

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 6, 2008
POSITION: Support
SPONSOR: Department of Transportation (Caltrans)

BILL NUMBER: SB 1613
AUTHOR: B. Margett

BILL SUMMARY: Increased Bidding Threshold for Caltrans Contracts

This bill would increase the Department of Transportation's (Caltrans) minimum bidding threshold from \$2,500 to \$25,000 for the leasing or renting of heavy equipment for state highway maintenance. This bill specifies that the increased bid threshold will not apply to the leasing or renting of heavy equipment for new highway construction.

FISCAL SUMMARY

Caltrans reports that this bill would reduce the state's administrative staff time to process smaller contracts, allowing more effective use of state highway resources in the maintenance program and significantly reducing the amount of time to award contracts. Caltrans notes that it may take up to three months to competitively bid a contract.

This bill should not result in any fiscal impact to the state.

COMMENTS

The Department of Transportation supports this Administration-sponsored bill because it will provide more efficient use of state highway funds and will allow current staff to operate more efficiently.

Existing law, established in 1965, exempts contracts of less than \$2,500 from competitive bidding for right-of-way clearance and demolition projects, highway equipment rentals, and emergency services. For contracts exceeding the \$2,500 threshold, Caltrans must draft a formal solicitation document, advertise in the California State Contracts Register, and receive and open bids, which are subject to DGS, Legal Division's review and approval. Caltrans reports that \$2,500 in 1965 would equal approximately \$33,340 in today's dollars.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code	
		(Dollars in Thousands)							
	LA	CO	PROP	FC	2007-2008	FC	2008-2009	FC	2009-2010
2660/Caltrans	SO	No			-----	No/Minor	Fiscal Impact	-----	0042

<u>Fund Code</u>	<u>Title</u>
0042	Highway Account, State, STF

Analyst/Principal (0751) M. Tollefson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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