

Introduced by Senator Denham

February 27, 2009

An act to amend Section 14838.5 of, and to add Section 14841 to, the Government Code, and to amend Section 10105 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 642, as introduced, Denham. Public contracts: Small Business Procurement and Contract Act.

(1) The Small Business Procurement and Contract Act permits a state agency to award a contract for goods, services, or information technology with a value of between \$5,000 and \$100,000 to a certified small business, including a microbusiness and a disabled veteran business enterprise, without complying with specified competitive bidding requirements.

This bill would increase the maximum amount of the contract from \$100,000 to \$250,000.

(2) Existing law encourages state agencies that enter into contracts to establish goals to facilitate the participation of small businesses and disabled veteran business enterprises.

This bill also would require the contractor, upon completion of a public contract for which a commitment to achieve small business or disabled veteran business enterprise participation goals was made, to report the actual percentage of small business or disabled veteran business enterprise participation that was achieved.

(3) The State Contract Act governs contracting between state agencies and private contractors, and sets forth requirements, for the bidding, awarding, and overseeing of contracts for projects, which it defines to include the construction or other improvement to a state structure or

building with a total cost threshold equal to \$100,000 for calendar year 1993, as adjusted every 2 years.

This bill would instead establish a 2009 cost threshold at \$250,000, which would be adjusted every 2 years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14838.5 of the Government Code is
2 amended to read:

3 14838.5. (a) Notwithstanding the advertising, bidding, and
4 protest provisions of Chapter 6 (commencing with Section 14825)
5 of this code and Chapter 2 (commencing with Section 10290) and
6 Chapter 3 (commencing with Section 12100) of Part 2 of Division
7 2 of the Public Contract Code, a state agency may award a contract
8 for the acquisition of goods, services, or information technology
9 that has an estimated value of greater than five thousand dollars
10 (\$5,000), but less than ~~one hundred~~ *two hundred fifty* thousand
11 dollars ~~(\$100,000); (\$250,000)~~ to a certified small business,
12 including a microbusiness, or to a disabled veteran business
13 enterprise, as long as the agency obtains price quotations from two
14 or more certified small businesses, including microbusinesses, or
15 from two or more disabled veterans business enterprises.

16 (b) In carrying out subdivision (a), state agencies shall consider
17 a responsive offer timely received from a responsible certified
18 small business, including a microbusiness, or from a disabled
19 veteran business enterprise.

20 (c) If the estimated cost to the state is less than five thousand
21 dollars (\$5,000) for the acquisition of goods, services, or
22 information technology, or a greater amount as administratively
23 established by the director, a state agency shall obtain at least two
24 price quotations from responsible suppliers whenever there is
25 reason to believe a response from a single source is not a fair and
26 reasonable price.

27 SEC. 2. Section 14841 is added to the Government Code, to
28 read:

29 14841. Upon completion of a public contract for which a
30 commitment to achieve small business or disabled veteran business
31 enterprise participation goals was made, the contractor shall report

1 to the awarding department the actual percentage of small business
2 and disabled veteran business enterprise participation that was
3 achieved.

4 SEC. 3. Section 10105 of the Public Contract Code is amended
5 to read:

6 10105. (a) As used in this part, “project” includes the erection,
7 construction, alteration, repair or improvement of ~~any~~ a state
8 structure, building, road, or other state improvement of any kind
9 ~~which~~ *that* will exceed a total cost calculated pursuant to
10 subdivision (b).

11 (b) The total cost limit for calendar year ~~1993~~ 2009 shall be ~~one~~
12 ~~hundred two hundred fifty~~ *hundred* thousand dollars ~~(\$100,000); (\$250,000),~~
13 and at two year intervals thereafter, the total cost limit shall be
14 adjusted upward or downward by the Director of Finance to reflect
15 the percentage change in the annual California Construction Index
16 as used by the Department of General Services. The amount shall
17 be rounded off to the nearest one thousand dollar (\$1,000) figure.