caltrans. California counties have enjoyed the authority to use JOC since 1983. Counties may award annual JOCs of up to \$3 million, adjusted annually to reflect the California Consumer Price Index (CPI), to the lowest responsible bidder or using best value (for specified counties).

Additionally, as part of the 2021-2022 state budget, the Legislature authorized Caltrans to use JOC, but the authority was limited to the new Clean California Beautification Program. In 2023, as part of the Governor's Infrastructure package Caltrans' authority was expanded. SB 146 (Gonzalez), Chapter 58, Statutes of 2023, authorized Caltrans to use JOCs, through 2033, for general highway and traffic maintenance. The Legislature approved JOC authority for some regional transportation agencies including the Santa Clara Valley Transportation Authority, the Los Angeles County Metropolitan Transportation Authority (LA Metro), and the San Mateo County Transit District.

According to the Author

"Currently, general law cities are limited to the traditional design-bid-award system, which requires even modest public works projects to undergo full plan preparation, advertisement, bidding, and award before work can begin. For projects such as facility rehabilitation, accessibility upgrades, or system replacements, this process can take six to twelve months to complete. In the city of Belmont, an EV charger site preparation project received no initial bids and was delayed nearly three years with estimated costs rising 30–40%, while routine restroom renovations were delayed almost a year, and emergency facility repair negotiations with an urgent contractor likely resulted in a 30–40% premium due to the lack of preset pricing."

"By allowing general law cities to use JOCs for smaller projects, AB 2033 will streamline procurement, reduce administrative costs, and enable cities to complete routine repairs and improvements more efficiently. The Legislature has already authorized the use of JOCs for other state and local agencies, and it is time that we offer the same, proven instrument for small and medium-sized projects."

Arguments in Support

The City of Belmont, sponsor of this measure, writes, "Under current law, General Law cities like Belmont are often forced into a 'one-size-fits-all' procurement model. Even for standardized, modest-scale work, we must undergo months of design, advertisement, and formal bidding. This rigidity leads to a 'no-bid' cycle for small projects that do not attract large contractors, resulting in significant delays and inflation-driven cost increases..."

"Belmont's recent experiences highlight the urgent need for AB 2033. This authority addresses specific, documented challenges we have experienced delivering routine facility and infrastructure projects under the traditional design-bid-award process. Over the past several years, Belmont has encountered significant delays and cost escalation on projects that were modest in size but required full formal bidding procedures. For example:

- 1) **Sustainability Goals:** Preparation for EV charging sites, including American Disability Act (ADA) compliance, sat for three years after receiving zero bids, ultimately costing 30–40% more than originally budgeted. The site preparation, including required ADA modifications, received no bids under the initial solicitation and experienced a three-year delay. The project ultimately saw an estimated 30–40% cost increase due to re-procurement and inflation.
- 2) **Public Safety Infrastructure:** Security fencing and gate installation at a fire station—a critical County hazardous materials site—was delayed two years, seeing a 40% cost increase due to procurement hurdles.
- 3) **Routine Project Delivery:** City Hall interior rehabilitation work has experienced cost escalation of approximately 30% on completed components due to procurement inefficiencies and delay, and simple restroom renovations and ADA improvements have been delayed nearly one year.
- 4) **Emergency & Urgent Work Responsiveness:** During a recent water intrusion emergency, the lack of pre-established unit pricing forced an urgent negotiation that we estimate carried a 30 to 40% premium."

"These are not large-scale capital expansion projects. They are routine, necessary facility improvements that already require competitive bidding and licensed contractors under public works law. However, the current procurement structure often requires months of design preparation, advertisement, bidding, and award – even for standardized work. As a result, Belmont has also experienced substantial administrative burden on limited Public Works staff, repeated bid cycles when projects receive no bids, and delay-driven cost escalation due to inflation...

"AB 2033 is a common-sense reform that empowers local governments to be better stewards of taxpayer dollars. It reduces administrative burdens, mitigates inflation risks, and ensures that essential public facilities are maintained without unnecessary bureaucratic delay."

Arguments in Opposition

The American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME), in an "oppose, unless amended" position, writes, "While the bill has been recently amended, those changes fail to address our core concerns. As drafted, AB 2033 continues to authorize the expanded use of Job Order Contracting (JOC) for 'repair, remodeling, or other repetitive work' – a broad and undefined category that overlaps directly with work traditionally and historically performed by represented city employees."

"Although the bill includes anti-displacement language prohibiting layoffs, reductions in hours, or involuntary transfers, this provision is insufficient. JOC allows cities to divert work away from the bargaining unit without triggering these protections, resulting in the gradual erosion of public sector jobs through attrition, reduced hiring, and diminished overtime opportunities. In effect, the bill still facilitates 'outsourcing by design,' even if not by immediate displacement."

"Additionally, the bill continues to lack any meaningful transparency or accountability mechanisms related to the Unit Price Catalog and the scope of work that may be assigned under these contracts. Without advance notice or the ability for recognized employee organizations to review and challenge whether proposed work falls within their scope of representation, the statutory meet-and-confer rights guaranteed under the Meyers-Milias-Brown Act are rendered practically impossible to exercise."

"AFSCME must also note for the Committee that, despite our early engagement and clearly articulated concerns, the author's office has not engaged in meaningful or good-faith negotiations to address these issues. We have consistently offered reasonable, workable amendments to preserve public sector work and uphold collective bargaining rights, yet those proposals have not been substantively considered or incorporated into the bill."

"To resolve our opposition, we continue to urge the inclusion of amendments that would:

- 1) Prohibit the use of JOC for work within the scope of representation of a recognized employee organization or for existing, budgeted classifications;
- 2) Require advance notice and full disclosure of the Unit Price Catalog to affected unions prior to solicitation; and
- 3) Provide a mechanism for employee organizations to identify and exclude bargaining unit work from JOC contracts."

"Without these safeguards, AB 2033 creates a structural loophole that undermines transparency, weakens collective bargaining, and incentivizes the outsourcing of stable, middle-class public sector jobs."

FISCAL COMMENTS

None

VOTES

ASM LOCAL GOVERNMENT: 8-0-2

YES: Carrillo, Ta, Pacheco, Ransom, Blanca Rubio, Caloza, Ward, Wilson

ABS, ABST OR NV: Johnson, Ramos

UPDATED

VERSION: May 4, 2026

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