SENATE THIRD READING
SB 1154 (Reyes)
As Introduced February 18, 2026
Majority vote

SUMMARY

Authorizes California Community College (CCC) districts (CCD), through December 31, 2030, to use a best value procurement method for public works projects exceeding $1 million.

Major Provisions

1) Authorizes CCDs, through December 31, 2030, to use a best value procurement method for public works projects exceeding $1 million.

2) Defines "best value" as a procurement process using objective criteria that considers both price and qualifications rather than selecting solely the lowest responsible bidder.

3) Requires CCDs using this method to establish and publish procedures and guidelines ensuring a fair and impartial evaluation process.

4) Requires CCDs to evaluate contractor qualifications using criteria that include:

    a) Relevant experience;

    b) Demonstrated management competency;

    c) Financial condition;

    d) Labor compliance history;

    e) Safety records; and,

    f) Subcontractor qualifications where applicable.

5) Requires contractors and subcontractors to use a skilled and trained workforce unless certain project labor agreement (PLA) provisions apply.

6) Requires bid evaluations to prevent disclosure of bidder identities and pricing information until qualification scoring has been completed.

7) Requires CCDs using best value procurement to submit an independent report to legislative policy and fiscal committees by January 1, 2030, evaluating implementation outcomes.

    a) Stipulates that the report must include, but is not limited to, all of the following:

        i) A description of the projects awarded using the best value procedures;

        ii) The contract award amounts;

        iii) The names of the best value contractors awarded the projects;

iv) A description of any written protests concerning any aspect of the solicitation, bid, or award of the best value contracts, including the resolution of the protests;

v) A description of the prequalification process;

vi) The criteria used to evaluate the bids, including the weighting of the criteria and an assessment of the effectiveness of the methodology; and,

vii) If a project awarded under this article has been completed, an assessment of the project performance, including a summary of any delays or cost increases.

8) Repeals these provisions on January 1, 2031.

COMMENTS

Background. California public contracting traditionally follows a "lowest responsible bidder" model intended to promote fairness, competition, and protection of taxpayer resources. Under this approach, public agencies generally award contracts to the lowest bidder that satisfies required qualifications.

Over time, policymakers have recognized that lowest-price procurement may not always produce the best overall project outcomes, particularly for large or complex construction projects where contractor experience, workforce quality, safety history, and project management capabilities may substantially affect final costs and project delivery. As a result, California has authorized limited use of "best value" procurement in several contexts, including state agencies and K–12 school districts.

Lowest bidder model. The lowest responsible bidder model prioritizes initial project cost as the principal determinant of contract award. This framework has historically been viewed as a safeguard against favoritism and arbitrary decision-making because selection criteria rely heavily on price.

Supporters of best value procurement argue that focusing exclusively on low bids may create incentives for contractors to underbid projects and potentially generate downstream costs through delays, change orders, disputes, or construction deficiencies. Opponents of expanding best value procurement sometimes raise concerns regarding subjectivity in evaluating non-price factors and the possibility that broader discretion could reduce transparency or increase procurement disputes.

This measure appears to balance these concerns by requiring objective scoring methodologies, published evaluation criteria, prequalification requirements, and independent reporting regarding outcomes.

Best value procurement method. As defined in the PCC Section 20155.1, "best value" means a procurement process whereby the selected bidder may be selected on the basis of objective criteria for evaluating the qualifications of bidders with the resulting selection representing the best combination of price and qualifications. Further, according to the San Bernardino CCD report titled, *AB 361 and the Case for Inclusion of California Community College Districts*, best value contractors must commit to using a skilled and trained workforce. This requirement may be satisfied through a PLA or other qualifying statutory mechanisms. These provisions seek to align procurement decisions with workforce development, apprenticeship, and labor compliance goals.

Best value pilot programs. This measure appears to be related to SB 667 (Migden), Chapter 367, Statutes of 2006, which established a five-year best value pilot program for the University of California (UC). SB 835 (Wolk), Chapter 636, Statutes of 2011, extended the sunset in SB 667 until January 1, 2017, and expanded the best value pilot to encompass all UC campuses and medical centers. Under this program, UC prequalifies bidders, then evaluates the bid and assigns a qualification score based upon five factors, which include the bidder's financial condition, relevant experience, demonstrated management competency, labor compliance, and safety record. The UC then divides each bidder's price by its qualification score, and the lowest resulting cost per quality point represents the best value bid. AB 1424 (Levine), Chapter 850, Statutes of 2017, removed the sunset on UC's program while also amending law to conform UC's best value contracting provisions to similar statutes for other government entities with respect to requirements for use of a skilled and trained workforce.

