



American Subcontractors Association of California

A Chartered Chapter of the American
Subcontractors Association, Inc.

TO: Members, Senate Appropriations Committee July 22, 2019
FR: Skip Daum, Advocate for ASAC
RE: Assembly Bill 1736 (DALY): SPONSOR-SUPPORT... assuring prompt
notification of bid status

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This organization of both union and merit shop contracting companies supports AB 1736 relating to timely public disclosure and notification of construction projects' "apparent lowest bidder" (ALB) by local public entities. This is a full disclosure and good government bill as prompt transparency in public contracting is crucial to construction stakeholders and taxpayers alike. The bill has received no NO votes.

The bill requires local public entities to develop a timely notification system so all bidding companies can quickly determine if their bids were deemed best which, in turn, will enable them to plan ahead and begin ordering materials, hire workers, obtain insurance for the project, and schedule the work. It also requires that the notification process be included in project RFPs so all bidders are aware of it.

Our members have reported that they don't know for several weeks whether their bids were approved. This causes a voluminous number of phone calls, inquiries and emails among general contractors, subcontractors, and the public entities.

Last month's survey of Subcontracting companies yielded these results:

1. 34% are not notified for one full month after the local entity decided which bid was determined to be the apparent lowest bid.
2. Another 34% received the notification more than one month after the decision.
3. Various notification methods are (a) informal by phone (40%), (2) formal mail (13%), and email (47%).
4. 58% of the time subcontractors had to postpone bidding other projects or raised prices on other bids while awaiting notification of the first bid.
5. In 76% of the cases late notification has cost subcontractors lost opportunity to bid other projects, and caused delays in hiring qualified labor and ordering materials.

Delays seriously disrupt a project's commencement and worse, jeopardize contractors if they bid and are chosen for other projects while awaiting other notifications. This can over-extend their ability to perform both if selected. They also miss out on other bidding while awaiting news about the first project. AB 1736 especially benefits small and emerging construction companies which can contribute significantly to our California economy.

Of particular note, last session's SB 929 (McGuire) required special districts to maintain web sites, so posting this bid information would incur minimal cost.

cc: Construction Trade Groups
Sen. Approps. Consultant