Date: February 23, 2016 – REVISED May 25, 2016
From: Jim Hoffman – CPDC Chief of Construction Management
Distribution: Executive Facilities Officers, Procurement and Support Services Officers, Directors of Facilities Operations, CPDC Staff, Andrea Gunn Eaton – University Counsel

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A. Per the Department of Finance Budget Letter 16-03 (attached):
   1. Public Contract Code sections 10705(a) and 10108:
      The minor capital outlay project bid limit has been increased to $656,000.
   2. Public Contract Code section 10108.5:
      The cost thresholds specified in section 10108.5 for competitive bidding ($90,000) and the maximum day labor amount ($181,000) are not applicable to the CSU.
      The CSU competitive bidding and the maximum day labor limits are specified in Public Contract Code section 10705(b) and remain unchanged. The CSU’s threshold for competitive bidding is $5,000. The CSU may carry out work in excess of $5,000 by day labor, but work by day labor under this section may not exceed $20,000.
   3. Public Contract Code section 10105:
      For a project with an estimated value that is greater than $5,000, but less than the increased cost limit of $291,000, the CSU may bid to two or more certified small businesses or to two or more certified disabled veteran business enterprises, pursuant to Government Code section 14838.7.

   These adjustments apply to the 2016 and 2017 calendar years, and will continue to be adjusted on a biennial basis.

B. Website: N/A

D. Applicability: California State University Systemwide

End of Bulletin
TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward this Budget Letter (BL) to the Department Facilities Manager.

This BL adjusts the dollar threshold for a project subject to Division 2, Part 2 of the Public Contract Code (Contracting by State Agencies), which defines: (1) a project that requires oversight by the Department of General Services (DGS); (2) the maximum cost for a project to be budgeted as a minor capital outlay project; and (3) for the Resources Agency departments, the project cost threshold to require a competitive bid and the maximum day labor amount.

Section 10105 of the Public Contract Code defines a “project” as the erection, construction, alteration, repair, or improvement of any state structure, building, road, or other state improvement of any kind with a total cost exceeding a specified amount ($250,000 originally) that is biennially adjusted by the Director of Finance to reflect the percentage change in the annual California Construction Cost Index (CCCI) as used by DGS.

Section 10108 of the Public Contract Code establishes the maximum cost of a project ($600,000 originally) that may be budgeted as a minor capital outlay project. It also requires the project cost amount be adjusted biennially for CCCI.

Section 10108.5 of the Public Contract Code applies to departments within the Resources Agency. This section requires a biennial CCCI adjustment to: (1) the project dollar threshold ($500,000 originally) for DGS oversight; (2) the cost threshold ($50,000 originally) that determines when a project must be competitively bid; and (3) the maximum day labor amount.

A summary of these new dollar thresholds for calendar years 2016 and 2017 follows:

<table>
<thead>
<tr>
<th>Adjusted Project Cost Threshold</th>
<th>2016 and 2017 Amount</th>
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<tbody>
<tr>
<td>Section 10105—DGS oversight required for projects over</td>
<td>$291,000</td>
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<tr>
<td>Section 10108—Minor capital outlay project limit</td>
<td>$656,000</td>
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<tr>
<td>Section 10108.5—DGS oversight required for projects over</td>
<td>$903,000</td>
</tr>
<tr>
<td>Section 10108.5—Competitive bidding required for projects over</td>
<td>$ 90,000</td>
</tr>
<tr>
<td>Section 10108.5—Maximum day labor amount</td>
<td>$181,000</td>
</tr>
</tbody>
</table>

Any questions on this BL should be referred to Chris Lief, Assistant Program Budget Manager for Capital Outlay, Department of Finance, at (916) 445-9694.

/s/ Karen Finn

Karen Finn
Program Budget Manager