The Los Angeles Unified School District (LAUSD) implemented a pilot program in AB 1185 (Ridley-Thomas), Chapter 786, Statutes of 2015, that is substantively similar to the pilot proposed in this legislation. That legislation called for an interim report, which was published in June of 2018. The report found that since January 1, 2016, LAUSD awarded nine construction contracts totaling more than $185 million dollars—or 19 percent of LAUSD construction contracts awarded—following the best value procurement method. The types of contracts awarded using this method range from the removal and replacement of heating, ventilation, and air conditioning systems to the modernization of existing buildings or ancillary structures to the complete design and construction of new buildings and facilities.

The report found that change orders affecting budgets and schedule delays were minimized as compared to formal traditional bids. Additional benefits of the best value process were cited as including more qualified proposers, an open dialogue resulting in better project approach, and increased quality of subcontractors.

How does this work for K–12 school districts versus CCDs? Current law authorizes K–12 school districts to use a best value procurement method for projects exceeding $1 million through December 31, 2030. The CCDs currently generally remain subject to traditional lowest responsible bidder requirements.

Under current law, K–12 school districts may use best value procurement for projects over $1 million and must provide objective criteria and reporting on its usage. This authority sunsets on December 31, 2030.

Under this proposal, CCDs would receive similar authority through December 31, 2030. Additionally, this measure requires CCDs use of skilled and trained workforces. The measure requires independent implementation reports.

Essentially, this measure aligns CCDs procurement authority with that of K–12 school districts and other higher education segments.

According to the Author
According to the author, "California's Community College Districts play a critical role in preparing our workforce, supporting economic mobility, and serving millions of students across

the state. The quality, safety, and functionality of campus facilities directly impact student learning, program access, and overall student success. Unfortunately, when it comes to delivering major construction projects, community colleges are held to a procurement standard that limits their ability to select contractors based on overall quality and long-term value."

The author contends that, "SB 1154 addresses this issue by allowing community college districts to use a best value procurement method for public works projects exceeding one million dollars, allowing contracts to be awarded based on a combination of price and objective qualitative criteria, not simply the lowest bid. This grants them with the same flexibility already provided to K–12 school districts, the University of California, and the California State University."

Further, the author states that, "best value procurement helps ensure that projects are completed on time, built to high standards, and designed to support long-term functionality. By allowing districts to evaluate contractor experience, safety records, technical expertise, and life-cycle costs, SB 1154 promotes durable, high-quality facilities that enhance learning environments and support innovative instruction. These projects are essential to preparing students for transfer, career pathways, and participation in California's evolving workforce and will ensure we are setting up our infrastructure for their long-term success."

Arguments in Support
The Contra Costa, Foothill – De Anza, San Diego, San Bernardino, State Center, and Southwestern Community College Districts, jointly submitted a letter stating that, "SB 1154 would modernize community college public construction procurement by authorizing the use of best value procurement. Community colleges routinely deliver complex, bond-funded capital projects, including: Healthcare and nursing facilities, STEM and applied technology labs, Workforce training centers, and Infrastructure and sustainability projects. The projects are often as complex, if not more complex than K-12 construction projects, yet community colleges do not have all of the necessary options available for adequate delivery. Additionally, these complex facilities require a skilled workforce in order to complete them safely and on time. The aforementioned CCDs further state that, "extending best value procurement authority to community college districts would improve project delivery and construction risk management, support skilled workforce and apprenticeship pipelines through project labor agreements or equivalent requirements, align procurement policy across public education systems, preserve local control by making the authority optional, and create no new fiscal impact on the state."

Arguments in Opposition
According to the Associated General Contractors (AGC), California Chapters, "SB 1154 provides community colleges with a new delivery option, but it does so while requiring all bidders and subcontractors at every tier to use a skilled and trained workforce as a condition of prequalification. This mandate imposes rigid apprenticeship-graduation thresholds that many qualified contractors—particularly small, emerging, and specialty firms—cannot meet. Skilled and trained workforce requirements do not reflect the structure of many trades, the availability of apprenticeship programs in certain regions, or the staffing realities of small businesses. The AGC, California Chapters, further state that, "as result, SB 1154 would exclude a substantial portion of California's construction industry from even being eligible to bid on community college projects, regardless of their experience, safety record, or past performance. California's community colleges benefit when procurement remains open, competitive, and accessible to the full breadth of the state's construction industry."

FISCAL COMMENTS

Unknown. This measure is keyed nonfiscal by the Legislative Counsel.

VOTES

SENATE FLOOR: 29-9-2
YES: Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Allen, Niello

ASM HIGHER EDUCATION: 8-2-0
YES: Fong, Boerner, Jeff Gonzalez, Jackson, Muratsuchi, Patel, Celeste Rodriguez, Sharp-Collins
NO: DeMaio, Tangipa

UPDATED

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