



OFFICE OF THE PRESIDENT

DANIEL M. DOOLEY
Senior Vice President – External Relations

Office of State Governmental Relations
1130 K Street, Suite 340
Sacramento, California 95814
(916) 445-9924
Steve Juarez, Associate Vice President and Director

April 24, 2013

The Honorable Carol Liu
Chair, Senate Education Committee
State Capitol, Room 2083
Sacramento, CA 95814

RE: SB 502 (Block), as introduced on February 21, 2013
Scheduled for Hearing in the Senate Education Committee on May 1, 2013
Position: SUPPORT

Dear Senator Liu:

On behalf of the University of California (UC), I am writing to convey our strong support for SB 502 (Block), legislation sponsored by the University to streamline competitive bidding procedures for certain small-scale capital projects. SB 502 would authorize the University to employ informal competitive bidding for projects costing less than \$600,000, facilitating project delivery and ultimately saving both time and taxpayer costs.

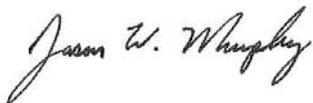
Under current law, UC must solicit formal bids in writing for projects equal to or exceeding \$100,000 in cost. Below this \$100,000 threshold, PCC § 10504.5 allows UC to employ streamlined bidding procedures under which UC must either award the project to the lowest responsible bidder, or reject all bids. Many projects falling between \$100,000 and \$600,000 are considered urgent by our campuses, and UC loses precious time while the formal bidding process concludes. The rigidity of the formal bid process is burdensome for smaller projects with relatively tight schedules and modest budgets. The University also incurs the cost of multiple legal advertisements for these projects, costs which have become more expensive each year.

SB 502 would raise the informal competitive bid limit for UC's minor capital projects to \$600,000, with language allowing for a biennial adjustment to reflect changes in construction costs. If approved, SB 502 would allow UC to deliver projects more quickly, with reduced administrative and construction costs; provide contracting flexibility for smaller jobs, as well as time and cost savings; and achieve savings through reduced resources spent on campus contract administration, documentation, and advertisement costs.

We also anticipate that the expanded use of informal competitive bidding will encourage smaller firms to participate in UC contracts. Many of these underutilized contractors do not pursue formally-bid projects, due to the stringent requirements and time-consuming nature of bid preparation. Increasing the number of bidders would prove beneficial for UC, as it ensures competitive pricing for smaller projects. It may also improve the bid climate for UC's larger projects as well, as over time more contractors and bidders will gain familiarity with University procedures and policies, and thereby become more likely to participate on larger competitively bid projects.

UC believes that SB 502 will preserve the core principles of competitive bidding while streamlining the process for relatively small projects, yielding benefits in terms of reduced project delivery timelines and savings in overall costs. We appreciate your consideration of this important bill. Should you have any questions regarding this UC-sponsored measure, please don't hesitate to contact me at 445-5584.

Sincerely,

A handwritten signature in cursive script that reads "Jason W. Murphy".

Jason Murphy
Legislative Director

cc: Senator Marty Block
Members, Senate Education Committee
President Mark G. Yudof
Provost Aimée Dorr
Senior Vice President Daniel Dooley
Associate Vice President and Director Steve Juarez