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March 11, 2026

The Honorable Natasha Johnson
California State Assembly
1021 O Street, Suite 4520
Sacramento, CA 95814

RE: AB 2381 (Johnson): Local Agency Public Construction Act: Municipal Water Districts: Sanitation Districts: Lowest Responsible Bidder Orange County Sanitation District – Notice of Support

Dear Assembly Member Johnson:

On behalf of the Orange County Sanitation District, I am writing to express our support for Assembly Bill (AB) 2381 (Johnson), which amends the Local Agency Public Construction Act to update competitive bidding requirements for municipal water districts and sanitation districts. Specifically, the measure increases the threshold for public works contracts that must be awarded to the lowest responsive and responsible bidder from \$35,000 to \$220,000. Beginning January 1, 2028, the bill also requires the Controller to annually adjust that threshold based on the Engineering News-Record Construction Cost Index (20-city average) and to publish the adjusted amount on its internet website.

Under existing law, sanitation districts must competitively bid public works contracts at or above \$35,000. That amount has not kept pace with inflation or the rising costs of materials, labor, and regulatory compliance. By raising the threshold and establishing an ongoing cost index adjustment, AB 2381 modernizes the statute to better reflect current construction market conditions.

This statutory update would provide greater flexibility to efficiently deliver critical infrastructure projects, including wastewater treatment facilities, recycled water systems, and essential maintenance work. Increasing the threshold will help reduce administrative burdens and project delays associated with formal bidding on relatively small-scale projects, while maintaining transparency, fiscal accountability, and the requirement to award contracts to the lowest responsive and responsible bidder when the adjusted threshold is met.

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AB 2381 strikes an appropriate balance between accountability and operational efficiency. By aligning the bidding threshold with contemporary construction costs and incorporating an objective inflationary adjustment mechanism, the bill promotes prudent stewardship of public resources and supports the timely delivery of essential public health infrastructure. For these reasons, the Orange County Sanitation District supports AB 2381.

If you have any questions, please contact Jennifer Cabral, Director of Communications, at (714) 593-7581 or via email at JCabral@ocsan.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "R. P. Gallagher", with a stylized flourish at the end.

Ryan P. Gallagher
Board Chairman