

Memorandum

TO: Matt Loesch

FROM: J. Guevara

SUBJECT: SEE BELOW

DATE: May 15, 2023

Approved



Date

05/15/23

INFORMATION

**SUBJECT: ANNUAL MAJOR PUBLIC WORKS CONTRACT THRESHOLD
ADJUSTMENT FOR INFLATION AND PROJECT LABOR AGREEMENT
THRESHOLD ADJUSTMENT**

Major Public Works Contract Threshold

Section 1217(b) of the City of San Jose City Charter requires the threshold used to define a Major Public Works Contract to be adjusted for inflation in the construction industry every July 1. Additionally, Section 27.06.080 of the San Jose Municipal Code requires an annual inflation adjustment for Micro Contracts and Section 27.10.560E requires the same for the Director's award authority.

The current Engineering News Records, Construction Cost Index for San Francisco has increased by 1.8% as of May 2023. Pursuant to Section 27.04.100 of the San Jose Municipal Code, the following adjustments will be made:

- The Major Public Works Contract threshold for July 1, 2023, to June 30, 2024, will be adjusted by +1.8% and rounded to the nearest \$10,000, taking the threshold from \$740,000 to \$750,000.
- The Micro Contract threshold for July 1, 2023, to June 30, 2024, will be adjusted by +1.8% and rounded to the nearest \$1,000, resulting in no change to the \$11,000 threshold.
- The Director's award authority threshold for July 1, 2023, to June 30, 2024, will be adjusted by +1.8% and rounded to the nearest \$10,000, taking the threshold from \$1,200,000 to \$1,220,000.

Project Labor Agreement Threshold

Section 1.9 of the Amended and Restated Project Labor Agreement between the City of San Jose and the Santa Clara and San Benito Counties Building and Construction Trades Council, dated June 3, 2022, requires the City to apply the Project Labor Agreement to public works projects paid for in whole or in part out of City funds with an Engineer's Estimate of more than \$1,050,000. The Section further provides that the \$1,050,000 threshold will be annually adjusted effective every July 1 to be equal to the value of the Director's award authority as set forth in Section 27.10.560E of the San Jose Municipal Code. As such, effective July 1, 2023, the threshold for applying the PLA to public works project will be adjusted from \$1,200,000 to \$1,220,000.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office. This change has been communicated to all impacted City departments.

J. Guevara
Deputy Director, Public Works