

California Supreme Court: Public Entities Must Disclose Project Information Affecting Costs

On July 12, 2010, the American Subcontractors Association and ASA of California celebrated a Subcontractors Legal Defense Fund victory when the California Supreme Court [ruled](#) that a public entity is responsible for not only providing complete and accurate plans and specifications to bidders, but also “may be required to provide extra compensation if it knew, but failed to disclose, material facts that would affect the contractor’s bid or performance.” In *Los Angeles Unified School District v. Great American Insurance Company and Hayward Construction Company*, a contractor counter-sued the Los Angeles Unified School District for breach of contract when the school district sued to recover payments it made to the contractor for approved extra work. The contractor signed a guaranteed-maximum-price contract to complete punch list work left unfinished by another contractor. After starting work, the contractor notified the district that the unfinished work required an additional \$2 million, which the school district approved. After completion, the school district sued to recover \$1 million from the contractor and its surety on the basis that the punch list covered the change order work. A lower court sided with the school district, but an appeals court partially agreed with the contractor. On Apr. 30, 2009, ASA and ASA of California, joined by 11 other specialty trade associations filed an *amici curiae*, or “friends of the court,” brief in the case. ASA tapped its Subcontractors Legal Defense Fund to pay its legal fees. *For more information, visit <http://www.sldf.net> or contact ASA at SLDF@asa-hq.com.*