

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/18/2012
POSITION: Neutral
SPONSOR: Los Angeles County Metropolitan Transportation Authority

BILL NUMBER: AB 2440
AUTHOR: Lowenthal, Bonnie

BILL SUMMARY: Los Angeles County Metropolitan Transportation Authority: Contracting

This bill would authorize Los Angeles County Metropolitan Transportation Authority (MTA) to use a standardized pre-qualification questionnaire for any business seeking to provide goods or services to MTA.

In addition, this bill would amend existing law in regards to MTA's various contracting procedures and requirements for procurement processes for both construction contracts and the purchase of materials, equipment, and supplies.

FISCAL SUMMARY

This bill would likely result in cost savings to MTA by streamlining various procurement and purchasing processes. In the event that MTA would incur any additional costs associated with this bill, these costs would not be reimbursable because it is a result of a local request.

COMMENTS

This bill would have no state fiscal impact and concerns a policy matter on which we are neutral.

Existing law sets forth the requirements for: (1) the solicitation and evaluation of bids and awarding of contracts that exceed a certain threshold amount, (2) the MTA's Inspector General's preparation of a unique pre-qualification questionnaire to be completed by potential contractors, (3) the adoption of a change order procedure meeting certain requirements, and (4) entering into contracts with private entities that combine all or some of the various public works projects into a single contract.

MTA is preparing for large scale highway and transit projects as result of the half cent tax enacted in 2008. Measure "R," commits a projected \$40 billion for traffic congestion relief. This bill was requested to make the contracting and procurement process more efficient.

This bill provides for the following:

- 1) Authorizes MTA to use a standardized pre-qualification questionnaire for potential contractors instead of MTA's Inspector General creating a pre-qualification questionnaire unique only to MTA.
- 2) Raises the threshold from \$100,000 to \$150,000 for: (1) purchases of supplies, equipment, and materials that may be selected under the best value method, and (2) for informal procurement processes that rely on price quotations from at least three bidders.
- 3) Authorizes the MTA to award contracts for design-build by best value (using objective selection criteria) methods rather than awarding contracts to the lowest responsible bidder.

Analyst/Principal (0752) M.Almy	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

Lowenthal, Bonnie

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COMMENTS (continued)

4) Requires MTA to advertise a request for bids for a public works projects valued at \$10 million or more at least 60 days prior to the submittal of bid documents.

5) Requires MTA to advertise a request for bids for a public works projects valued at \$10 million or less at least 30 days prior to the submittal of bid documents.

6) Requires the prime contractor on a public works project to competitively bid those portions of the design work that can be subcontracted.

7) Requires the prime contractor to provide MTA a list of subcontractors whose work is over one-half of one percent of the total project cost, as soon as subcontractors are engaged by a prime contractor.

8) Removes the \$100,000 threshold for contracts to which the 5 percent small business preference applies, resulting in all contracts having a small business preference.

9) Repeals the requirement that MTA adopt a change order procedure for its contracts.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	Code
2660/Caltrans	SO	No		----- No/Minor Fiscal Impact -----			0042
<u>Fund Code</u>	<u>Title</u>						
0042	Highway Account, State, STF						